



KWAZULU-NATAL POVERTY ERADICATION MASTER PLAN (2014)



**Eradicating Poverty in our Lifetime.
Failure is no Option!**



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FOREWORD

Eradicating poverty in our lifetime remains our fervent resolve, our commitment and achievable vision. It is an immense task that we need to confront as this generation, and we cannot no longer afford to postpone. Jeffery Sachs, the renowned world economist and scholar, in his acclaimed book “The End of Poverty” affirms our resolve, and proclaimed that:

Today we can invoke the same logic to declare that extreme poverty can be ended not in the time of our grandchildren, but in our time.

This is the vision that we that must bind us to ‘end the suffering of those ill trapped by poverty and to forge a common bond of humanity, and a shared purpose’ across race or religion, gender or geography, and class or cast.

The rich cannot sleep in peace when the children of the poor neighbours sleep on empty stomachs. The ‘haves’ cannot live in security behind high wall whilst the neighbours children of the ‘have-not’ go without a meal for the whole day. It is a matter of time before they tear down those walls. Whence, our vigour and verve in this mission seeks to contribute towards the pathway of peace and prosperity, not only in South Africa, but the world over.

The Poverty Eradication Master Plan is not a silver bullet or panacea, but a modest and practical measure to eradicate poverty in the province of KwaZulu-Natal by 2030, thereby contributing to the quality of life and sustainable livelihood of many in our country.

The fundamental thrust and centrality of this Master Plan is ‘moving the poor away from dependency to the state, empower them towards self-sustainability’, through practical implements and measures that will restore their dignity and humanity.

This Master Plan which is a call to action has been enriched in its formulation by many, from government, the private sector, academics, policy experts, among others. We remain convinced that the five Game Changers, and related Delivery Plans hitherto identified, provides us with both strategic and tactical compass to obliterate poverty in this generation. We pay homage to the United Nations Secretary-General Ban Ki-moon’s statement on the 17 October 2014, the International Day for the Eradication of Poverty when he avowed that:

On this day we recommit to think, decide and act together against extreme poverty -- and plan for a world where no-one is left behind. Our aim must be prosperity for all, not just a few.

As a Province, as a country, we call upon all and many to support this course, this common and shared vision which will achieve lasting social and economic justice for many who are at the grinding edge of poverty. Failure is no Option. We can do it in our lifetime, as this generation.

Mr Edward Senzo Mchunu

Premier, KwaZulu-Natal Province, South Africa (October 2014)



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PREFACE

The total eradication of poverty, starting with absolute poverty, is a global, national and provincial imperative. The Honourable Premier of KwaZulu-Natal, Senzo Mchunu, has determined that poverty in the province must be addressed by all stakeholders to ensure its total eradication in our lifetime. The Honourable Premier has therefore instructed that the *KwaZulu-Natal Poverty Eradication Master Plan* be delivered through a process of intensive pragmatic planning modeled on the Phakisa process, and as a result, this Comprehensive and Integrated Master Plan has been prepared.

It is our firm hope and intention that the Delivery Plans outlined here are effectively and fully implemented in order to ensure outcomes which will have significant impact on poverty stricken people in KwaZulu-Natal, not by rendering them dependent or more dependent on the State, but by ensuring each individual is empowered to sustain her or himself, and that as a result communities are further empowered, and enjoy sustainable livelihood.

This Master Plan to totally eradicate poverty in KwaZulu-Natal in this lifetime requires that the multi-dimensional nature of poverty is acknowledged, that each element is addressed immediately, and also that there is a daily process of ongoing poverty eradication interventions which are monitored.

This Master Plan combines long range eradication planning and implementation programmes with immediate game changers - designed to have catalytic impact on poverty eradication and provide strong stimulus to existing efforts in poverty eradication. As such, there is a major focus on implementation, impact assessment and monitoring and evaluation of all plans on a real time ongoing basis, as well as on effective organisation and institutional congruence to ensure optimum delivery of outcomes.

Our vision is of a province without poverty, food secured, with sustainable, healthy and well educated individuals making up sustainable communities by 2020, and with full eradication of absolute poverty in KwaZulu-Natal by 2030.

Desmond Golding

Convener - Poverty Eradication Lab

KwaZulu-Natal

October 2014



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ACRONYMS

ABET	Adult Basic Education and Training
AG	Audit General
AIDS	Acquired Immune Deficiency Syndrome
ASSA	Actuarial Society of South Africa
BMI	Body Mass Index
BR&E	Business Retention & Expansion Programme
B-BBEE	Broad-Based Black Economic Empowerment
CO ²	Carbon Dioxide
COHOD	Committee of Heads of Department
CONCOURT	Constitutional Court
CPI	Consumer Price Index
CWP	Community Work Programme
DAC	Department of Arts and Culture
DAEA	Department of Agriculture and Environmental Affairs
COGTA	Department of Cooperative Governance and Traditional Affairs
DCSL	Department of Community Safety and Liaison
DEDEAT	Department of Economic Development, Environment Affairs and Tourism
DHS	Demographic and Health Survey
DM	District Municipality
DOE	Department of Education
DOH	Department of Health
DOL	Department of Labour
DOT	Department of Transport
DRDLR	Department of Rural Development and Land Reform
DSD	Department of Social Development
DWA	Department of Water Affairs
ECD	Early Childhood Development
EDR	Effective Dependency Ratio
EKZNW	Ezemvelo KwaZulu-Natal Wildlife
EPWP	Expanded Public Works Programme
ESID	Economic and Strategic Infrastructure Development
FET	Further Education and Training
GDP-R	Gross Domestic Product – Regional
GVA	Gross Value Add
ha	Hectare
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HOD	Head of Department
HRD	Human Resource Development
ICT	Information and Communications Technology
IDP	Integrated Development Plan



