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EVALUATION OF THE SUSTAINABILITY OF POVERTY ALLEVIATION PROJECTS IN CHRIS HANI DISTRICT MUNICIPALITY

BONGIWE VUYISEKA NONKWELO

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Supervisor: Prof Naas Ferreira
DECLARATION BY CANDIDATE

NAME: BONGIWE NONKW EL O

STUDENT NUMBER: 210265159

QUALIFICATION: M.A (DEVELOPMENT STUDIES)

RESEARCH REPORT TITLE: EVALUATION OF THE SUSTAINABILITY OF POVERTY ALLEVIATION PROJECTS IN CHRIS HANI DISTRICT MUNICIPALITY

DECLARATION:

In accordance with Rule G4.6.3, I hereby declare that the above-mention guided research is my own work and that it has not been previously submitted to another University or for another qualification.

SIGNATURE:

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ABSTRACT

After 18 years of democracy South African government is still faced with challenges such as high levels of unemployment, inequality and high levels of poverty. There have been various policies, poverty alleviation programmes and projects that have been established in an effort to eradicate poverty. According to Gathiram (2005: 123) despite these efforts, poverty in South Africa has worsened.

The challenge has been that a number of such projects have not been properly implemented and as a result, they were not sustainable. This paper investigates the reasons for some of these poverty alleviation projects to be successful and others to be apparently unsustainable. The research focuses on two poverty alleviation projects in Chris Hani District Municipality.

The research methodology used is descriptive study. The findings of this report revealed that some of poverty alleviation projects are sustainable and some are not sustainable. The study reveals factors contributing to sustainability of poverty alleviation projects. The study recommends the sustainable development approach as an approach that can assist in the sustainability of poverty alleviation projects.
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CHAPTER 1

1. INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Even after 18 years of democracy, South Africa is still facing the challenge of poverty. According to a Human Sciences Research Council (HSRC) study (2002), approximately 57% of the South African population was reported to be living below the poverty line in 2001. (World Bank poverty line is $2 per day and extreme poverty is $1 per day or less. This had been the case since the advent of political democracy after apartheid (HSRC, 2002: 67).

The post-apartheid government since its inception, has been unable to create sufficient jobs to reduce poverty and inequality. According to the latest World Bank report, unemployment in South Africa in the first quarter of 2012 rose to 25.2%, up from 23.9% in the previous year, and the majority are black people (World Bank, 2012). Statistics SA report estimates unemployment to be 25.5% of the population in the 3rd quarter of 2012.

South Africa is classified as a developing country, but it possesses characteristics of Third World countries, where there is a substantial gap between the low income earners (which is the majority of the population) and the high income earners (which is the minority). According to the South African Millennium Development Goals Mid-term report of September 2007, income inequalities between races have declined, but have shown growth within population groups.

According to Swanepoel and De Beer (2000:16) poverty alleviation or fight against mass poverty is one of the biggest challenges facing the world today. The Post-Apartheid South African government, in its agenda to alleviate poverty and inequality, has implemented various strategies and macro-economic policies, namely the Reconstruction and Development Programme (RDP), Growth, Employment and Redistribution (GEAR) and Accelerated and shared Growth initiative for South Africa
Poverty alleviation projects were initiated by local municipalities together with communities and stakeholders as a strategy to eradicate poverty. According to a Public Service Commission (PSA) report in 2007, the South African Government has funded 29,966 projects in order to reduce poverty and inequality. In this context, the challenge has been that a number of such projects have not been properly implemented and as a result, they were not sustainable.

In the above context, this paper investigates the reasons for some of the above mentioned poverty alleviation projects to be successful and others to be apparently unsustainable. The main focus of this investigation will be directed to the Chris Hani District Municipality in the Eastern Cape.

Chris Hani District Municipality is situated at the centre of the Province of the Eastern Cape surrounded by the district municipalities of Amatole, Cacadu, Joe Gqabi and OR Tambo. It consists of eight local municipalities which includes Intsika Yethu, Inkwanca, Emalahleni and Engcobo, InxubaYethemba, Tsolwana, Sakhisizwe and Lukhanji Municipalities. The major towns in the district are Queenstown, Middleburg and Cradock. Chris Hani municipality covers an area of 36,558 km². The population of Chris Hani was estimated to be 789,597 in 2007 (IDP: 2012-2017:16).

Chris Hani District Municipality (CHDM) is a rural municipality characterized by small populations spread over large distances, high levels of poverty, a relatively underdeveloped economic base, lack of skills development and lack of access to basic services and infrastructure. In an attempt to address these problems, both local municipalities and CHDM have planned and implemented economic projects within the area, aimed at improving the livelihood of their communities. The majority of these projects have fallen within the ambit of two programmes, namely the Integrated Sustainable Rural Development Strategy (ISRDS), also known as the ISRDP, and the now defunct Local Economic Development Fund (LEDF) (Chris Hani Impact assessment report, 2006).

This chapter explains the introduction and background to the study, the problem statement with sub-problems 1, 2 and 3, the key questions pertaining to the research,
the objectives and the need for the research, research methodology and a summary of the chapter.

1.2 PROBLEM STATEMENT

The research problem is to evaluate the poverty alleviation projects in the Chris Hani district municipality to see if they are sustainable or not and to bring out the reasons in any case.

1.2.1 Sub-problem 1

Project members’ lack knowledge and necessary training on how to manage the project.

1.2.2 Sub-problem 2

Lack of knowledge on how to handle funds as a result there is mismanagement and misuse of funds.

1.2.3 Sub-problem 3

Lack of relevant resources (technology, tools and equipment) and maintained well over a period of time.

1.2.4 Sub-problem 4

Lack of resources (Water) and whether training was given on how to manage these natural resources economically.

1.3 KEY QUESTIONS PERTAINING TO THE RESEARCH

- Are the poverty alleviation projects in Chris Hani Municipality sustainable?
- What are the major reasons for sustainability or unsustainability?
- If not sustainable, what can be done about the problem?
1.4 OBJECTIVES AND THE NEED TO DO THE RESEARCH

The objective and the need to do this research is based on finding the underlying causes that usually result in the demise of these poverty alleviation projects so that these projects may be able to be sustainable in the future. The purpose of the research is in finding strategies that would advise these communities on how to run their projects in order that they may be sustainable and generate income on their own for the benefit and upliftment of their standard of living. The findings may be used as reference for future development in the area in the fight against poverty which is rampant in the Eastern Cape. And also due to uncertainty about local and foreign funding, members of these poverty alleviation projects must be trained in financial, managerial and leadership skills in order to achieve sustainability. In these areas the unemployment rate is high, the majority of the population depends on social grants, therefore it is important that these poverty alleviation projects must be sustainable and generate income for the poor communities.

