

**The BEST Project within the SDSI Support Programme
South Africa**

- Case Study -

**Analysis for
Good Practice and Replicability Purposes**

Nell and Shapiro cc, South Africa

Edda Grunwald, GTZ Headquarter

September 2002

1. Project Profile

Technical Cooperation (TC) through:
BMZ / GTZ

Time period of TC agency involvement:

The project was initiated in 1992 as a community development project, but has been through a number of phases, with Phase 3 due to end in June 2002.

Counterpart organisation:

Since 1997, BEST has been in partnership with the Department of Labour. The third phase of the project was specifically geared towards the integration of the project into government structures, falling under the broad umbrella of the Skills Development Strategy Initiative (SDSI) Support Programme of GTZ which supports the National Skills Development Strategy of the Department of Labour. The BEST Project works closely with the Free State Provincial Department of Labour. (BEST is largely located in the Free State province.) The intention is for BEST to become the Piloting and Testing Unit of the provincial Department.

Purpose of project:

The BEST Project specifically aims to assist people from disadvantaged communities to develop skills and experience that will help them either to secure employment and/or to generate an income. The overall goal is to increase the income of formerly disadvantaged population groups. The intention is to provide models that can be replicated elsewhere in the country in which competent providers of vocational skills training train young adults from disadvantaged communities for income-generating activities.

Brief description of the project:

BEST is located in Bloemfontein in the Free State Province of RSA, with an extension, specifically related to home-building skills, in the Eastern Cape Province. The Project engages in a number of activities and projects aimed at **testing new approaches to skills development for sustainable employment and income generating opportunities in and for the informal sector**. While activities take place in the Free State and Eastern Cape provinces only, findings are fed to the National Department of Labour so that successful pilots can be replicated in other provinces where they are appropriate. Most of the BEST project activities are **geared to either establishing emerging training providers and/or strengthening the ability and capacity of existing providers** to offer appropriate skills training courses for the informal sector. Pilots have been implemented in housing and construction related areas, in agriculture and, on a more ad hoc basis, in other areas.

Target group:

The unemployed, uneducated adults and youth, women, rural population groups, would-be entrepreneurs in the SMME sectors. While the stated target group is **youth**, the projects, in fact, encompass the full range.

Project level:

The project operates largely at the **micro** level, with on-the-ground activities, but also has a **meso** level in its work with the provincial Department of Labour.

Implementing TC agency context:

The BEST Project forms part of the larger GTZ-supported SDSI Programme which supports the Skills Development Strategy of the National Skills Authority and the Department of Labour. Initially, it was a **community development project** made up of fairly disparate attempts to stimulate development in disadvantaged communities. However, as the GTZ strategy in South Africa took shape around a skills development focus, the BEST project was incorporated into the strategy.

Financing:

Although initial funding came from BMZ/GTZ, BEST has leveraged other forms of funding for parts of

¹ **Original case study source:** *The BEST Project within the SDSI Support Programme*, MANSTRAT

Date of case study source: November 1999

In addition: Project Progress Review – *Basic Employment Skills Training (BEST) Project*, Marian Nell, Janet Shapiro and Friederich Hammerschmidt, March 2001

the work. So, for example, the Informal Sector Homebuilder Course is now registered for training subsidy purposes with the Department of Labour and further implementation can be undertaken with government financial support. The Department of Housing, through its housing subsidy, provides funds for the building material needed for the construction of the houses (and thus carries the cost of the practical training material since training is integrated into the production process). Much of the BEST funding in projects is in the form of loans, the intention being that they will be paid back over time when businesses become viable. The projects are, thus, potentially self-sustainable.

2. BEST – Basic Employment Skills Training: The Project in more detail

Background

Problem identification:

The problems identified by BEST are:

- poverty and the need for poverty alleviation;
- a need for the informal sector to be productive but a lack of skills in that sector;
- a misunderstanding of the informal sector as a stepping stone to the formal sector rather than as a sector in its own right;
- a lack of appropriate training for the informal sector;
- a lack of appropriate training providers for the informal sector.