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IDZ	Industrial Development Zone
IEC	Independent Electoral Commission
IGR	Inter-Governmental Relations
IMR	Infant Mortality Rate
IRP	Integrated Resource Plan
ITB	Ingonyama Trust Board
KZN DOT	KwaZulu-Natal Department of Transport
LED	Local Economic Development
MEC	Minister of Executive Council
MIG	Municipal Infrastructure Grant
MTSF	Medium Term Strategic Framework
NAV	Net Asset Value
NDP	National Development Plan
NPC	National Planning Commission
OTP	Office of the Premier
PGDP	Provincial Growth and Development Plan
PGDS&P	Provincial Growth & Development Strategy and Plan
PPC	Provincial Planning Commission
PRASA	Passenger Rail Agency of South Africa
PRSP	Poverty Reduction Strategy Paper
PSEDS	Provincial Spatial Economic Development Strategy
RDP	Reconstruction and Development Programme
SAAQIS	South African Air Quality Information System
SADC	Southern African Development Community
SANRAL	South African National Roads Agency Limited
SARCC	SA Rail Commuter Corporation
SEDA	Small Enterprise Development Agency
SIPS	Strategic Infrastructure Projects
SMME	Small, Medium and Micro Enterprises
SOE	State Owned Enterprise
SOER	State of the Environment Report
SPCHD	Social Protection, Community and Human Development
Stats SA	Statistics South Africa
TB	Tuberculosis
TC	Traditional Council
TIKZN	Trade and Industry KwaZulu-Natal
U5MR	Under 5 Mortality Rate
UNDP	United Nations Development Programme
YDA	Youth Development Agency



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1. EXECUTIVE SUMMARY

Poverty is a multi-faceted phenomenon and requires a complex mix of strategies to ensure its total eradication. The state of poverty occurs on a continuum, where the poorest of the poor face daily challenges for basic survival in the short term, and yet others, the working poor, survive from payday to payday. Living in this way does not allow individuals to fully participate in society, and material deprivation is accompanied by deprivation of human dignity and lack of access to opportunity. Over time, systemic poverty results in sustained inequality in social power relations and extreme vulnerability to even minute external events. Poverty in South Africa is both endemic and chronic as many people continue to live in absolute poverty for their entire lives.

Overcoming poverty is not a task of charity, it is an act of justice. Like Slavery and Apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings. Sometimes it falls on a generation to be great. YOU can be that great generation. Let your greatness blossom.

Nelson R. Mandela

In South Africa today, one in four people suffers hunger regularly and just over 13 million people run the risk of going hungry on a daily basis. Over 15 million people receive some kind of social grant at a total cost of over R120 billion in 2013¹, and approximately 25 per cent of all South Africans of working age are unemployed, with the youth accounting for over two-third of this out of employment active population. Even for those who are in work, casual work means a sufficiency for food survival the first week or so after payday, thereafter returning to an inability to meet even the most basic of needs. Women face hunger and absolute poverty more often than men² even though they are largely responsible for feeding families and looking after the sick and children. Increasing social grants on an annual basis as more people enter the system is not sustainable and inevitably results in the perpetuation of dependency, and lack of individual self-sufficiency.

In 2011, KwaZulu-Natal had the third highest poverty measure of the 9 provinces, with a poverty head count of 56.6 per cent, a poverty gap of 25.5 per cent and poverty severity incidence of 14, 4 per cent.³ 28 per cent of all KwaZulu-Natal citizens live in extreme poverty, and a further 29 per cent live in absolute poverty⁴. At least 32.9 per cent are food deprived and KwaZulu-Natal has the highest gender based poverty incidence (45 per cent) and intensity (46 per cent) in South Africa. KwaZulu-Natal also has the second highest level of rural poverty in South Africa (29 per cent) and the second highest in traditional settlements (54 per cent).⁵ UMkhanyakude, UMzinyathi, Zululand and Sisonke have the highest poverty levels in the province.

The ability of citizens to extricate themselves from chronic poverty is severely limited in KwaZulu-Natal by a number of factors. First, people are under-qualified only 18 per cent of heads of household in KwaZulu-Natal have achieved matriculation or higher⁶. Second, people have limited access to health

¹ Economic Policy Research Institute, (2013)

² Oxfam, Hidden Hunger in South Africa (2014)

³ Human Sciences Research Council (2012)

⁴ Stats.SA (2012)

⁵ National Development Agency (2013)

⁶ National Development Agency (2013)



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services and as a result, KwaZulu-Natal has a high relative disease prevalence at approximately 4.5/1000 (lifestyle related) and 11 per cent overall, in particular Tuberculosis (TB) and Human Immunodeficiency Virus (HIV)⁷ Third, only 2 per cent of small holders grow sufficient food and sufficient quality food, to feed themselves and their households, resulting in high levels of malnutrition and hunger but also obesity and diabetes⁸. Fourth, KwaZulu-Natal shows good overall growth in Gross Domestic Product (GDP) but inequality with most of the benefits of growth going to the top 10% of the provincial population. The poorest section of the population gains by only 15%.⁹ Finally, there is limited investment in the provincial economy on the part of the private sector at this time, which results in inadequate growth in the formal sector- there are simply not enough jobs to cater for the existing work seekers and the approximately 300 000 people matriculating in KwaZulu-Natal annually.

