

Evaluation of Funded income generating projects: A case of government funded Agricultural Projects in Limpopo

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Abstract

This article reports the findings of a study within the EU funded project of the Policy to Support the Pro Poor Policy Development (PSPPD) of Government which was facilitated by an office in the Presidency. The study sought to determine if the government funded 'income generation projects' in agriculture are indeed generating income and creating job opportunities and to determine ways in which such projects are able to achieve the objective of poverty alleviation. The sample was identified out of all projects referred to as food security projects that were funded by government in the Limpopo Province. The study was motivated by the observation that despite the efforts of government to support income generation projects, not much income is generated from the projects. The study employed a qualitative-quantitative case study design. Evaluation focused on four criteria that were regarded as significant to the projects objectives namely, the ability of the project to alleviate poverty, sustainability of the project and the impact in the community. Data was collected by means of a self administered questionnaire with open ended questions and qualitative interviews. Qualitative and quantitative data analysis was done for the relevant data set respectively. The results reveal that most of the projects are contributing to poverty alleviation (89.8%) and alleviation of hunger 89.8 % whilst 7.4 % indicated that the projects do not contribute to poverty alleviation. Sustainability challenges relates to issues relating to initiation phase of the project such as a lack of proper feasibility study, capacity issues in terms of age, gender and highest level passed. Recommendations are that future feasibility studies should take into consideration the capacity and succession in relation to ages and strength of probable beneficiaries.

Key Words: Income generation projects, Poverty alleviation

INTRODUCTION [Background and Motivation]

Poverty and income inequality persist in South Africa despite efforts to eliminate them. The poverty problem in South Africa is largely rural. A number of policies aimed at inter alia bridging the income gap and promoting economic empowerment of previously disadvantaged communities are in place.

In rural development literature, agriculture is considered as the best vehicle to reduce rural poverty. In most developing countries, agriculture and agriculture-related activities provide most of the employment in rural areas. Agriculture contributes to poverty alleviation at rural, urban and national levels in three ways: (a) reducing food prices; (b) employment creation; (c) increasing real wages; and (d) improving farm income. Results of studies conducted in several countries indicate that the “pro-poor role of agricultural growth can be dramatic, and much more effective than other sectors at reducing poverty and hunger in both urban and rural areas.

Agricultural growth has strong and positive impact on poverty often significantly greater than that of other economic sectors” (FAO, 2004:12). Irz et al. (2001) analysed the relationship between agricultural growth and rural poverty. The results show the poverty-alleviation effects of agricultural growth to be strong. For example, a one-third increase in yield was expected to reduce the number of poor people by a quarter or more.

With regard to food security, the studies conclude that growing the agricultural sector is the primary channel for achieving household food security. The studies also conclude that unless agriculture reaches some degree of commercialisation, the impact of agricultural growth on food insecurity and poverty alleviation is limited. Another important observation from the studies is that households (in the rural sector) engaged in agricultural activities tend to be less poor and have better nutritional status than other households. A study conducted in Indonesia found that agricultural growth reduced the depth of poverty by 50 percent in rural areas while the percentage for urban areas was 36 (FAO, 2004).

The role of agriculture in the economy is generally acknowledged. However, there is no consensus on the issue of whether agriculture is the most appropriate way to fight poverty in developing countries. One school of thought argues that since the majority of people in most developing countries are in rural areas and most of them are engaged in agricultural production or agriculture-related activities, agriculture is the most effective way to reduce poverty. The second school of thought recognises the contribution of agriculture to poverty alleviation but attaches more importance to non-agricultural activities (e.g. rural non-farm enterprises and social services). For example, McIntosh and Vaughan (1996:91) state that “... **the notion that a broadly based smallholder agriculture can be created, and that it can transform the character of the agricultural production system is an inappropriate premise on which to build policy frameworks designed to improve livelihoods**” in South Africa.

The aim of the study reported in this article was to generate and describe empirical evidence that should enable government and policy makers to review strategies and plans for the food security programme in Limpopo. It was envisaged that the findings will provide answers to some of the critical questions such as whether food security projects are indeed contributing to the reduction of poverty and creation of jobs. Two objectives were set for the study as follows:

- a) To evaluate the effectiveness of community projects towards poverty alleviation.
- b) To create an exhaustive and thorough database of all funded projects in the province according to districts municipality.