Possible and actual stakeholders:

Disadvantaged communities in the Free State and Eastern Cape Provinces, including those in rural areas, the Department of Labour, the Department of Housing, emerging contractors, emerging farmers, and emerging training providers, young graduates who need mentoring and practical experience.

Underlying concepts:

The activities (pilot projects) of BEST all share the following key features and components:

- ◆ Training through production (learning by doing);
- ◆ Establishment of work, business and entrepreneurial opportunities in and for the informal sector as an integral component of training interventions;
- ◆ Facilitating people from disadvantaged communities to become decision-makers and active participants in the economy, not passive recipients of aid and support;
- ◆ All projects must be demand-driven.

Assumptions:

The project works on the *methodological premise* that providing vocational skills training will lead to an increase in the incomes of formerly disadvantaged people; and, that such

provision will be most effective if encompassed in the broader framework of the Department of Labour's skills development strategy.

Among the more **general assumptions** are:

- ◆ The economic growth rate accelerates in real terms and employment figures rise steadily. This was over optimistic, but there has been an increase in employment in the informal sector.
- ◆ Efforts to overcome the apartheid legacy continue to be an integral part of South African domestic policy. This was a well-founded assumption.
- ◆ The continued peacefulness of the transformation process, and the absence of major security problems, has at least meant that the economy has not been negatively affected by violence, although it has undoubtedly been negatively affected by crime.
- ◆ The political will to promote low cost housing programmes as a focal point throughout the country exists to some degree, but far less so than was anticipated when the Reconstruction and Development Programme (RDP) was the dominant economic strategy of the government, as opposed to the current Growth, Employment and Reconstruction Policy (GEAR).

Some **unstated assumptions** remain untested. Key among these is the willingness of the Department of Labour to "deregulate" requirements for registering informal sector training providers, at least to some degree.

Process summary

Description of intervention:

BEST has initiated the following pilots:

Housing and construction related:

- The **Integrated Training and Housebuilding** Project where people are trained to construct their own houses by integrating training with the actual construction process;
- **Establishing Emerging Building Contractors** who can become contractors to build houses for others;
- **Establishing Emerging Training Providers** by developing a new Informal Sector Homebuilder-Own Build Course and empowering people as emerging training providers to offer the training;
- **Establishing local construction related businesses** such as brick and block production businesses in disadvantaged communities to provide local building material for building projects.

Agriculture-related pilots:

- **Hydroponic Home-based Spinach Production Units**, with BEST providing the finances for the units, supposedly on a loan basis;
- The **Practical Sheep Farming Training** Project which involves mentoring of emerging sheep farmers with new lambs being shared between the emerging farmers and the Project. The Project reimburses mentors who are retired, experienced commercial farmers. In addition it should get back its initial capital investment (see below) which is seen as a loan;
- The **Establishment of Emerging Sheep Farmers** through initial capital assistance.

Other pilots:

- A project that facilitated newly graduated students from disadvantaged communities obtaining practical work experience through a tutelage/employment contract (this project has been discontinued);
- The training and establishment of local (emerging) consulting businesses to render business and development services in the informal sector and in disadvantaged communities.

Critical issues and their consideration:

Critical Issues	Comments / Considerations / Tips
No gender-specific needs analysis was done, although, according to monitoring sheets, 30% of learners who successfully complete BEST courses are women.	Where a project specifically aims at addressing the needs of women, such an analysis should be done.
Costing in relation to outputs has not been attempted.	At the time of the PPR, the process of tracking past trainees to see what impact the intervention had had on them had begun. In order to look at cost benefit and cost efficiency , this needs to be done on a regular basis in pilot projects.
There may have been too much emphasis on offering courses that fit a particular sector whereas what was being piloted was a way of delivering skills training, across sectors.	At a workshop with Department of Labour staff a number of sectors other than construction and agriculture were suggested, including tourism, carpentry, beadwork, wool washing and combing, plumbing, producing sunflower products and hospitality services. The emphasis needs to be on opportunity rather than sector .
There may have been too much emphasis on fitting informal sector training into the overall South African Qualifications Authority accreditation framework.	The emphasis should rather be on linking non-formal training to the appropriate sector education and training authority, so that there can be a benefit in terms of funding and expertise. Where it is appropriate, non-formal training could be accredited on a cumulative basis, but, it is likely that very often the benefit of non-formal training is likely to be assessed in terms of direct income improvement rather than in terms of

	delayed accumulation of credits.
Not enough attention was paid to the learning of entrepreneurial skills .	In all training initiatives directed at the informal sector this needs to be a priority .
Not enough use was made of expert sector advice e.g. when a piggery is built, one needs expert advice on how to build it, where to locate it etc.	Here, again, all one can do is learn from mistakes.
Although there is a considerable amount of documentation about BEST, there are very few resources which would have supported institutionalisation and replication, such as facilitator's guides and participant manuals.	It is recommended that full documentation be developed and kept as a future resource . The following have been suggested in terms of consolidated work already done: the development of learning outcomes for all courses, participants' manuals and facilitator's guides, in order to facilitate replication. Such material should be reviewed by experts.
The process of integrating BEST into the provincial Department of Labour was not progressing well.	For such integration, there needs to be clearly stated political agreement at a senior level, shared planning and project design, clarity on who counterparts are, and intensive skills transfer at the implementation level.

Facilitating factors:

These included:

- ◆ A period of experimentation during which certain projects were piloted without the constraints of fitting into the "big picture" of GTZ involvement in South Africa. Innovative ideas were piloted in this time.
- ◆ The willingness of government to look at the integration of a project of this nature into its own service provision model. In addition, the initiative led to cross-departmental projects and processes which was unusual.

Impact

Monitoring and evaluation:

No formal system of monitoring and evaluation has been established. The Project Advisor has kept his own statistics on numbers of people involved in the different projects since 2000, number of houses built within the framework of the project, number of entrepreneurs "established". There does not seem to be baseline information, or follow-up figures on how the intervention had impacted on the income of those involved, nor did the indicators for the overall goal call for this. Instead they focused on increased job security, finding new employment and creating conditions for economic independence. However, no means of verification were given for these indicators either. This makes impact measurement impossible.

What was/has been achieved?

Among the measurable achievements have been:

- ◆ The development of **a new, tested building training programme and training approach specifically designed and geared to the needs of members of the disadvantaged communities** who want to utilise government subsidies to build their own houses. The course is approved and registered with the Department of Labour and thus qualifies for training subsidies for training providers who want to offer the training. Through this, about 750 prospective homebuilders have been trained and empowered to build their own houses at relatively low cost; about 27 local emerging building contractors (who employ about 135 people on a long-term basis) have been developed (through further training) to serve as multipliers; some emerging training providers have been empowered to offer the training on a larger scale, in rural areas not generally served by training institutions; about 2 600 informal sector houses have been constructed; there is potential for sustainability and replication.
- ◆ The establishment of local emerging entrepreneurs and small businesses in and for the informal housing sector. This has involved the training and establishment of two brick and block making production enterprises within the disadvantaged communities, providing building materials to local contractors.
- ◆ The piloting and testing of **new small-scale (home-based) hydroponic spinach production systems** as viable business enterprises for members of urbanised disadvantaged communities. As the system is not physically demanding, it is suitable for women and older people. At the time the original case study was written, 11 viable businesses had been established.
- ◆ The piloting and testing of a **joint farming venture between an established commercial farmer and emerging farmers from disadvantaged communities** as a means of training and developing such farmers and simultaneously assisting them to establish their farming enterprises as viable and profitable businesses. The established farmers provide experience and expertise on a **mentorship** basis, for a fee. At the time the original case study was written, three emerging farmers had been assisted in this way. The methodology for the training should be sustainable.