The eradication of poverty requires two broad types of strategies: expansion of the economy and government-run affirmative and affirming action programs targeted to the poor¹⁰. The focus of this Comprehensive and Integrated Master Plan is on the second strategic trajectory with the goal of reducing the percentage of households that have gone hungry in a 12 month period from 35 per cent to less than 25 per cent by 2020¹¹, and eradication by 2030.

Access to land is no longer sufficient alone to address hunger and absolute poverty. Access to services, markets, water, equipment and know-how are equally critical. A full basket of support is required to ensure that the current level of 2 percent of rural families able to feed themselves from their land increases to maximum levels. Rural road and transport infrastructure is typically inadequate to permit easy access to markets, services and information. Factors such as ongoing price increases (especially in energy) and climate change exacerbate the problem, often requiring people to choose between energy and food.

As part of fostering a coordinated and integrated approach to Poverty Eradication, the Honourable Premier Senzo Mchunu established a Technical Task Team led by the convener, Desmond Golding and including the department of Economic Development Tourism and Environment Affairs (EDTEA), the departments of Co-operative Governance and Traditional Affairs (COGTA), the Office of the Premier (OTP), the Department of Social Development (DSD), and the Department of Agriculture and Rural Development (DARD) as well external specialist in various fields of interest to the task at hand. The team used the Phakisa approach to planning and the formulation of the Master Plan¹². The Task Team became the Poverty Eradication Lab Team.

The vision of the Master Plan embodies the desired achievements and the desired state of the province in terms of poverty, and it positively aligns to both the National Development Plan and the KwaZulu-Natal Provincial Growth and Development Framework.

Vision: "A Poverty free, food secured and productive citizenry by 2030, leading a dignified life"

⁷ National Development Agency (2013)

⁸ Oxfam (2014)

⁹ National Development Agency (2013)

¹⁰ EPU, Malaysia (2004)

¹¹ Honourable Senzo Mchunu, Premier of KwaZulu-Natal (2014)

¹²The Phakisa methodology is based on the Malaysian inspired Lab approach and focuses on identification and implementation of "Game Changing" programmes to achieve "Big fast results"



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In essence, the Lab Team confirmed that the key thrusts for total poverty eradication will derive from catalytic interventions in a) *social security* b) *agriculture*, particularly in rural areas, c) *employment* d) *enterprise development*, and e) *skills development*. Underpinning these critical elements are cross cutting issues which must be addressed in all catalytic and game changing programmes, that is, *Funding Strategy, Institutional Arrangements and real time Impact Assessment, and Monitoring and Evaluation*. The Phakisa Methodology advocates for “Big Fast Results”, and these are referred herein as **Game Changers**.

Social Protection Game Changers	
<ul style="list-style-type: none"> Improving Child Health Outcomes 	<ul style="list-style-type: none"> Improving access to quality Education
<ul style="list-style-type: none"> Uplifting Living Standards 	<ul style="list-style-type: none"> Food and Nutrition Security
<ul style="list-style-type: none"> Social Security 	<ul style="list-style-type: none"> Community Mobilization and Development

Agriculture Game Changers are most critical	
<ul style="list-style-type: none"> Adopt, adapt and fast-track Fetsa-Tlala – Household Food Security 	<ul style="list-style-type: none"> Linking Mechanisation to entrepreneurship
<ul style="list-style-type: none"> Commercialisation of livestock in communal land 	<ul style="list-style-type: none"> Revitalisation of land reform farms
<ul style="list-style-type: none"> Promotion of agriculture cooperatives 	<ul style="list-style-type: none"> Agribusiness youth empowerment

Enterprise Development Game Changers	
<ul style="list-style-type: none"> Waste Management 	<ul style="list-style-type: none"> Build KZN: Construction
<ul style="list-style-type: none"> Agri-Food Value Chain Processing Plants 	<ul style="list-style-type: none"> Comprehensive Rural Renewable Energy Program
<ul style="list-style-type: none"> KZN Business Support Program 	<ul style="list-style-type: none"> KZN Sand and Stone Mining Program

Employment Creation Game Changers	
<ul style="list-style-type: none"> Rural Infrastructure Development 	<ul style="list-style-type: none"> Revamped Expanded Public Works Programme
<ul style="list-style-type: none"> Rural Tourism 	<ul style="list-style-type: none"> Communal Milling Stations

Skills Development Game Changers	
<ul style="list-style-type: none"> Early Childhood Development 	<ul style="list-style-type: none"> Primary and Secondary Schools Education Improvement
<ul style="list-style-type: none"> Skills alignment to Economic Growth 	<ul style="list-style-type: none"> Artisan Development
<ul style="list-style-type: none"> Youth Skills Development 	<ul style="list-style-type: none"> Life Long Learning

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The diagram below is a summary of the desired trajectory and outcomes in line with the vision of the Poverty Eradication Master Plan and concerted implementation of its game changers.