1.5 RESEARCH METHODOLOGY

The study is a descriptive study, literature-based, of relevant literature from books, articles, academic journals, white papers, scientific reports, legislation, and subordinate legislation, interviews with experts in the field, internet, policies on sustainable development and policies on poverty alleviation.

1.6 DEFINITION OF CONCEPTS AS APPLICABLE TO THIS STUDY

Poverty: In 2009, poverty was defined by the United Nations "as the total absence of opportunities, accompanied by high levels of undernourishment, hunger, illiteracy, lack of education, physical and mental ailments, emotional and social instability, unhappiness, sorrow and hopelessness for the future. Poverty is also characterized by a chronic shortage of economic, social and political participation, relegating
individuals to exclusion as social beings, preventing access to the benefits of economic and social development and thereby limiting their cultural development.” (http://answers.yahoo.com/question/index?qid=20091017033300AAIk0d5)

**Poverty alleviation:** Poverty alleviation is any process which seeks to reduce the level of poverty in a community or amongst a group of the people or countries. (Source: [www.carcomict4d.org](http://www.carcomict4d.org) accessed on 9th September 2012)

**Sustainable development:** Sustainable development is the ability of humanity to meets the needs of the present without compromising the ability of the future generations to meet their needs (Makhalane, 2008: 21).

**Project Sustainability:** A project is sustainable when it is able to offer continued benefits from activity, copes and recovers from and gradual changes its surroundings and maintains or enhances its capacities (Somtunzi, 2002: 5).

### 1.7 RESEARCH OUTLINE

#### 1.7.1 Chapter 1

This chapter covers the introduction and background to the study, the problem statement with sub-problem 1 and sub-problem 2, the key questions pertaining to the research, the objectives and the need to do the research, research methodology and the research outline.

#### 1.7.2 Chapter 2

This chapter focuses on reviewing literature by looking at selected definitions of poverty, a brief overview of poverty alleviation strategies in South Africa such as, the Constitution of South Africa Act, 108 of 1996, and various relevant policies that has been implemented.
1.7.3 Chapter 3

This chapter indicates an overview of research methodology used.

1.7.4 Chapter 4

This chapter provides recommendations and concluding remarks.

1.8 SUMMARY

This chapter has covered the introduction and background to the study, the problem statement with sub-problem 1 and sub-problem 2, the key questions pertaining to the research, the objectives and the need to do the research and research methodology.

The next chapter will review literature by looking at selected definitions of poverty, poverty alleviation strategies in South Africa such as, the Constitution of South Africa Act, 108 of 1996, and various relevant policies that has been implemented. The role of municipality in poverty alleviation was discussed. The literature review was based on sustainable development approach. The factors contributing that can contribute to sustainability of poverty alleviation projects were discussed. The two case studies of poverty alleviation projects in Chris Hani District Municipality were used as samples.
CHAPTER 2

THE SUSTAINABILITY OF POVERTY ALLEVIATION PROJECTS IN CHRIS HANI DISTRICT MUNICIPALITY.

2.1 INTRODUCTION

This chapter focuses on literature review by looking at selected definitions of poverty, a brief overview literature on poverty alleviation strategies in South Africa as envisaged in the Constitution of South Africa, and various relevant policies that have been implemented. The role of municipality in poverty alleviation was discussed. The literature review was based on sustainable development approach. The factors contributing that can contribute to sustainability of poverty alleviation projects were discussed. The two case studies of poverty alleviation projects in Chris Hani District Municipality were used as samples.

2.2 SELECTED GLOBAL DEFINITIONS OF POVERTY

Poverty is a multifaceted phenomenon and can be manifested in hunger, unemployment, exploitation and lack of access to clean water, health-care and education (Khumalo, 2003: 3). According to Davids et al (2005: 37) the word “poverty” conjures images of starving children, overcrowded informal settlement and ragged street children, which form the basis of many people’s understanding of poverty. He argues that poor people have their own understanding and interpretation of their social reality. He points out that for the poor, poverty are a multifaceted reality that consist of, inter alia, lack of power, income and resources to make choices and take advantages of opportunities. Davids et al (2005:37) identify the following perspectives in understanding poverty:

2.2.1 The Income perspective

This perspective classifies people as poor if their income is falls below a defined income measure. The poverty income line is defined as the level at which households have sufficient income for a specified amount of food, housing and transportation.
The income line is adjusted for regional variations. This is important when comparing urban and rural communities and to survive in an urban area person needs more money that rural area. In South Africa, poverty surveys use income as a way of defining poverty and income is used as the basis on which eligibility for grants and subsidies such as pensions and housing is calculated (Davids et al, 2005: 37).

2.2.2 The basic needs perspective

The basic needs perspective which is an influential international perspective on poverty, especially in the context of the developing world. There are numerous well-known poverty indicators that have originated from the basic needs perspective, such as access to potable water, literacy, life expectancy and nutrition. Even when other perspectives on poverty are highlighted, there is a strong emphasis on first satisfying the elements of deprivation as defined from a basic need perspective (Davids et al, 2005: 37).

2.2.3 The social exclusion perspective

The social exclusion perspective refers to the fact that despite welfare and general wealth, there remains a group that is excluded from the main stream benefits of the society and is prevented in some way from fully enjoying the general prosperity. Social exclusion therefore refers to the relational dimensions of poverty rather than distribution of income. As such it is interested in inequality, which very often is the cause of poverty (Davids et al, 2005: 37).

2.2.4 The sustainable livelihoods perspective

This perspective stresses the participation of individuals and communities in defining and solving their own poverty. The assumption is that people are not poor and vulnerable the same way and that identifying local variations in poverty or deprivation is crucial in shaping effective development strategies. By focusing on vulnerability or inability to cope with hardship rather than on poverty per se, the issues that emerge may not be the lack of an income or even unemployment, but rather factors such as
the breakdown of the family or social problems like alcoholism (Davids et al, 2005: 39).

