

Khuphuka Skills Training and Employment

South Africa

- Case Study -

**Analysis for
Good Practice and Replicability Purposes**

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1. Project Profile

Technical Cooperation (TC) through:
BMZ / GTZ

Time period of TC agency involvement:

support was provided from 1993, throughout the period covered by the source documents.

Counterpart organisation:

Khuphuka functioned as an independent NGO in partnership with BMZ/GTZ. Thus, Khuphuka was itself the counterpart organisation. There was no Project Advisor or government counterpart.

Purpose of project:

To assist young people in the KwaZulu/Natal (a province of RSA) to generate income through informal sector activities or to get formal employment, through a process of training on production, while strengthening community structures and promoting development. Over time, this was rephrased as: generation of employment through technical and entrepreneurial training.

Brief description of the project:

The project was an attempt to introduce the *training-on-production concept* to RSA. It focused initially *on the construction sector* but, in an attempt to make itself self-sufficient through tendering for large construction projects, it over-extended itself and was, ultimately, unable to compete at this level, while still providing opportunities for training. Its assumptions about construction and the government's commitment to it as a sector, were also shown to be unfounded. It shifted its focus to *training in the context of entrepreneurial development*, with some success. This involved considerable downsizing and a "reinvention" of the project, although the overall goal and project purpose remained much the same. It is a good example of how strategy can change without changing overall goal and project purpose, provided the problem identification has been accurate. One of the strategies of the project has been *close community co-operation*. This has remained a constant, although the emphasis has shifted to local economic development.

Target group:

Community groups that are engaged in development, or potentially engaged in development, *unemployed young adults* especially women (30% target), emerging and current *entrepreneurs* such as micro-manufacturers and building contractors.

Project level:

This project operates almost entirely at the *micro* level. The intention was that it interact with the meso level through accreditation incorporation in the National Qualifications Framework. However, as circumstances changed and the emphasis of the project moved from preparing young people for employment to developing entrepreneurs, this aspect of the project became less important.

Implementing TC agency context:

When Khuphuka first began operating, GTZ supported projects in South Africa were few and diverse. After 1994, when bilateral co-operation became possible because of the changes in government, these projects in RSA were gradually incorporated under the Skills Development Support Initiative, the main focus of which was the development of the South African Qualifications Authority (SAQA). The informal sector projects, of which Khuphuka was one, were seen as important, but little progress was made in the period under review in incorporating these projects as part of SAQA.

Financing:

Khuphuka received funding largely from the European Union, with some supporting funding from BMZ. In addition, it set as *a goal* the need *to be self-sufficient over time* and attempted various strategies for achieving this but did not do so in the period covered by the source documents.

¹ **Original case study source:** *Khuphuka Skills Training and Employment Project; Project Progress Review*, Hammerschmidt and Nell

Date of case study source: November 1995

In addition: *Getting it Right*, Nell and Shapiro cc, October 1997

Responding to a Changing Environment, August/September 1999

2. Khuphuka Skills Training and Employment: The Project in more detail

Background

Problem identification:

The initial core problem was defined as the majority of people of KwaZulu/Natal having little or no access to economic opportunity. In particular, a large number of young people in the greater Durban area were unable to earn a living. The consequences of this were felt in increased dependency on extended families already severely stretched, an increase in political and domestic violence, an increase in criminal activity. The causes were identified as:

- the lack of access to education for large numbers of young people because of disrupted schooling,
- a lack of emphasis on training, and inappropriate and inadequate education and training particularly for black people;
- large numbers of unskilled people;
- lack of access to information about earning a living;
- lack of a productive and competitive micro-enterprise sector;
- the failure of formal employment to generate sufficient jobs;
- the fact that most young women were not empowered to find work.

Although the project itself was forced to reconsider strategy at various points in the period under review, the problem identification remained sound.

Possible and actual stakeholders:

Khuphuka has targeted people within disadvantaged communities generally. It has also worked closely with community organisations in disadvantaged communities, attempting to contextualise its work within a community development and, more recently, local economic development context. At one point, it did attempt to form a partnership with another training organisation but this did not work out and, subsequently, that organisation, unable to make the kind of radical adaptations Khuphuka has made, ceased to exist.

The link to other GTZ supported projects has been very loose. While, theoretically, it falls within the SDSI umbrella, practically, it is difficult to see clear reasons why it should, and this has not been a priority for the project itself.

Underlying concepts:

- ◆ Practical skills need to be taught in conjunction with the opportunity to use them productively, thus linking training and production.