ESTABLISHMENT OF THE KZN LAB ON POVERTY ERADICATION 2014

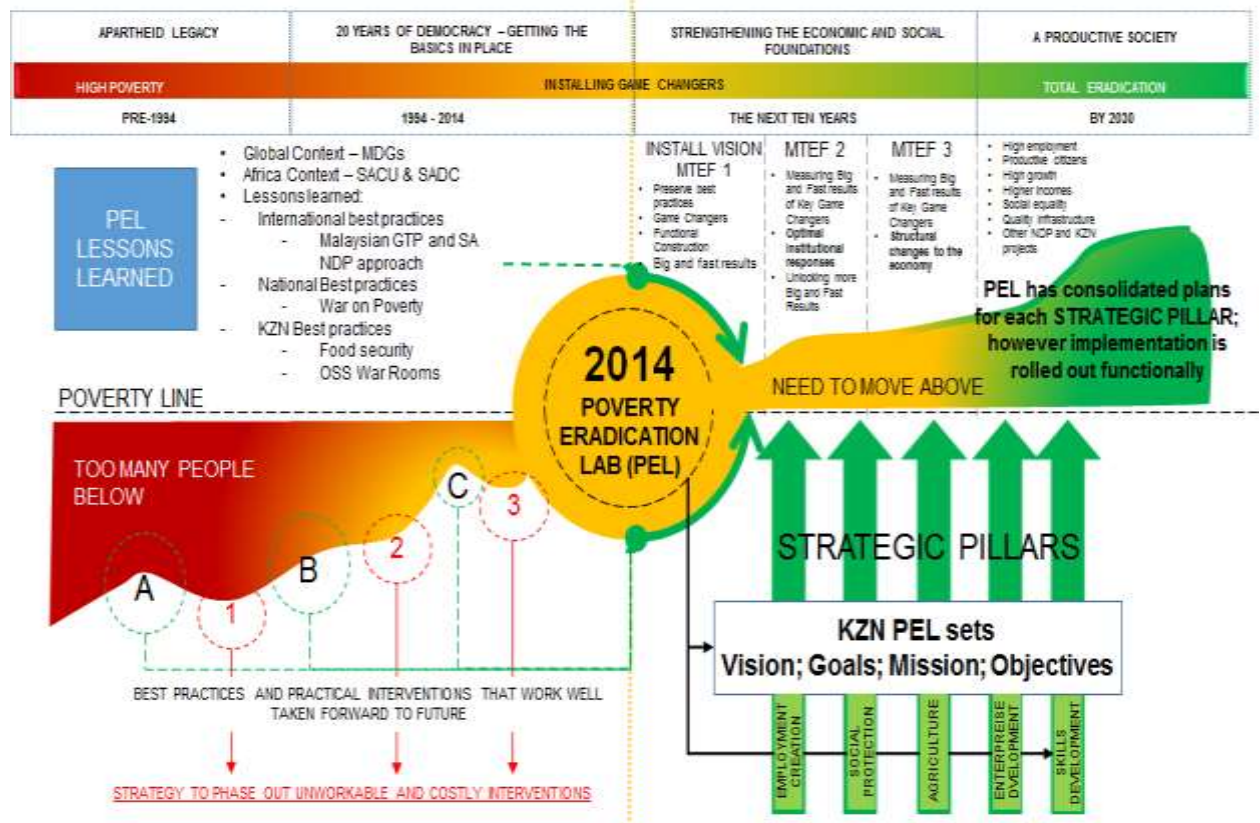


Figure 1a: Poverty Eradication Action Plan and Vision 2030

At the core of this plan is the ‘empowerment’ and ‘imbuing of dignity of the individual’ and the ‘reduction of reliance on the State’. In conclusion, this plan will be achieved through a Big Fast Results approach wherein the private sector, national departments and entities with provincial presence, provincial departments, municipalities and their development agencies all work together espoused by the vision of total poverty eradication in the province of KwaZulu-Natal by 2030.

The report is structured into six parts that essentially respond to the four elements of the Report that include the following:

- SUBSTANCE CHARACTERIZATION
- PROGRAMMATIC INTERVENTIONS
- FUNCTIONAL CONSTRUCTION
- FUNDING AND FUNDING MECHANISMS
- IMPACT COMPUTATION



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The table below reflects the baseline indicators for KwaZulu-Natal in terms of unpacking the poverty challenges.

Figure 1b: Poverty Eradication Baseline indicators

	2013Q1	2013Q4	2014Q1	Absolute Change		Percentage Change	
				q-o-q	y-o-y	q-o-q	y-o-y
Labour Market Aggregates (Thousands)							
Working Age Population	6 479	6 549	6 572	23	93.4	0.4	1.4
Employed	2 424	2 527	2 527	0	102.9	0.0	4.2
Narrow Unemployed	625	627	659	32	33.9	5.1	5.4
Narrow Labour Force	3 049	3 154	3 186	32	136.9	1.0	4.5
Broad Unemployed	1 170	1 200	1 279	79	109.5	6.6	9.4
Broad Labour Force	3 594	3 727	3 806	79	212.4	2.1	5.9
Discouraged Work-seekers	544	573	620	47	75.6	8.2	13.9
Labour Force Participation Rate (Per cent)							
Narrow LFP Rate	47.1	48.2	48.5			0.3	1.4
Broad LFP Rate	55.5	56.9	57.9			1.0	2.4
Unemployment Rate (Per cent)							
Narrow Unemployment Rate	20.5	19.9	20.7			0.8	0.2
Broad Unemployment Rate	32.5	32.2	33.6			1.4	1.1
Absorption Rate	37.4	38.6	38.4			-0.1	1.0



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SECTION A:

SUBSTANCE CHARACTERISATION





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CHAPTER 1: SITUATIONAL ANALYSIS

1.1 INTRODUCTION

The unfinished business of the twenty-first century is the eradication of poverty.
Juan Somavia, UN World Summit for Social Development, 1995.

On 19 July 2014 President Jacob Zuma launched 'Operation Phakisa' in Durban, KwaZulu-Natal, as one approach by government in implementing the National Development Plan-Vision 2030. Operation Phakisa is an adaptation of the Big Fast Results methodology that was first applied by the Malaysian Government very successfully in the delivery of its Economic Transformation Programme and the Government Transformation Programme.