2.2.5 The human development perspective
The human development perspective emphasises a holistic understanding of poverty in terms of anti-poverty actions that enlarge people's life choices. This refers to enabling individuals to lead a long and healthy life, in which they are educated and have access to different standards of living (Davids et al, 2005: 37).

2.3 TYPES OF POVERTY

De Beer (2000:2) differentiates between two forms of poverty namely; case poverty and community poverty. Case poverty occurs in wealthy society where an individual or a family who suffer poverty is very visible compared to their surrounding area. Community poverty is the kind of poverty where everyone in the community is poor. This type of poverty also called “mass poverty” is found mostly in rural areas in informal and squatter areas in cities (De Beer, 2000:2).

2.4 CLASSIFICATION OF POVERTY

Poverty can be classified according to the level of disadvantage which different people experienced, namely absolute poverty and relative poverty (De Beer, 2000: 3). World Bank (2011) absolute poverty refers to the state of severe deprivation of basic human needs such as food, water, sanitary, clothing, shelter. The individual is so poor that her/his next meal may mean the difference between life and death. According World Bank (2007) moderate poverty is set at an income of $ 2 or $ 5 a day and extreme poverty is set at $ 1.25 a day. On the other hand, relative poverty refers to a situation where people can afford basic needs to survive but still experience disadvantages in terms of their social environment compared to others living in the same community or society (De Beer, 2000:3). World Bank (2011) refers to relative poverty as an economic inequality in a society in which people live.
2.5 CAUSES OF POVERTY IN SOUTH AFRICA

According to UN/ISDR (2004:13) causes and results of poverty overlap and reinforce one another and, if not attended, it can be difficult for the poor to escape the poverty trap. The different causes of poverty are discussed below.

2.5.1 The Economic Causes of Poverty

Economic cause poverty is when the country’s economy is not performing well and as a result it affects all levels of the society, from government to communities and individuals. The society will suffer from a lack of education and health services and unemployment resulting in low taxes and low government budget. The government with low budgets spend less on infrastructure and social services. In addition, poor economic performance can cause low economic growth, therefore debt burden and the country depending more on natural resources (UN/ISDR, 2004: 13). According to UN/ISDR (2004: 13) debt is a poverty trap because it discourages investors who are concerned about high taxes, high inflation and unstable currency.

2.5.2 The Situational Causes of Poverty

According to UN/ISDR (2004: 22) people remain poor in remote areas because they are unable to access infrastructure and services. As a result they are disconnected from the employment opportunities and government initiatives that are aimed at improving the economy and reducing poverty. The unfavourable conditions that they live in, force them to pursue unsustainable resources management practises to survive and they are vulnerable to disaster. According to Swanepoel and De Beer (2000:5) some people in urban areas live in shacks, or informal settlements. These shacks are not properly built such that sometimes in bad weather conditions, people may get sick. It becomes difficult for a sick person to find and keep a job as they have
no physical strength to go to work or repair their homes and as a result they remain poor.

2.5.3 Political Causes of Poverty

Political instability and conflict negatively affect the economic development of a country because they discourage private investment. Most African countries spend large portion of their budget on military expenses instead of investing on education, poverty reduction programmes and food production (UN/ISDR (2004: 22).

2.5.4 Social Causes of Poverty

UN/ISDR (2004: 25) describes social cause poverty as a poverty that is caused by factors such as inadequate social services, lack of education, HIV and AIDS and lack of employment opportunities.

2.5.4.1 Inadequate Social Services

The lack of access to social services such as fresh water, sanitation, markets, credit facilities, social welfare and grants contribute to poverty (UN/ISDR, 2004:25). According to Malefane (2004: 42), poverty in South Africa is shown by the quality of the houses and provision of services in these areas where housing structures are located. When people are living in poor health conditions they are vulnerable to diseases and it becomes difficult for a sick person to get a job and therefore will remain poor (Swanepoel and De Beer, 2000:2).

2.5.4.2 Lack of education

Education is an important tool for economic development. As people are educated they are able to get jobs and that uplifts the standard of living of the society and then reduces poverty. In addition, as people become educated especially woman,
overpopulation and then poverty decreases (UN/ISDR 2004: 28). According to Malefane (2004: 63) there is a strong correlation between the level of education and standard of living. An unskilled or uneducated person is bound to be the victim of poverty because he lacks the education which enables him/her to participate in economic activities so that he/she may be able to earn a living (Cornell in De Beer and Swanepoel, 2000:159). Malefane (2004:63) argues that in South Africa the level of poverty among people with no education has been increasing over the years. He further argues that inequalities in South African education system contributed to the situation. The education system where non-whites are disadvantaged because of lack of resources, equipment and facilities, with unqualified personnel and high dropout rate and low education standard (Malefane, 2004: 63).

2.5.4.3 HIV and AIDS

AIDS is the main cause of poverty in Africa. The epidemic affects families because when parents die children are forced to head households without any money. These children become social burden and some are forced to leave school and an early age to take care of their siblings. This situation also drains government funds because the government is obliged to increase spending on healthcare and social grants (UN/ISDR,2004: 29). According to Malefane (2004: 59) HIV/Aids in South Africa has affected both communities and health system. Breadwinners of families are killed, family income diverted to medical and funeral cost. The social welfare has to provide for families, orphans, street children and the children who had to drop out of school. Communities remain in poverty because if children drop out of schools they miss out the opportunity to access higher income employment and possible future employment opportunities.

2.5.4.4 Unemployment

According to Malefane (2004:42) unemployment is a cause and result of poverty in South Africa. It is the cause of poverty because an unemployed person cannot afford proper housing, food, medical care and education for him/herself and his/her family
Malefane (2004: 42) argue that one of the contributing factors of low levels of living in developing countries is inefficient utilisation of labour compared to developed nations.

2.6 BRIEF OVERVIEW OF POVERTY ALLEVIATION STRATEGIES IN SOUTH AFRICA

In his State of the Nation Address in February 2004, the former president Thabo Mbeki said, “Endemic and poverty continues to disfigure the face of our country. It will always be impossible for us to say that we have fully restored the dignity of all our people as this situation persist. For this reason, the struggle to eradicate poverty has been, and will continue be a central part of the national effort to build the new South Africa” (Mbeki, 2004).