- ◆ In a development context, this kind of training on production should, where possible, take place in a community development framework.
- ◆ There is a need for projects such as Khuphuka to develop methods of self-sustainability as an integral part of what they do.

Assumptions:

Khuphuka's *methodological assumption* was that appropriate training would lead to a reduction in poverty. People with skills are better equipped to earn a living than people without skills. However, a *key assumption* had been that the initial government growth and development strategies would work. In fact, between 1996 and 1999, the construction industry, as one example, shed 200 000 jobs. The expected growth in the KwaZulu/Natal economy and the increase in the number of jobs predicted did not take place. The assumption that public funds would be available for projects in large sums was also false.

One of *the strengths of Khuphuka* has always been an ability to review the implications of false assumptions and adapt to changed circumstances. The project provides a useful model of how projects can respond to rapidly changing external circumstances in which assumptions made could, if not carefully monitored, and without flexibility in the project, become "killer assumptions".

Process summary

Description of intervention:

Khuphuka was *originally* conceived as a means of *integrating returning exiles, ex-combatants, ex-political prisoners and marginalised township youth* into the mainstream of society by providing them with skills that would enable them to find jobs or become self-employed.

At its height, in terms of training, Khuphuka had between 200 and 1 000 trainees, some on production jobs in the field, at any given time. Although the initial intention had been to focus on textile manufacturing, the project early detected a niche in the field around construction, and this became its main training sector. This was because the liberation government of 1994, through its Reconstruction and Development Programme (RDP) and the Community Based Public Works Programme (CBPWP), supported building projects. Initially, Khuphuka selected its trainees via communities. Emphasis was on having at least 30% women, but this target was not met in the early days. At that stage, the project was divided into:

- the Community Development Projects Department,
- the Training and Manufacturing Department and
- the Enterprise Development Department.

The *Community Development Projects Department* processed requests from communities to Khuphuka. The Department helped communities plan the project and access funds, and then supervised the communities in implementation.

The **Training and Manufacturing Department** where trainees, either selected by the communities worked with, or as individuals, were trained in basic skills such as carpentry, plumbing and electricity, which they could use on building sites.

The **Enterprise Development Department** provided enterprise development services to existing and aspirant entrepreneurs in construction or manufacturing.

Training was done on a competency and accreditation modular basis, intended to intersect with the then emerging National Qualifications Framework. Training was accredited by industrial boards at the beginning.

The **training-on-production model** did not always work because sometimes there was not enough production to absorb all trainees and the average length of time on a building site was not sufficient to provide enough production experience. Inherent in the Khuphuka model was a belief that Khuphuka could become self-financing through successful tendering for construction jobs which also then became training sites for trainees. However, *there was a tension between training-on-production and the imperatives of production on its own, where the emphasis is on efficiency and bottom lines*. Training-on-production tended to get sidelined in the interests of being productively competitive and hence sustainable. Khuphuka divided its operations into the **Khuphuka Education and Training Trust** (the fundraising, organisational development and training wing) and **Zizamele Development Systems** which was a Section 21 (not-for-profit) company from which it hoped to finance its other work.

As government economic policy changed and less money was available for construction projects and public works, as the high levels of competition and low profit margins in construction began to tell, and as the need for entrepreneurial training increased in the face of fewer formal sector jobs, the Khuphuka emphasis shifted. It became leaner as an organisation, with even trainers being employed on short-term contracts to meet the needs of a particular job. Greater emphasis was placed on supporting would-be entrepreneurs. Another reason for this shift was a recognition that, in tendering for jobs which its clients (such as emerging black contractors) were also tendering for, *Khuphuka was competing with those it was committed to helping*. Construction, once seen as the core of Khuphuka, had become a burden. (This was in 1999.) The *emphasis then shifted to supporting emerging manufacturing enterprises (in metal work and cabinet making)*, with a much reduced staff, using additional space at the Khuphuka premises to house emerging enterprises in an industrial park with incubators. The development of electricians was seen as another opportunity, this time in the services sector, the idea being to train them as entrepreneurs who could run their own businesses. This kind of small scale, flexible initiative has considerable future potential, given the state of the economy.

The project purpose continued to be to generate employment through technical and entrepreneurial training. Increasingly, however, the *Training Division worked closely with the Enterprise Development Unit*, and Khuphuka began developing a reputation as a micro **business support organisation**. There was a recognition that training needed to be market-driven and that, in the current circumstances, skills that lent themselves to entrepreneurial endeavours were more useful. The emphasis shifted to local economic development and the development of industrial incubators, supported by the Khuphuka central structure.