In a speech delivered at the launch of this bold approach, the Honourable President Jacob Zuma invited all South Africans to work tirelessly to move our country forward and build a better life for especially the poor and the working class. He further asserted that:

“The people of South Africa deserve much better from all of us.”

Equally befitting is the call by the Premier of KwaZulu-Natal Honourable Senzo Mchunu in his State of the Province Address, 26 June 2014, for all citizens of the province to *“declare poverty as public enemy number one.”*

1.2 BACKGROUND

It is against this background as part of intensifying the war on poverty and to give real meaning to radical socio-economic transformation in the province of KwaZulu-Natal (KZN), Premier Senzo Mchunu established a Technical Task Team against poverty constituted by the Departments of Economic Development Tourism and Environment Affairs (EDTEA), Co-operative Governance and Traditional Affairs (COGTA), Office of the Premier (OTP), Social Development (DSD), as well as Agriculture and Rural Development. This team was termed the KZN Lab on Poverty Eradication (interchangeable with KZN Poverty Eradication Lab-PEL), and was augmented by non-governmental participants ranging from the private sector to institutions of higher learning. The KZN PEL convened on 18 August – 15 September. The Terms of Reference were outlined to include the following:

- The PEL shall develop a comprehensive and integrated poverty eradication Master Plan
- The Master Plan shall be qualitative and quantitatively sound taking into account the current reality and policy interventions, and international best practice
- The Master Plan shall have robust Functional model with fundamental variables and execution imperatives
- The Master Plan shall be anchored on practical projects (projectised) with milestones which are Specific, Measurable. Action-oriented, Realistic and Time-bound



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- The Master Plan shall ensure linkages between supply and demand sides of interventions and step-wise mechanisms (food-security, employment and self-employment)
- The Master Plan shall contain a detailed funding model and funding resources
- The Master Plan shall have detailed institutional measures for pointed delivery of the plan
- The PEL shall retreat for a period of 3-4 weeks in an identified area
- The PEL shall be coordinated and funded by the Office of the Premier

1.3 THE POVERTY ERADICATION LAB APPROACH AND METHODOLOGY

The PEL approach involves ‘laboratory’ environment deliberations and engagement with technical presentations aimed towards arriving at practical, actionable and costed projects. Four distinct phases were identified towards the development of the Poverty Master Plan, and these were:

- a) Foundation phase,
- b) Functional phase,
- c) Progress synthesis, and
- d) Ceiling phase.

The PEL was then divided into 5 “lab rooms” paying specialist attention to Social Security; Agriculture; Employment; Enterprise Development; and Skills Development as key pillars of the plan.

1.4 PROBLEM STATEMENT

Too many of the people of our province are poor, facing conditions of severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.¹³ Since 1994 important strides have been made to improve the lives of millions who were neglected before but it is clear that more has to be done for them to benefit from services and access to livelihood opportunities whilst reducing the pressure on the fiscus generated by the extension of social safety nets. Poverty eradication in a sustainable manner will require new ways of doing things in the public sector and effective partnerships within broader society.

1.5 THE APPROACH

The approach of the Poverty Eradication Lab is premised on contributing to the realization of the provincial aspirations as espoused in the KwaZulu-Natal Provincial Growth and Development Plan (PGDP) and other policy prescripts and more specifically the vision, that *“by 2030, the province of KwaZulu-Natal should have maximized its position as a GATEWAY to South and southern Africa, as well as its human and natural resources so creating a safe, healthy and sustainable living environment.”*

The approach of eradicating poverty in the province is therefore multi-pronged and hinges on key catalytic interventions highlighted in this plan. The plan further assumes a programmatic as well as a projectised

¹³ See, for example RSA(2014), Twenty Year Review: South Africa 1994-2014, Pretoria: Government Printers



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outlook so as to enable impact computation in a physical space and within targeted people within a defined period.

The Poverty Eradication Lab considered the situation and experiences of a number of selected developing economies¹⁴.

Analysis of Malaysia's¹⁵ poverty eradication interventions and performances show that its achievement in poverty reduction was driven by a comprehensive program. Achievements in poverty reduction were driven by a comprehensive program that incorporated only eight critical strategies.

Box 1: Case Study – The Malaysian Experience

Malaysia managed to drastically reduce the incidence of poverty and lessen income inequality while achieving rapid economic growth and maintaining racial harmony

Malaysia formulated a range of policies and plans to guide the management of national development during 1970.2000. They consisted of: core national policies; long-term, medium term, annual, and special development plans; and sectorial and industry-specific master plans.

The poverty program, combined with Malaysia's rapid economic growth, helped to reduce poverty and improve the quality of life of all Malaysians.

All ministries and their respective were involved in implementing national development policies and plans. So the state and local governments, NGOs and foundations receiving Government funds, and the private sector.

The monitoring and coordination (M&C) of the implementation of development policies and plans in Malaysia were conducted by the same institutions and overseen by the implementation coordination unit at the Office of the Premier.

¹⁴ India NREGS Programme, Brazil's Bolsa Familia, China's Agriculture based strategy and Malaysia's Poverty Reduction Plan

¹⁵ World Bank, (2004)



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1.6 CONTEXT

Growing worldwide and national concerns about the persistence of widespread poverty and inequality presents us with an opportunity to do more about these challenges, perhaps more so than at any other time since the inception of our non-racial democracy in the country.