The above mentioned speech by the former president of South Africa Thabo Mbeki in his state of the nation address in February 1996 is an indication that poverty eradication has been and still is the priority of the post-apartheid South African. As a result, the Constitution of South Africa Act, 108 of 1996, and various developmental policies and strategies were formulated and implemented, namely Reconstruction and Development Programme (RDP), Growth, Employment and Redistribution (GEAR), Accelerated and shared Growth initiative for South Africa (ASGISA), (Department of Welfare, 1997).

A special R1.5 billion was allocated to the poorest areas of provinces, particularly in rural areas. It was to assist in human development and in building capacity, provide jobs and in doing so involve the community and also seek to make poverty relief projects sustainable in the long term (Department of Welfare, 1997).

2.6.1 The Constitution of South Africa Act, 108 of 1996

The government of South Africa is mandated by the South Africa Constitution Act, 108 of 1996 to eradicate poverty. As it is stated in Section 27, sub-section 1 of the
South African Constitution that: everyone has the right to have access to (a) health care services, including reproductive health care; (b) sufficient food and water; and (c) social security, including, if they are unable to support themselves and their dependants, appropriate social assistance. Section 28(1) states that every child has the right to family care or parental care or to appropriate alternative care when removed from the family environment; to basic nutrition, shelter, basic health care services and social services. In addition, in Section 27, sub-section 2 it also states that the government must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights. (RSA, 1996:12)

2.6.2 Reconstruction and Development Programme (RDP)

The RDP was formally launched by South African government in 1994. Its objectives were:

- To empower people so that they could become self-reliant in the long run.
- To build local capacity through development support
- To initiate development programmes and projects on a participatory basis
- To address the injustices of the past caused both by colonialism and apartheid (Davids, 2005: 43).

According to White Paper 1998 the "central principle of RDP was the empowerment of poor and marginalised communities" and was based on integration and sustainability, on a people driven process, peace and security, nation building, meeting basic needs and building infrastructure (White Paper, 1998).

In addition, the RDP policy document (ANC, 1994) states the following socio-economic commitments and targets for delivery:

- The creation of 2.5 million jobs over a ten-year period;
• The building of one million houses by the year 2000;
• The connection to the national electricity grid of 2.5 million homes by 2000;
• The provision of running water and sewerage to one million households;
• The distribution of 30% of agricultural land to emerging black farmers;
• The development of a new focus on primary health care;
• The provision of ten years of compulsory free education for all children;
• The encouragement of massive infrastructural improvements through public works; (ANC,1994)

Mohaneng in Davids (2005: 43) argues that the RDP was seen as poverty alleviation and a people-driven strategy, meaning people were encouraged to participate and define their needs and contribute towards satisfying their needs. In the process it was expected to meet people’s needs and also was aiming at “democratising society politically and economically by facilitating free political participation and encouraging equitable distribution of the fruits of development”.

According to Davids (2005: 43) the communities responded positively to RDP by setting up forums. However, the government did not have the capacity to respond to communities’ eagerness for change. As a result, there were delays after delays and eventually the programme stopped in 1996.

2.6.3 Growth, Employment and Redistribution (GEAR)

The Growth, Employment and Redistribution (GEAR), a macro-economic strategy, was released by then Minister of Trade and Industry, Trevor Manuel in June 1996. Its objectives were focused on economic growth that would be able to create sufficient jobs for all work seekers. The targets that were set out for GEAR were to create 400,000 jobs and achieve GDP growth of 6% annually by the year 2000 (RSA, 1996).

Davids (2005:44) states that Gear was controversial from the beginning. He argues that GEAR is a shift from a people centred approach RDP to a growth centred approach would only benefit a few and the move would discourage investors.
According to Habib and Payayachee as quoted by David (2005:44) the African National Congress (ANC)’s implementation of GEAR which is more neo-liberal in its approach, has meant disaster for the vast majority of the poor people of South Africa. They are of the opinion that the neo-liberal policies are associated with an increase in unemployment and economic inequalities; and have also pushed even more South Africans into the poverty trap”.

2.6.4 Accelerated and shared Growth initiative for South Africa (ASGISA)

Accelerated and shared Growth initiative for South Africa (ASGISA) was launched in 2006. Its objective is to improve public infrastructure, private investment and skills development. ASGISA’s aim was to achieve the goal of halving poverty and unemployment through sharing growth. ASGISA is likely to create high level skill jobs that not alleviate poverty because many poor are allocated in rural areas where the level of education is low (Seeking, 2007:19).

The ASGISA task team identified several constraints:

- Volatility and level of the currency
- The cost, efficiency and capacity of the national logistics system
- Shortage of suitably skilled labour, amplified by the impact of apartheid spatial patterns on the cost of labour
- Barriers to entry, limits to competition and limited new investment opportunities
- Regulatory environment and the burden on small and medium businesses
- Deficiencies in state organisation, capacity and leadership

ASGISA also came up with a set of priorities to overcome the identified constraints:

- Infrastructure programmes
- Sector investment (or industrial) strategies
- Skills and educations initiatives
- Second economy initiatives
- Macro-economic issues
- Public administration issues (http://www.limpoporak.com)
2.7 THE ROLE OF LOCAL GOVERNMENT IN POVERTY ALLEVIATION IN SOUTH AFRICA

According to the Constitution of the Republic of South Africa (1996), section 152 (1) the local government has been mandated to do the following:

- Provide democratic and accountable government for local communities.
- Ensure the provision of services to communities in a sustainable manner.
- Promote social and economic development.
- Promote a safe and healthy environment.
- Encourage the involvement of communities and community organisations in the matters of local government.

In addition, the municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153 of the constitution, further identifies developmental duties of municipalities as the following:

- Structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, promote the social and economic development of the community; and
- Participate in national and provincial development programs (RSA, 1996).

In addition, according to the White Paper on Local Government (1988) the local government has a “central responsibility to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives”. It emphasises that the “Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities. It further emphasises that the local government to be able to achieve the above, it must play a “developmental role” (DPLG, 2000).

The Chris Hani district municipality has prepared and adopted a District IDP as a tool for development. Municipalities decide on LED strategies and the process of arriving
at a LED strategy must be part of the Integrated Development Planning (IDP) process.

The LED strategies should be based on the overall vision outlined in the IDP and should take into account the result of the analysis done to identify problems and prioritise development projects. It should also look at things like integrating our residential and work areas, building development corridors between areas and supporting the economy with good public transport (ETU).