Impact against general indicators identified:

Given the lack of impact indicators or measurement, it is difficult to assess whether the project in its various manifestations has made a meaningful contribution to poverty alleviation at an individual level, or poverty alleviation generally, although there is a clear intention to do so.

As a micro project, it impacts directly on beneficiaries, but to what extent is impossible to judge from the information available. The project does try to work in demand mode, although sometimes this is broadly interpreted (so, for example, it is difficult to imagine that there was

a demand for the hydroponic spinach growing units, but this was a broad interpretation of a need for food security in urban areas.) No study has been done of how much it is costing to create a job opportunity or a successful self-employment opportunity through the pilots. This makes it very difficult to measure, for example, the cost/benefit ratio of investing an initial outlay of US\$ 1.2 thousand on a spinach farming unit, even on a loan basis. From the data available, it is not possible to make an **assessment of the operational or financial sustainability of the interventions**, although there has clearly been an intention to make them sustainable.

Learnings

Generalisable learnings/good practice:

- ◆ *Given the contribution made by the informal sector to the economy, training in and for the sector is warranted. It is not necessary for informal sector enterprises to become formal sector enterprises. There is a market for services and goods within the informal sector.*
- ◆ *Given the nature of informal sector production and service delivery, training needs to be done in such a way that graduates of informal sector training courses can complete specific jobs by themselves, from beginning to end.*
- ◆ *In a society where the majority of poor people have had limited access to education and training opportunities and are semi-literate, skills training is an essential component of poverty alleviation. A “package” of skills training, including “hard skills” in manufacturing and production, and “soft skills” such as literacy, numeracy and entrepreneurial skills is needed. The emphasis of skills training is on knowing-to-do (all you need to know to do it, but only what you need to know to do it). It has advantages such as taking place on-site, being short, usually modular, flexible and being demand focused. It does not require point-of-entry qualifications.*
- ◆ *Trainers and instructors in informal sector training must be able to communicate well with the target group, must understand the circumstances and needs of informal sector trainees, must be able to provide practical advice and to transfer skills. These factors are all more important than formal qualifications.*
- ◆ *Skills training must strive towards sustainability and income generation, making the best use of initial funding in order to build in future sustainability as part of the project design.*

Good principles affirmed:

- ◆ Participants must be encouraged to be proactive and to take **responsibility for their own destinies**.

- ◆ *Poverty alleviation needs to be addressed at the macro (policy and enabling environment) level, the meso (capacity building and service delivery) level, and micro (on the ground, changing attitudes, ability and behaviour) levels.*

Innovations:

- ◆ The development of a training programme specifically geared to informal sector housing provision.
- ◆ The leveraging of funding from various sources such as the Department of Labour and the Department of Housing to ensure sustainability.
- ◆ The new form of farming (hydroponic) with urban applications.
- ◆ The linking of established commercial farmers and emerging farmers in a mentoring relationship.
- ◆ The intention to build in self-sustainability through viewing initial BEST investments as loans to be paid back when business ventures become viable.
- ◆ The attempt to integrate a project into the provincial level service provision of a government department.

Issues and ideas for replication:

Although those involved directly in the project believe that it is ready for replication, this seems a bit optimistic in the light of the limited information available on impact and cost implications. Some aspects of the construction sector work are encouraging and might bear replication, but the other work is far too embryonic and has been tested with far too few people. The government integration model is worth following up in order to see whether or not it works.

Questions raised:

- ◆ The key question that remains unanswered is: Does the project, in its various manifestations, address the issue of increasing the income of formerly disadvantaged population groups?

Other questions include:

- ◆ Can such a project be successfully integrated into a government department delivery process?
- ◆ Does the project contribute to a better understanding of how non-formal and formal education intersect?
- ◆ Will the attempt to build financial sustainability into projects succeed?