As part of this process, Khuphuka itself needed to become more business-oriented in order to hope for sustainability. This meant cutting overheads enormously, and, wherever possible, recovering direct costs from clients. Khuphuka recognised that it could not be all things to all people and that, instead, it needed to form strategic alliances with other organisations, such as, for example, micro-financing organisations. At the same time, it needed to offer, either directly, or through linkages, a package of services to clients. So, for example, one suggestion on the table was that Khuphuka *help its incubator initiatives by doing central marketing*.

Critical issues and their consideration:

Critical Issues	Comments / Considerations / Tips
Some key assumptions made were incorrect.	Khuphuka monitored changing circumstances and was able and willing to identify where assumptions made had been incorrect, and to take corrective action. Khuphuka management used strategic planning processes, at critical times, to enable it to adjust plans, sometimes quite drastically, while focusing on the original problem identification and the project purpose and overall goal.
Khuphuka over-invested in the construction industry. Its belief that it would be able to compete successfully for major tenders, and make a profit, while using trainees, was mistaken. It also did not take into account that, in competing that way, it would set itself up in competition to some of its clients, in particular emerging black contractors.	It recognised that this was a problem and was flexible enough to decrease this involvement, to refocus on its clients and purpose, while still managing to survive. Again, this reflected the positive use of strategic planning processes .
It took Khuphuka a long time to set up a monitoring and evaluation system. This made it difficult for it to assess impact and for it to check whether it was meeting its targets in important areas such as gender and training-on-production. For a long time, this was assessed on “feeling” rather than “fact”.	Khuphuka finally contracted consultants to help it set up a monitoring and evaluation system based on its planning logframe matrix . This enabled it to provide accurate information on, for example, how many women trainees there were in various areas of the work, and how many trainees were actually getting “on production” experience.
Initially, although it set a target of 30% women in each training intake, Khuphuka did little to realise the target which was not met.	After a review criticised the organisation for this, Khuphuka took very proactive steps to involve women in traditionally male occupations . A study was undertaken to look at micro enterprise training and support for women in construction and related industries. A Gender Officer was appointed to implement a Gender Action Plan . A child care centre was opened on the Khuphuka premises. An intensive radio campaign , using successful women graduates as role models , was launched. This increased the number of women in intakes. The Gender

	Officer also decided that women in construction needed particular after care and that this could be done through providing support to women entrepreneurs in the sector at industrial incubators located on the Khuphuka premises. These initiatives were affected by the general scaling down of the construction emphasis, but provide a useful example of how gender issues can be taken seriously to good effect.
It became clear that Khuphuka was not using its own methodology sufficiently because it could not place enough trainees “in production”.	Khuphuka established a placement service to find practical placements and this was quite successful. The move to training for self-employment has made this less of a necessity.
At times, the core business of Khuphuka, training people in order to improve their quality of life, got subsumed by the imperative to be self-sufficient. It was at this time that the construction company became “the tail wagging the dog”, with those involved so excited about the income earning potential of the construction work that they forgot why Khuphuka actually existed.	The realities of the construction business brought Khuphuka up short here – in the end, Khuphuka was not able to make a living out of construction and had to rethink its strategy completely. However, it is, in any case, good practice to refocus, strategically, on the actual business of an organisation from time-to-time.
There were times when Khuphuka nearly closed because of cash flow problems. Although this sometimes had to do with tardy dispersion of funding tranches by donors, it was certainly exacerbated by poor financial information, and by even this information being provided to management too late.	This was addressed by dealing with poor performance of the financial department and bringing in different people to provide the service needed.
When circumstances forced Khuphuka to downsize, there was, of necessity, a negative impact on staff and staff morale.	Khuphuka dealt with this “by the book” in terms of legal requirements, consultation etc, bringing in a human resources expert to help. It also tried to find alternatives for staff who were being retrenched, within the project, so that, for example, trainers from disadvantaged backgrounds were encouraged to make use of the entrepreneurial facilities being opened up on the Khuphuka premises.

Facilitating factors:

These included:

- ◆ Flexible management, willing to make quite radical changes in the interests of meeting the overall goal and project purpose.
- ◆ Management commitment to getting things right.
- ◆ Correct problem identification which helped to keep the project on track at difficult times.
- ◆ Good relationships with communities and, at least in the early stages, the right political connections, and the congruence with the government’s RDP. Over-reliance on the RDP, however, later led to a problem.

- ◆ The methodology of training-on-production which is sound and practical in the circumstances.
- ◆ Funding available to see the project through difficult times and some serious teething problems.