The Department of Provincial and Local Government has identified the following as key principles underlying LED:

- Poverty and unemployment are the main challenges facing South Africa. LED strategies must prioritise job creation and poverty alleviation.
- LED must target previously disadvantaged people, marginalised communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country.
- There is no single approach to LED. Each locality may develop an approach that is best suited to its local context.
- LED promotes local ownership, community involvement, local leadership and joint decision making.
- LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas.
- LED uses local resources and skills and maximizes opportunities for development.
- LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development.
- LED relies on flexible approaches to respond to changing circumstances at local, national and international level.
2.8 THE EXTENT OF POVERTY IN CHRIS HANI DISTRICT MUNICIPALITY

According to the integrated development plan report (2012-2017, 21) people living in poverty in the district municipality was standing at 52.9% in 2010, a decrease from 2009’s 56.6%. There are 4 population groups in the district municipality, namely African, White, Coloured and Asians. Of the 4 population groups African group is the most affected. The African group of the population stands at 54.2%, followed by the Coloured population at 51.6%, Asians at 10.8% and Whites at 0.6% in poverty measurement level (IDP 2012 – 2017: 21).

2.8.1 Poverty alleviation and Food Security

The CHDM has a very high malnutrition and hunger index, with the second highest level of chronic malnutrition amongst the ISRD nodes. The municipality of Engcobo, Sakhisizwe and Intsikayethu are the worst affected according to FIVIMS report. In addition to that the CHDM has the second highest concentration of people going hungry. Intsikayethu is the worst affected resulting to it being identified as one of the poorest municipalities in the eastern cape with the most intense concentration of hunger poor households (IDP, 2012 – 2017)

2.8.2 Gini Coefficient Development

The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in case of perfect equality where all households earn equal income) to 1 (in case where one household earns all the income and other households earn nothing) The coefficient varies from approximately 0.25 to 0.7. The Gini Coefficient for the CHDM is at 0.6 for 2010 showing that inequality is existing within the district. There has been a year to year improvement within the municipality, indicating that there are interventions that are made in trying to address inequalities. There is still a lot that needs to be done towards addressing the inequalities (IDP, 2012 -2017:22).
2.8.3 Human Development Index

The Human Development Index (HDI) is an indicator which measures development. It measures life expectancy, literacy and income of a particular district. It measures on a scale of 0 to 1 and an HD should preferably be above 0.50 to represent an acceptable level of development. The HDI of the district is at 0.46 and with whites within the district at 0.88 and coloureds at 5.7 and Africans at 0.44. This means from a development perspective the Human Index within the district is not acceptable because it is below 0.5. There is year-year improvement of 0.04 positive change (IDP, 2012-2017:22).

2.8.4 HIV/ AIDS

The incidence of HIV & AIDS in the district municipality area affects economic development as well as health and other infrastructure and service delivery. HIV & AIDS affects all the community members through illness and death which is caused by the disease. Adult members of the community become ill or are forced to care for other ill members of the household resulting to change in the family circumstances with woman, the older or even children assuming the responsibility of caring and providing for the family. The district may also provide services which are redundant in the future as the demand decreases due to the effect of HIV & AIDS (IDP, 2012-2017:22).

2.9 POVERTY ALLEVIATION PROJECTS AS MEANS TO ALLEVIATE POVERTY

The use of projects as a means of alleviating poverty originated in western industrial societies. The South African Government established the Poverty Relief Fund in 1997 to assist in the development of poverty alleviation programmes and projects. The aim of the establishment of the Poverty Relief Fund was to assist departments rearrange their budgets to focus on delivering to the poor (Tshilangoni, M, Okorie, A and Francis, J. 2011).
9.1 Factors contributing to sustainability of poverty alleviation project

2.9.1.1 Participation Management

Participation management is not about managing the community but it is about people taking charge of their own affairs in projects (Swanepoel and De beer, 2006). According to Hurley (1990:43) participation it is not about involving the community in what we think they should be involved or how they should be involved or who should be involved. Rather it should focus on personal capabilities, potential power, resources, and knowledge skills. The community knows their situation better than anyone else. Therefore they should participate in assessing their own needs. Genuine participation means that people must have power to influence the decisions that affect their lives. Without empowerment participation becomes ineffective (Hurley, 1990). According to Shenck and Louw (1995), human centred development requires that people whose live are affected must have power to influence the process of development and participate fully in determining their own needs. Participation is about sharing or working together to get things done (Shenck and Louw, 1995).

2.9.1.2 Basic Skills and Business Training

According to (Hurley, 1990:57) training is the answer to many development problems. Since their education level is often lower than the average people, they often lack confidence to participate to economic activities. An improvement in basic skills such as reading, writing and basic calculation can be important for poor people. Some degree of business will be helpful especially during the implementation stage. It may vary from simple to more complex training (Sarif, 2009: 462).

2.9.1.3 Funding

Assistance for the poor in the form of grants or credits to support their initiatives help to break the circle of poverty. It is very important for the poor as they usually do not have access to the capital to expand their economic activities (Sarif, 2009: 465).
2.9.1.4 Planning

According to Swanepoel and De Beer (2006:189) planning about bringing together three elements such as need, the resources, and the objective, and relating to a forth element, namely action. Planning is not only dependent on the combination of various professional inputs and general approach adopted, but also the techniques used by change agents and project beneficiaries (Theron, 2008: 63).

2.9.1.5 Project implementation

The provision of advice to the beneficiaries is very important especially in the implementation phase of the project. However, the beneficiaries must not be too dependent on the advisor as they should take responsibility to make their own decision (Hurley, 1990, 54).

Implementation is not just about putting plans into action but it is part of the learning process. Since it a learning process, mistakes are going to be made but they are to be treated as opportunities to learn. That will also instil confidence in the participants to be able to take further actions (Kotze and Swanepoel cited in Swanepoel, 2005: 67). According to Monaheng cited in De beer and Swanepoel (2000: 155) the challenge in implementation process is the lack of enthusiasm that may arise. If period between planning and implementation process is long, there may be a greater chance of a decrease in enthusiasm.