1.7 GLOBAL CONTEXT

We are now some six years after the onset of the global financial crisis and recession of 2008 whose wider ripple effects continue to be felt. Millions of jobs were lost and countries, regions, communities and individuals were thrown in dire poverty situation. In 2014, most recent forecasts show that the world economy is slowly strengthening and the African continent is doing well largely because of strong investment and commodity prices. However, the South African economy is not growing as fast as we would like it to, narrowly avoiding a recession (Second Quarter 2014) and forecasts are much less than the stipulated National Development Plan or New Growth Path targets while unemployment remains high (25.5% or 5.2 million people in July 2014).

The economic recession that stalked Western Europe in 2010 to 2012 finally ended in 2013 and although Western Europe emerged from the recession, its growth prospects remain weak, fiscal austerity will continue and unemployment rates will remain high. More promising has been growth in large emerging economies such as China, India and Brazil, which South Africa has a strong affinity with through the BRICS group of countries.

Alongside challenges of global growth and financial stability, many countries have seen rising inequality in recent decades, contributing to social stresses and questions about economic sustainability. Like South Africa, much of the world is grappling with concerns about environmentally sustainable growth, inequality and decent work opportunities.

The global recovery is still tentative and subject to a number of risks, including geo-political tensions, deflation risks in some economies, banking sector weaknesses in the Euro-zone and the effects of tapering of quantitative easing in the USA. Developed economies are starting to recover but growth in several emerging markets has slowed down.

As indicated in the New Growth Path, the global economic crisis means that South Africa must re-think historical patterns of trade and investment. In the past two years, slow growth in our traditional partners in the global North has been offset by the rapid recovery of growth in China, India and Brazil. Global economic turmoil has also opened up new policy space for developing economies to go beyond conventional policy prescriptions.

On September 8, 2000, the United Nations Millennium Summit concluded with the adoption of the Millennium Declaration as a global vision for the future. In the following years, the Millennium Development Goals (MDGs) evolved creating a momentum that brought the issue of development back on the international agenda, overcame aid fatigue and galvanized the public.



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More explicitly stated, the eight MDG's agreed on are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce Child Mortality
5. Improve maternal health
6. Combat HIV/AIDS, Malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

As 2015 and the conclusion of the Millennium Development Goals (MDGs) draws near, attention has increasingly turned within the United Nations to the post-2015 development agenda. In particular, a High-Level Panel of Eminent Persons (HLP) was recently convened to advise on the global development framework beyond 2015 and construct the next development agenda. The panel included leaders from civil society, the private sector and government. The five transformative shifts in their report are:

1. Leave no one behind;
2. Put sustainable development at the core;
3. Transform economies for jobs and inclusive growth;
4. Build peace and effective, open and accountable institutions;
5. Forge a new global partnership.

This therefore means that globally sustainable development where poverty eradication and inclusive growth are a priority remains top of the agenda.



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1.8 NATIONAL CONTEXT

The democratic state inherited a divided nation, with high poverty levels, inequalities, discriminatory practices and inequitable distribution of income. The inequalities that persist today have largely been attributed to apartheid policies limiting access to quality education and formal labour market participation, which served to keep people trapped in poverty.

The racial disparities in the probability of household poverty are fairly stark with 52 per cent of black people being considered poor, compared to 17 per cent of coloureds and rates of less than 5 per cent among Indians and whites. While making up 78 per cent of the population, Africans constitute 95 per cent of the poor (Woolard, 2002)

The South African government has thus far viewed poverty holistically with its strategies based on the five elements of poverty, Income, Asset, Human Capital, Social Cohesion poverty and relative poverty (i.e. inequality).

Since the election of the first democratic government in 1994, South Africa has adopted various policies to address the challenges of poverty, unemployment and inequality. As a country we have not had to develop a Poverty Reduction Strategy Paper (PRSP) but adopted, as our overall policy framework, the

Reconstruction and Development Programme (RDP), which had as its main objectives:

- Meeting basic needs
- Building the economy
- Democratising the state and society
- Developing human resources, and
- Nation-building