Impact

Monitoring and evaluation:

In the early days of the project this was a neglected area, so that targets were set but there was no real way of working out whether or not they had been achieved. So, for example, without baseline data on the income of people trained by the project (or some form of proxy-indicator), it is difficult to measure the impact of the training in terms of improved income or living conditions. Later, the project invested in the development of a system that would provide accurate information on key indicators, but the data from this were not available at the time of this summary being compiled.

What was/has been achieved?

Because of the lack of data it is difficult to quantify Khuphuka's achievements on the basis of information available when the source documents were written. From the available data, it is possible to say:

With regard to the early period:

- ◆ Over 1 272 certificates were issues by the training department from July 1996 to August 1997;
- ◆ In that same period, the placement service managed to ensure that 151 trainees were placed where they could be "trained on production", while a further 416 came from community projects where some training-on-production would have been built in;
- ◆ In a random sample of 583 ex-trainees included in a tracer study done in 1997, 89% felt that they had mastered the skills taught by Khuphuka, and 75% had used the skills in some way;
- ◆ Other organisations (including government organisations) were positive about the training offered by Khuphuka.

The later period:

- ◆ Much has been learned about the dangers of going overboard on income retrieval and earnings, at the expense of focusing on the core business of the organisation, training people to be able to earn a living;
- ◆ An incubator industrial park has been set up;

- ◆ Khuphuka has successfully made the transition from a large-scale training institution to a more flexible set-up which sees training and support as an integral part of entrepreneurial development;
- ◆ Khuphuka has shown that it is possible to survive constructively, even when you have made a “killer assumption”, provided management has the guts to make radical changes in operations.

Impact against general indicators identified:

Without current data it is difficult to make definitive statements here. However:

- ◆ the project has managed to keep on track in terms of centralising the interests of beneficiaries, despite being sidetracked into a focus on self-sufficiency at one point;
- ◆ the project has successfully made the transition from a model that leaned towards a supply focus to one that clearly focuses on demand and niches created by demand;
- ◆ the focus has continued to be poverty alleviation;
- ◆ while data on cost/benefit is not available, the move towards business efficiency is encouraging in this regard;
- ◆ having learned from moving into an operationally and financially unsustainable model, the project is now tailoring its operations to fit a model which can be sustained.

Learnings

Generalisable learnings/good practice:

- ◆ *The accreditation route is not necessarily the best one to follow in developing skills that are specifically framed by an entrepreneurial orientation.*
- ◆ *Assumptions about enabling conditions need to be carefully monitored and there needs to be a flexibility in responding to changes. Changes to strategy can be quite radical, provided that problem identification has been good, and the overall goal and project purpose relate directly to that problem identification.*
- ◆ *Strategic planning is crucial when circumstances change.*
- ◆ *An over-emphasis on organisational self-sufficiency can lead to a project being diverted from its core business.*

Good principles affirmed:

- ◆ *Poverty alleviation work requires good links to the supposedly benefiting communities.*
- ◆ *In a context of diminishing formal sector employment, building informal sector entrepreneurs provides a useful alternative to training people for wage employment.*

- ◆ ***Developing entrepreneurs requires a package of services, not just training.***
- ◆ ***Leadership strength and flexibility, within a framework determined by sound problem identification, is a key ingredient in project survival and success.***

Innovations:

- ◆ At the time of Khuphuka's inception, training-on-production, or training-with-production, was an innovative approach in South Africa. It has subsequently become more standard.
- ◆ Using strategic planning as a vehicle for total re-orientation of a project, in order that it can meet its objectives, rather than succumb to the impact of a "killer assumption" not being realised.
- ◆ The premium put on responsive, risk-taking, flexible management was innovative in an NGO context.
- ◆ The development of an incubator site and the plan to extend the incubator concept into the community.

Issues and ideas for replication:

Khuphuka has turned out to be a very idiosyncratic project, responding in particular circumstances to particular demands and needs. The idea of it being replicated in its various manifestations does not make sense. However, there are some learnings and concepts tested by the project that do lend themselves to replication. These include:

- ◆ The development of industrial incubators either within a community or at a specific site, the intention being to offer "aftercare" to trainees for a limited period of time;
- ◆ Downsizing a non-profit organisation that is not sustainable, through a strategic process, in order to retain what is of value in the organisation, while being fair to staff;
- ◆ Developing a database specifically around impact indicators.

Questions raised:

- ◆ To what extent should and could training for informal sector entrepreneurial activities be incorporated into the framework of a national qualifications certification approach? When is it necessary and when is it not necessary?
- ◆ At what point does the striving for self-sufficiency in a project become counter-productive and what should the donor attitude on this be?