2.9.1.6 Project monitoring and evaluation

During monitoring and evaluation process we are able to determine whether initial plans have been implemented accordingly. The most important requirement for monitoring and evaluation process is that it must be orderly and it should ensure that direction taken is correct (Swanepoel and De beer, 2006: 71)
2.9.2 Challenges that hinder the success of poverty alleviation projects

- **Provision of credit**

According to Hurley (1990: 133) poor people usually have a challenge of assessing funds from financial institutions. This is due to the fact that they do not have assets that are needed by the financial institutions as a surety. Swanepoel (1998) cited in Makhalane (200: 33) argues that the problem is that, when funders provide financial support for projects and programmes they will be in a strong position to make certain demands. As a result communities will not have power to make their own decisions.

- **Illiteracy**

According to Hurley (1990:140) illiteracy often hinders people from developing their small enterprises. He points out that many of the project members cannot write and read. They can be exploited as they are unable to deal directly with clients but rely on intermediaries. Illiteracy causes inferiority complexes. People may be afraid to participate because they think they cannot make worthwhile contributions. They believe that innovation must come from educated or from rich people. As a result they may be unable to do organisational functions such as keeping minutes, doing survey and bookkeeping (Swanepoel, 1997:20).

- **Corruption**

Corruption is the misuse of position of power and/ or privilege for personal gain or benefit. It can include fraud, bribery, misuse of resources, demanding favours (including sexual favours) in return for services or for the avoidance of fines etc (Regan, 2006: 230). According to Hurley (1990:17) in developing countries many entrepreneurs have to deal with corrupt systems and abuse of power by political parties through kickbacks.
• **Access to Markets**

Hurley (1990: 49) points out that marketing is usually a challenge for community projects especially those selling goods produced for tourist, furniture for middle class clientele or handicraft for export.

• **Training**

Training is one of the most important aspects that are needed for the success of poverty alleviation projects. The challenge is when the training offered does not match the needs of small business and poor people (Hurley, 1990: 58).

• **Sustainability**

According to Swanepoel and De Beer (2006: 71) people must be assisted to see beyond their immediate needs. To realise that problems cannot be solved in the short time. Even though development should bear fruit in the short time, the totality of the problem can only be addressed over the long time.

### 2.10 SUSTAINABLE DEVELOPMENT

#### 2.10.1 Sustainable Development Defined

Sustainable development is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. At sustainable development as a concept there is belief that social, economic and environment objectives should be complementary and interpedently in the process. Sustainable development is about balancing the economic, social and environmental objectives of the society (Rogers, Kazi and Bayd, 2008: 12).

#### 2.10.2 Strategic approach to Sustainable Development

According Dalal-Clayton and Bass (2002, 29) there is a need for a strategic approach to sustainable development. They state that being strategic needs a comprehensive understanding of the concept of sustainable development and its implication. To ensure that incremental steps in policy making and actions are moving towards
sustainability. They further argue that a strategic approach to sustainable development means new ways of thinking and working so as to:

- Move from developing and implementing a fixed plan, which gets increasingly out of date, towards operating an adaptive system that can continuously improve.
- Move from view that it is the state alone that is responsible for development towards one that sees responsibility with society as a whole.
- Move from centralised and controlled decision-making towards sharing results and opportunities, transparent negotiation, cooperation and concerted action.
- Move from the focus on output (projects and laws) towards a focus on outcomes (impacts) and the quality of participation and management process.
- Move from sectoral planning towards ‘joined up’ or integrated planning.
- Move from focus on costly ‘projects’ and an consequent dependence on external assistance) towards domestically driven and financed development (Dalal-Clayton and Bass, 2002: 29).

2.10.3 Sustainable Development at Grassroots

Treurnicht in Swanepoel and De Beer (2000: 67) discusses the following issues as central to promoting sustainable development at grassroots level:

- **Context and local knowledge**
  Local people, irrespective of how poor they are, usually are more informed about what is suitable for them to deal with their conditions. It is therefore not up to the outsiders to prescribe what their priorities are in terms of development. The emphasis
in the value of their knowledge should not be underestimated (Treurnicht in Swanepoel and De Beer, 2000:67).

- **Participation and local choice**
  Collective participation must be emphasised in order to reveal collective knowledge of social and ecological systems. The important point is that the process of participation should be managed in an open-ended way to allow a continued space for inputs in the process (Treurnicht in Swanepoel and De Beer, 2000: 67).

- **Devolution of power**
  Local institutions relevant to the people's efforts to poverty alleviation must be at their disposal in order that relevant information should be available whenever necessary. Self-reliance is an important point of departure in grassroots development. Local communities must be in partnership with local institution (Treurnicht in Swanepoel and De Beer, 2000: 67).

- **Towards open-ended reciprocal learning**
  The development process must be an open-ended mutual learning process where the local and outsiders are able to listen and learn from each other. The poverty alleviation projects must be able to empower and build capacity for everybody involved (Treurnicht in Swanepoel and De Beer, 2000: 67).
2.11 A PROFILE OF POVERTY ALLEVIATION PROJECTS IN CHRIS HANI MUNICIPALITY – TWO CASE STUDIES

As part descriptive research, two projects have been selected in Chris Hani district municipality. The aim is to evaluate the sustainability of these projects by looking into how these projects started, how they are funded, their problems and how they work in practice.

1) CASE STUDY 1- THE QUEENSTOWN CAR WASH

The Queenstown Car Wash is situated in a street in close proximity to Checkers, Protea Spar, Kentucky Fried Chicken and other business. The project was started in 2004 by Mr Malusi with R 30,000 loan he received from ABSA bank. Since its inception a host of small businesses have cropped up in the area. These include a Tavern, Butchery, Internet Cafes, Tuck shop, and Hair salon. The number of staff of Queenstown Car Wash has also increased from 13 in 2004 to 20 presently.

He applied for funding from CHDM and the Lukhanji Local Municipality. The first funding was received from CHDM in 2009, a sum of R25,000. The amount was used to build an office, shelters and cement floors for parking bays. The Lukhanji Local Municipality offered a lease for premises of R100 per month. He also approached other organisations such as Eastern Cape Corporation, Land Bank, but no avail. The health Department offered advice on health conditions pertaining to the project.

The Queenstown Car Wash pricing system is competitive.