In terms of the Integrated Food Security Strategy for South Africa (2002), these projects are to achieve among other things the following:

- *Increase household food production and trading;*
- *Improve income generation and job creation opportunities;*
- *Improve nutrition and food safety;*
- *Increase safety nets and food emergency management systems;*
- *Improve analysis and information management system;*
- *Provide capacity building;*

- *Hold stakeholder dialogue.*

CONCEPTUAL FRAMEWORK

Poverty is a complex and multi-dimensional phenomenon (World Bank, 2001; Mulale and Flora, 2006; United Nations, 2008; Haughton and Khandker, 2009). The multi-dimensional view of poverty attempts to capture the various conditions embedded within a poverty situation (Calvo, 2008; Sanusi, 2008) such as economic considerations and the human and social conditions of the poor.

Quite often, poverty is measured in terms of income (Wikan, 2004; Chakravarty and Majumder, 2005, Gelderblom, 2007; Mubangizi, 2008). Fosu (2007) argues that the most recognised indicator of income poverty is the headcount ratio or poverty line. According to Chakravarty et al. (2008), the poverty line depicts the proportion of people considered to earn an income less than that required for a subsistence standard of living. Thus, a person is poor if his/her income falls below the poverty line.

Zimbabwe recognises two poverty lines, namely the Food Poverty Line (FPL) and Total Consumption Poverty Line (TCPL). In South Africa no poverty datum line is adopted yet. Bird and Shepherd (2003) described chronic poverty from both an income and multidimensional point of view. According to them (Bird & Shepherd) the chronically poor are those people who have lived below the income poverty line for five years and/or have experienced severe and multidimensional deprivations for several years.

RESEARCH METHODOLOGY

The Mixed-Model approach was used (Neuman, 1994; Tashkkori and Teddie, 1998; and Babbie and Mouton, 2002) was used in this study. An evaluative qualitative-quantitative case study design was adopted (Rossi and Freeman (1989); and Jackson (2001). Data collection was done through combination of self administered questionnaires and structures interviews. Respondents included people responsible for the everyday running of the selected projects and project beneficiaries as well as key informants who

were participants outside the selected projects. Key informants included government officials working directly with the projects; traditional leadership and government policy makers in the area of food security.

Furthermore, the study sought to the participation of government officials in the relevant department such as the Department of Agriculture. It was important for the research team to ensure that there is a level of understanding of the research process and outcomes in order to ensure there is buy-in in the advocacy component of the study. For example it was envisaged that the results may influence policy alignment and review. A stakeholder analysis was done to determine people and organisations who are directly or indirectly affected by the project or who has a stake in the selected projects. Introductory engagements with identified stakeholders entailed problem validation and re-formulation. Small research teams were formed, which consisted of researchers and representative stakeholder and officials as allocated by the responsible office. Several meetings were held during the initial phase of the project were research agreed on the processes and tools to be used during the evaluation.

The following stakeholders participated from planning to execution of the study: i) Department of Agriculture Limpopo; ii) Office of the Premier Limpopo; iii) District and Local municipalities particularly where these projects are based. Table 1 indicates the list of stakeholders in the projects and their level of participation:

NAME OF STAKEHOLDER	ROLE [why are they stakeholders?]	INTEND USE OF RESEARCH OUTPUT
Department of Agriculture	Fund the selected projects	Identification and location of selected projects Representative official deployed in each research team Participated in the research planning meetings
Office of the premier	They are eventually the custodians of the projects and	Compare with previous studies Policy review on funding for

	would need to understand and own the results. Offered to fund a PhD student	poverty alleviation projects
Department of Health and Social Development	Share experiences and research results to the Department since the Department is also involved in facilitating and managing income generation projects	Policy review on funding for poverty alleviation projects

Table 1 Participating Stakeholders

Population and Sampling

The population consisted of all food security projects as defined by the integrated food security strategy for South Africa (2002). Respondents were drawn from members of the food security projects funded by the Department of Agriculture in the Limpopo province, following a three phase sampling procedure: phase one involved the selection of projects and determination of project categories; phase two involved the selection of participants from each category of the food security projects which were determined in phase one. The final and third phase involved the selection of key informants within the districts. Projects categories that were determined in phase one were as follows: i) poultry, ii) vegetable, iii) broiler and egg production. The determination of categories followed the general categorisation employed by the Department of agriculture for all other purposes in the daily activities of the department. Furthermore, it was necessary for the researchers to ensure maximum variation of the sample by determining that further selection should ensure inclusion of the five district municipalities in the Province, namely Vhembe, Capricon, Mopani, Sekhukhuni and Mokopane. Patton (2005) motivates that maximum variation is desirable for smaller sample size.

A total of 108 respondents who are referred to in this paper as project beneficiaries were interviewed out of a total of 1044.