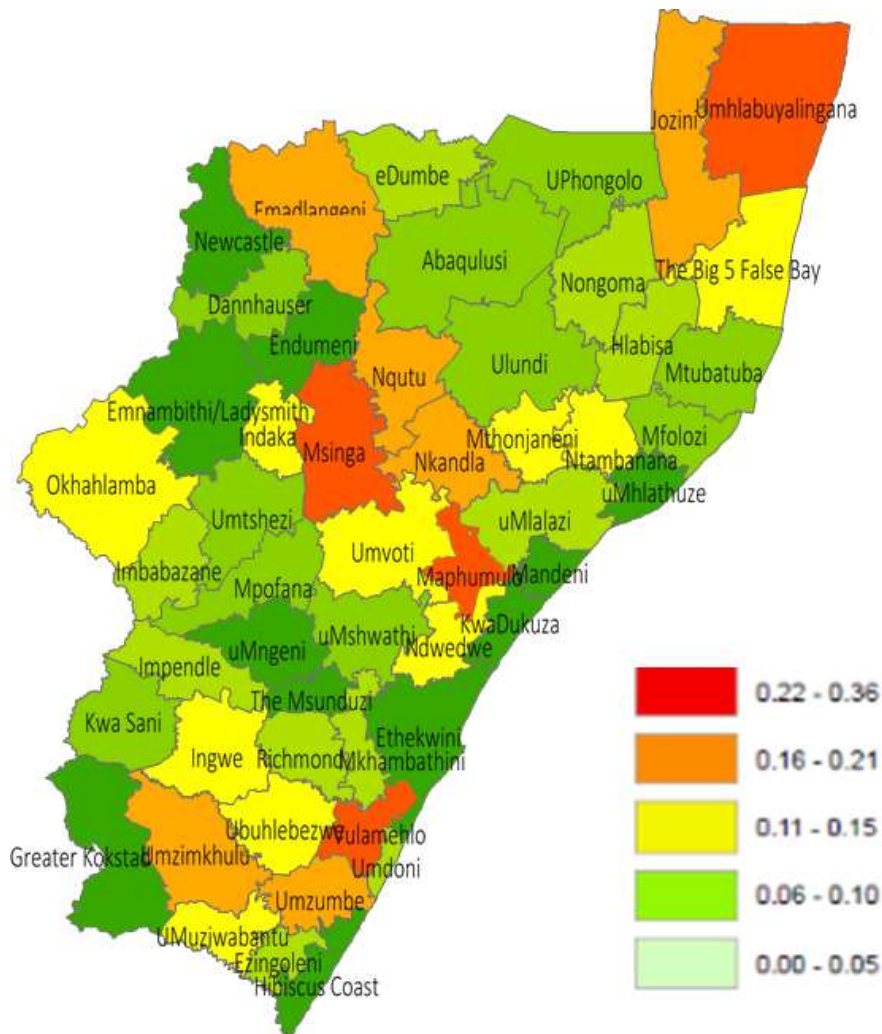


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1.9 KWAZULU-NATAL PROVINCIAL CONTEXT

The province of KwaZulu-Natal has ten (10) District Municipalities and a metro, with over 32% of the population concentrated in the eThekweni Metro. The province is predominantly rural, with dependency ratios and poverty levels highest in the rural areas, though a fair number of poor people (poverty density) are also found in the major urban centres.

Figure 2- Socio-economic deprivation indices in KZN



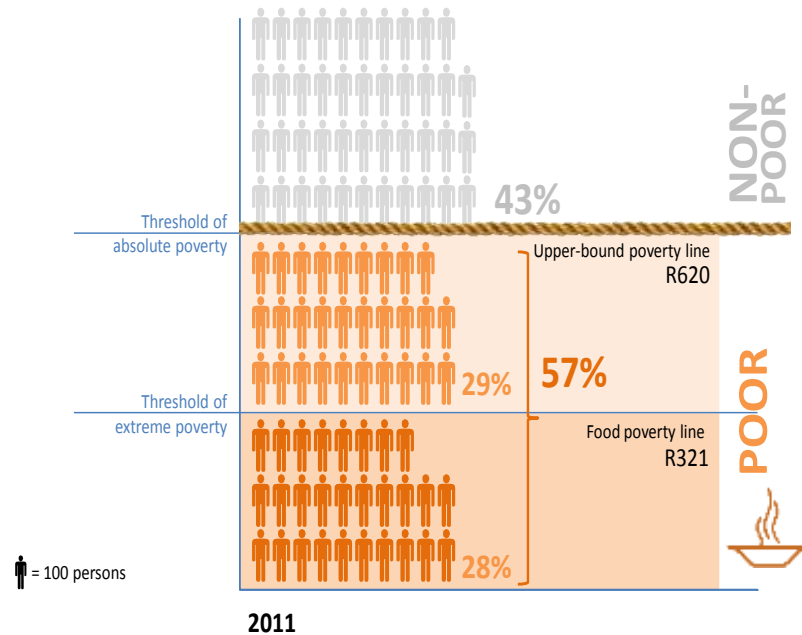
(Source: Statistics South Africa, 2014): Multiple Deprivation Index Score

The poor are mostly found in the rural areas of the province. Ranking the districts according to the percentage of people living in poverty shows that UMkhanyakude, UMzinyathi, Zululand and Sisonke have the highest poverty levels whilst eThekweni and uMgungundlovu have the least percentage of people living in poverty.



KWAZULU-NATAL POVERTY ERADICATION MASTER PLAN (2014)

Figure 3 - Extreme & Absolute Poverty in KZN



Statistics South Africa (2011)

- KwaZulu-Natal is one of the three poorest provinces in South Africa (37%)
- KwaZulu-Natal has the largest poverty gap of all provinces.
- 32.9% of people are food deprived to some extent.
- KwaZulu-Natal has the highest gender poverty incidence and intensity (45%, and 46%) in South Africa meaning there are more females amongst the poor than in any other province
- KwaZulu-Natal has the second highest level of rural poverty in South Africa (29%) and the second highest in traditional settlements (54%)
- Over 25% of people are unemployed, mostly young people

In 2013, the KwaZulu-Natal Cabinet resolved to define and implement a Poverty package responding to malnutrition, hunger, TB and HIV and AIDS, using data from households profiled and clinic data. Subsequently, in the State of the Province Address marking the inauguration of a new provincial administration in 2014, Premier Mchunu announced the adoption of a Poverty Eradication Programme and Package. He indicated that this programme will ensure that government works with its social partners to eradicate poverty through, among other efforts, “Operation Sukuma Sakhe” with the target being that by 2020 the percentage of households that have gone hungry in a 12 month period would be reduced from 35% to less than 25%.



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1.10 STRATEGIC POLICY ENVIRONMENT

The KZN Poverty Eradication Master Plan is not necessarily a maiden policy by government to eradicate poverty. Whilst the KZN Poverty Eradication Master Plan introduces new game changers for poverty eradication, it is important to note that this plan will in the main complement the existing strategies and programmes listed below.