The infrastructure of Queenstown Car Wash is made up of an office and equipment. Within the premises there is a tuck-shop and hair salon rented by private owners. The office is well equipped with two office desks, office equipment such as telephone, fax, printer, Computer and Internet. The management structure consists of a Manager (Owner), an Assistant Manager (Female) and other workers, who are made up of nine females and eight males.
The Car Wash is faced with challenges which include supposed occurring within the premises whereby customers leave their possessions in their cars. The parking space is being compromised due to the fact that it has to accommodate customers for other new businesses within area whereas it used to serve the Car Wash customers. The weather is one of the challenges in the business because when it is raining especially if it is continuous, all operations come to a standstill. The project is income generating and is able to run its operations. It is able to pay its employees decent salaries. The manager gets plus or minus R8000 and other members range from R1600-00 to R 1800-00. For In terms of social responsibility, every six months they send staff members to do computer courses in a nearby computer college. Presently it has three workers enrolled in that college.

As part of community upliftment the Car Wash also employs students during holidays to do part-time work. The owner has an idea of expanding but at the moment is having a challenge of accessing funds.

2) CASE STUDY 2-ENDULO BAFAZI CULTURAL CO-OP

The Endulo Bafazi Cultural Co-op was started in 2004 by a group of 20 unemployed women from Ezibeleni township. Ezibeleni township is 8 km from Queenstown. Its offices are in the premises previously known as the municipality rent offices which are owned by the Lukhaji local municipality. They are in close proximity with the W.B. Rubusana High School, Ezibeleni police station, Ezibeleni Junior Primary School, and Sixishe Junior Secondary School.

The group started to raise funds by donating R20 joining fee and started the project by collecting sheep skins and shearing them to make what is called ISIKHAKHA which is a traditional skirt worn in traditional ceremonies. Due to the challenge of funding other original members left. Currently, there are 4 original members and an addition of 5 new members to make 9 members.

The first funding received was sum of R5000 from the Dept. of Arts and Culture Eastern Cape Province in 2005. The money was used to purchase a sewing machine and was used as travelling cost to buy materials. In 2008, the Dept. of Arts and
Culture, funded the co-op a sum of R250, 000.00. Out of the R250, 000 they were given R125,000 as first installment. The money was used to buy office furniture, a computer and a printer, a Sewing machine, Over-locker machine, sewing material and to pay salaries in 2009.

In 2010 the funding was stopped due to the lack of expenditure reports. In 2011 an official from Arts and Culture National was sent to solve the problem. An official from SEDA was seconded to mentor them. As a result they were able to compile monthly reports and reconciliation of books. In March 2012 an amount of R125,000 that was outstanding from Department of Arts and Culture was made available to them.

They have been also assisted by SEDA in various training such as completing a progress. In 2011 Eastern Cape Province Art and Culture council (ERACC) donated sewing material. Other stakeholders came forward such as Eastern Cape Development co-operation (ECDC) which provided training in management skills. Dept of Tourism (EC) promised to provide training in costing and pricing. The Lottery Board provided training in skills management. The local government, Lunkanji is providing its premises to the project, but there is no formal agreement in place. The Chris Hani District municipality has provided a market place known as Craft Hub where they are able to display their products to be sold to the public. The Chris Hani District municipality even arranges the projects products to be displayed when there are events such as Mangaung Cultural Festival in Bloemfontein.

The income for project depends entirely on funding support as they are not getting much from selling their products. They are still having a challenge of pricing their products. The original members are earning R2000 and the new members R1000. The Public Works Dept had promised to pay subsides to the youth employed by the project with a subsidy of R500 each (5 member) but to no avail.

Presently, the project has a challenge of office space because the municipality is threatening to take back the offices. Another challenge that they are facing is vandalism and theft as they do not have proper security. They have lost some bales of wool in the process thus hindering their progress.
2.12 SUMMARY

This chapter focused on literature review by looking at selected definitions of poverty, a brief overview literature on poverty alleviation strategies in South Africa as envisaged in the Constitution of South Africa, and various relevant policies that have been implemented. The role of municipality in poverty alleviation was discussed. The literature review was based on sustainable development approach. The factors contributing that can contribute to sustainability of poverty alleviation projects were discussed. The two case studies of poverty alleviation projects in Chris Hani District Municipality were used as samples.

The next chapter explains the research methodology used.
CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research is about investigation of a particular topic using various reliable, scholarly resources. The three major goals of research are to establish facts, analyse information, and to reach new conclusions. The reason of doing research is searching for, reviewing, and evaluating information (http://www.edison.com).

This chapter explains the research approach and methods used in the study. The goal and objective of the study is evaluate the sustainability of poverty alleviation projects in Chris Hani District municipality, with the aim of providing a guidelines for the proper running of these projects.

The research methodology used is descriptive study. The researcher identifies normative criteria by using books, reports, government policy documents, scientific reports, interviews with experts and libraries. This represents the theoretical guidelines for the research.

3.2 DEFINITIONS OF DESCRIPTIVE STUDY

According to Salkind (2000:10 - 11), non-experimental research includes a variety of different methods that describe relationships between variables. Included in such methods is the descriptive / historical research method, which describes the characteristics of existing and past phenomena.

Historical research, according to Salkind (2000:12), relates past events to each other and/or to current events. Historical research answers a question regarding the nature and extent of events that took place in the past. Researchers often accomplish historical research through the use of primary sources such as original documents and first-hand information as well as secondary sources that may originate from second-hand sources.
3.3 DESCRIPTIVE RESEARCH AS A VEHICLE TO ADDRESS RESEARCH PROBLEMS

Salkind (2000:11) stresses that not only can descriptive and historical research stand on their own, but it can serve as bases for other types of research in that a groups characteristics often can be described from a descriptive / historical point of view in order to arrive at acceptable theoretical perspectives. According to Salkind (2000:188), the descriptive / historical researcher proceeds in terms of six different steps, which correspond closely to those of other types of research. The six steps are explained in the paragraphs that follow.

First, the historical researchers define a topic or a problem that they wish to investigate, in this instance, the ethical foundations of service quality in tourism and hospitality management: a theoretical perspective.

Second, the researcher formulates an hypothesis(es), which is/are expressed as a question, or questions.