PRESENTATION AND DISCUSSIONS OF FINDINGS

Biographical data of project beneficiaries

It is not uncommon that most income generation projects in rural areas are run by women. The results show that 84.3% of the projects were run by female than man who constituted (15.7%) of the project beneficiaries. Ages of participants ranges from 9.3% for ages between 25-35 to 23% from ages 66 and above. This results show that most of the projects are run by elderly women than young adults. In addition, the level of education of most beneficiaries ranges from primary (34.3%) and secondary education which constituted 42.6%. This raises a concern regarding the capacity of such elderly man and women regarding management of these projects.

About 33% obtained primary education, 54.4% secondary and 12.3% tertiary education. Seven percentage of the committee members served longest (25 years) in the project while 1% have served for 3 years (the least duration) and the majority (16%) served for 12 years. The members who received training on project management ranged from 1 (18.9%) to 41 are mainly (1.9% of the respondents) with most of the respondents (20.8%) indicating that 2 members received training. At least 22.7% of the respondents reported that only 6 members received training in both financial management and project management. Other training received include cooking, keeping records, plant production, seedlings planting, poultry farming, stock control, stock taking and planting in general.

Project initiation phase

Types of projects ranges from piggery 28%, vegetable 48%, broiler 26%, egg production 2%. These projects were established either as a community initiative (60.2%); government initiative 26%; individual initiative 12% and .9% who could not remember how the project was established. Most (84%) of participants reported that feasibility study was conducted before the projects were established. The projects were identified mostly out of self interest (60.2%) and as a community initiative (28.7%). The distance between each project for most (63.9%) is less than 2km with about 20.4% less than 1km.

About 23.1% of the project were initiated prior 1994. By 2006, about 80% of the projects evaluated were already in place. An insignificant number of the project .9 % had less than a year at the time of evaluation. Of these projects 40% of the funding is still continuing whilst the funding of 55.6% of the project stopped.

Main source of water is borehole (70.4%) and communal water tanks for about 13.9% of the projects. A .9% of participants indicated that they use rain water. 66.7% of those projects in the sample are connected to electricity whilst 25% are not.

The capacity of the project to alleviate poverty

Most (67.9%) indicated that over the past 1-3 years the project has been making profit. About 64% reported that income is mainly greater than expenditure per annum, while 36% reported that it is less than annual expenditure. In case of those who reported less income than expenditure per annum. The results reveal that most of the projects are unable to reach the desirable outcomes although 89.8 % of participants in the study felt that the projects are assisting in alleviating poverty whilst 7.4 % indicated that the projects do not contribute to poverty alleviation. Further response specifically focusing on alleviation of hunger confirmed the general finding that participants felt the projects are contributing to alleviation of hunger (88%). Participants felt that even though the projects may not show significant income, they (77.8%) are able to get food out of those projects. 44.4 % of participants indicated that the projects benefit the community by providing easy access to farm produce whilst 32.4 % indicated reasons around saving on costs.

Sustainability of the project: Monitoring and Evaluation

Most of the projects are currently registered 92.6% and most participants indicated that they have business plans for the projects and that the funding was linked to the business plan. Officials visit the project weekly (35.2%), monthly (45.4%) and quarterly (13%).

Some of the responses that were drawn up from an open ended question regarding what should be done to prevent the project from collapsing were as follows:

<i>Department must provide guidance to the project regularly</i>	8.3
<i>Department must supply expertise in financial and project management skills</i>	10.2
<i>We need permanent water supply</i>	8.3
<i>We need assistance in accessing the markets</i>	7.4
<i>Need cooperation between the departments and project members</i>	13.9
<i>Need security for our projects</i>	7.4
<i>Departments must provide guidance to the project regularly</i>	30.6

<i>Departments must provide guidance to the project regularly</i>	30.6
<i>We must be honest in our dealing with the government and accept government advise</i>	14.8
<i>We need cooperation between the department and the project members</i>	
<i>We need more resource and skills to improve production levels</i>	

The number of members who received training in financial management ranged from 1 (15.7%) to 12 (2.0% of the respondents) with 17.6% (majority) of the respondents indicating that only 2 received training.

CONCLUSION

Some of the salient findings from the study are that almost all participants indicated that there is an interaction between food security with the communities around them. More than 60% of these projects were poorly established many being even the directive of government. Of interest also is that more than 60% of respondents are above the age of 60 with only 10% being youth. Respondents, almost all of them (90%) are of the view that food security projects are part of the job creation even though none of them has more than 10 members who rely on these projects for their livelihood and in each sampled more than 90% of their members are females.

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While agriculture plays a major role in poverty alleviation, the poverty problem in South Africa cannot be solved by promoting smallholder agricultural growth alone. More attention should also be given to the promotion of nonfarm activities (e.g. agro-industry), particularly those that are linked to the smallholder agricultural sector. A strategy that pays attention to the strengthening of farm/nonfarm linkages is likely to yield better results in terms of employment and income generation.

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