Third, the researcher sets out to utilise a variety of sources to gather data. Salkind (2000: 188) emphasises that while these sources may differ markedly from those in other research methodologies, the analysis of written documents are usually the domain of the historical researcher. Fourth, the evidence gathered needs to be evaluated both for its authenticity as well as for its accuracy. The researcher therefore needs to establish the value of the data from primary as well as secondary sources that underlie the salient arguments of the research. This requirement is concomitant to the researcher developing a critical and evaluative attitude towards the collected information. Salkind (2000:191) holds that the evaluation of primary and secondary data is accomplished through the application of two separate criteria: authenticity (external criticism) and accuracy (internal criticism).

In the light of the foregoing, the research methodology for this research will be of a descriptive/historical nature which will focus on a theory search and literature review and which will entail examining of existing primary and secondary literary sources,
followed by particular recommendations. The extent of the literature review is explained in the following section.
3.4 SUMMARY

This chapter explained the research approach and methods used in the study. The goal and objective of the study is evaluate the sustainability of poverty alleviation projects in Chris Hani District municipality, with the aim of providing a guidelines for the proper running of these projects.

The research methodology used is descriptive study. The researcher identifies normative criteria by using books, reports, government policy documents, scientific reports, interviews with experts and libraries. This represents the theoretical guidelines for the research.

The next chapter suggests recommendations on the sustainability of poverty alleviation projects in Chris Hani District Municipality and the need to do further research on the matter and also conclusion remarks.
CHAPTER 4
RECOMMENDATIONS AND CONCLUSION REMARKS

4.1 INTRODUCTION

The recommendations in this chapter aim at providing possible solutions to some challenges pertaining to sustainability of poverty alleviation projects in Chris Hani District municipality as identified in the study.

In chapter one the key questions that needed to be answered in this research were as follows:

- What is the extent of the problem?
- How is the problem currently being dealt with?
- Can the current problem be improved?

This chapter includes a number of recommendations and concluding remarks.

4.2 RECOMMENDATIONS

4.2.1 Recommendation 1 – Funding of project

The researcher recommends that funding must be channelled properly to projects concerned and then be monitored and evaluated by relevant stakeholders. According to Swanepoel and De beer (2006: 42) funding is usually channelled through structures, such as government, non governmental or community based organisations and their source cannot be easily traced from the origin. This makes it difficult for projects to account for and control their funding and may be doomed as capable to handle funding.

In the case of Queenstown Car Wash project in CHDM municipality, the owner complained that the funding from CHDM was channelled through Lukhanji Local Municipality. As a result he encountered problems in getting the funding. It took him long to access the funds due to the fact that some official of the local municipality felt
that he was not entitled to receive the funding because he was an individual. That affected his business negatively.

4.2.2 Recommendation 2 – People’s Participation

In community development, participation is important. Participation is not only about involvement but also about empowerment. The community must be the main role player in decision making because they know better their situation than anyone else (De Beer in Swanepoel and De Beer, 2000: 271). The recommendation is that the municipality and the stakeholders must adopt a bottom top approach in assisting the community where community are involved in their poverty alleviation strategies after all it is the community that need to be developed.

4.2.3 Recommendation 3 – Income Generation

One of the main objectives of the poverty alleviation projects should be to generate income for the benefit of its beneficiaries and be able to run its operations on its own.

The Endulo Bafazi Cultural Co-op in the CHDM relies mainly on funding from the Department of Arts and Culture (Eastern Cape) for the payment of their salaries. Income generated from sales is minimal and cannot sustain the project.

The recommendation is that the beneficiaries must design strategies to generate income in the form of marketing strategies for their product. The products of their projects are goods produced for tourists and cultural markets. It is advisable that the project makes contacts with business such as garages and arts and craft centres where they can display or sell their products. The Chris Hani Craft Hub is not strategically located, few members of the public are aware of its existence.

4.2.4 Recommendation 4 – Planning

Planning is the first step in the process of forming the poverty alleviation projects. According to Swanepoel and De Beer (2006:189) planning signifies the combination of three elements which are the Need, the resources and objective, which lead to the implementation of the project. In CHDM projects such Endulo Bafazi, community
members take the initiative without planning. The elements of the SWOT analysis must be identified during the planning stages of a project.

4.2.5 Recommendation 5 – Capacity Building

The researcher recommends capacity building for the poverty alleviation projects. According to Mohaneng in Swanepoel and De Beer (2000: 134) capacity building consists of 3 components. In the first instance it involves the attainment of skills and knowledge by the project beneficiaries necessary to produce the products and services which meet their needs. The second aspect of capacity building is to make the productive resources to be available to those who are involved in the poverty alleviation projects. The third aspect is of capacity building is to make available the institutional structures and administrative structures which are efficient and effective. This includes the formation of community based organisations and institutions of local development administration.

The Emandulo Bafazi Cultural group Co-op does not have the necessary skills to negotiate private contracts with private businesses. They lack the capacity to market their products. They also need to take an initiative and find the right premises for their project as it is not strategically located as they operate at the back of an old building that does not attract customers.

4.2.6 Recommendation 5 – The strategic sustainable development approach

The study the strategic development approach as it is discussed in the report as an approach that can assist in the sustainability of poverty alleviation projects.

4.3 RECOMMENDATIONS FOR FUTURE RESEARCH

The study recommends a further in-depth research need to be conducted that will include many other projects in Chris Hani District Municipality.
4.4 CONCLUSION

The conclusions and findings of the study is based on the documents available at Chris Hani District Municipality, interviews with some beneficiaries of poverty alleviation projects.

The study reveals that most of the poverty alleviation projects still are operating, that has been confirmed by Chris Hani Official. However, out of the two projects that were selected, the Queenstown Car War wash is sustainable and Emandulo Bafazi Cultural group Co-op is not sustainable. Sustainable refers to projects that will continue when the developer withdraws. It means, therefore that the process of development must be facilitated in such a way that the community can experience that we have started it ourselves and are able to continue with it (Louw: 2007). Queenstown Car Wash is one of the few that is able to maintain itself without any funding from external donor.

Most of these projects do not generate enough income to be able to expand and develop to employ more people. Instead some of these projects rely on funding to be able to pay the beneficiaries salaries to maintain themselves. As a result some of the beneficiaries the leave when there is no money and new people would be coming. Income is generated only to meet the immediate needs.

These projects are not effective and efficient in eradicating poverty because they are unable to create employment opportunities for the community. Illiteracy contributes to the lack of understanding the issues involved in operating the projects such as marketing skills, keeping of the minutes and bookkeeping skills.
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