Since the advent of democracy in 1994, the government also introduced a number of policies and programmes to uplift the poor people in South Africa. Examples of pro-poor policies and programmes introduced since 1994 include, *inter-alia*, the following:

- The social grant programme which has resulted in a reduction in poverty levels.
- No-fee schools has resulted in improved school enrolment
- The National Schools Nutrition Programme has improved the cognitive ability of learners from poor households.
- User fees were abolished for primary healthcare services and that has improved access to healthcare for the indigent and poor.
- The low-income housing subsidy provides access to housing for the very poor
- Municipalities provide municipal rates rebates to the indigent and free basic water and electricity to the poor
- Agricultural support programmes are provided to rural households engaged in subsistence and small scale farming activities
- Minimum wage levels were introduced for low-paid workers such as agricultural and domestic workers
- A regulatory environment was put in place to enable access to banking for low income and poor households
- Public employment schemes such as the Expanded Public Works Programme have created more than 4 million work opportunities since 1994.



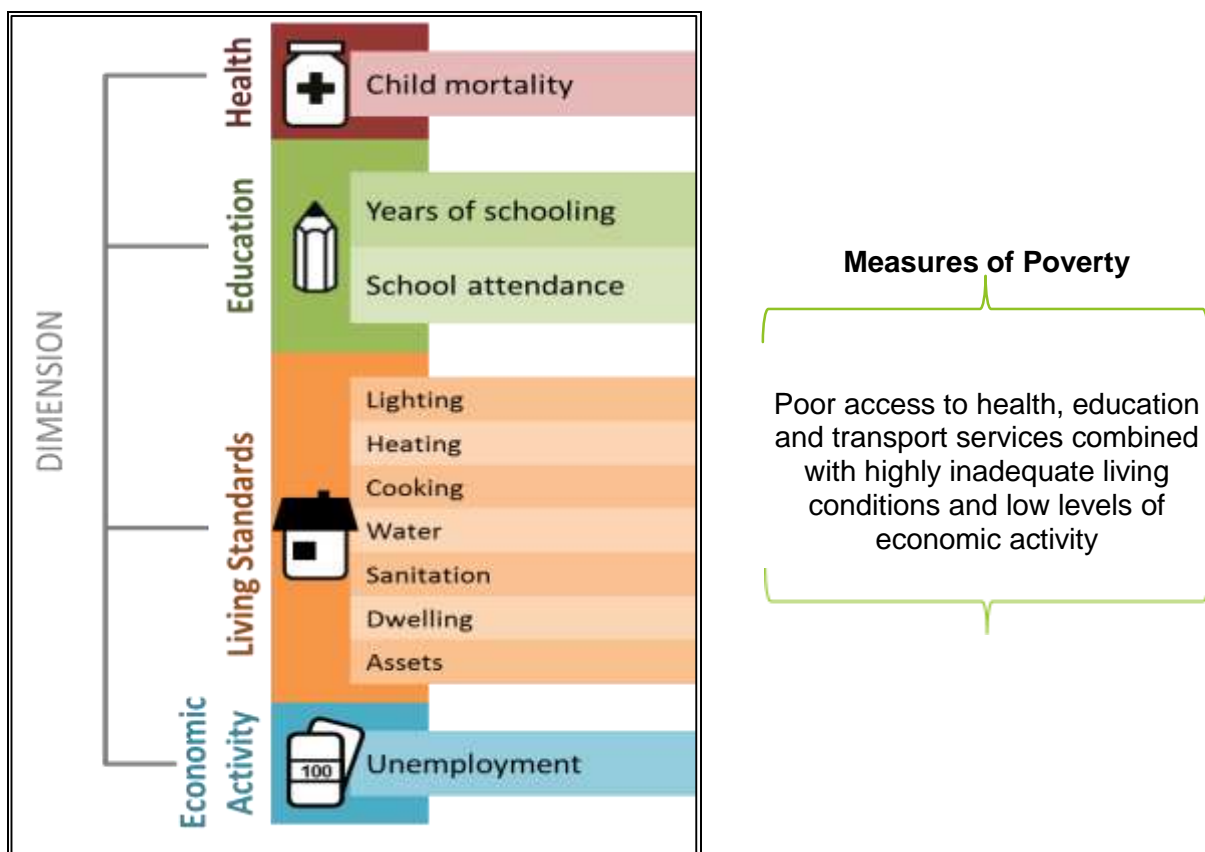
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CHAPTER 2: POVERTY ANALYSIS AND BENCHMARKING

2.1. MEASURING POVERTY

There are several ways to measure the number of people who are poor but the numbers remain daunting no matter what indicators are presented. The Poverty Eradication Laboratory received a number of technical presentations on the situation which is outlined in this chapter.

Figure 4- Variables used to measure Poverty in KZN



The 2007 Community House Survey showed that more than 3.5 million people in the province live below the poverty breadline (R418.00 per month as defined by the National Planning Commission) which translate to more than 35 % of the total population living below poverty line and more than 3.5 million of these do not have any income at all according to the Community Survey of 2007. More than 60% of the people living below poverty line in KwaZulu-Natal are females. The 2011 mid-year population data by Statistics South Africa (Stats SA) approximated total population of South Africa at 50.59 million. Gauteng has the highest number of people estimated at 22.4% followed closely KwaZulu-Natal at 21.4% .Nearly a third of the population (31.3%) is younger than 15 years and KwaZulu-Natal has the highest number of people young less than 15 years estimated at 19.4%. Like the entire country, KwaZulu-Natal is confronted with the triple challenges of unemployment, inequality and poverty.



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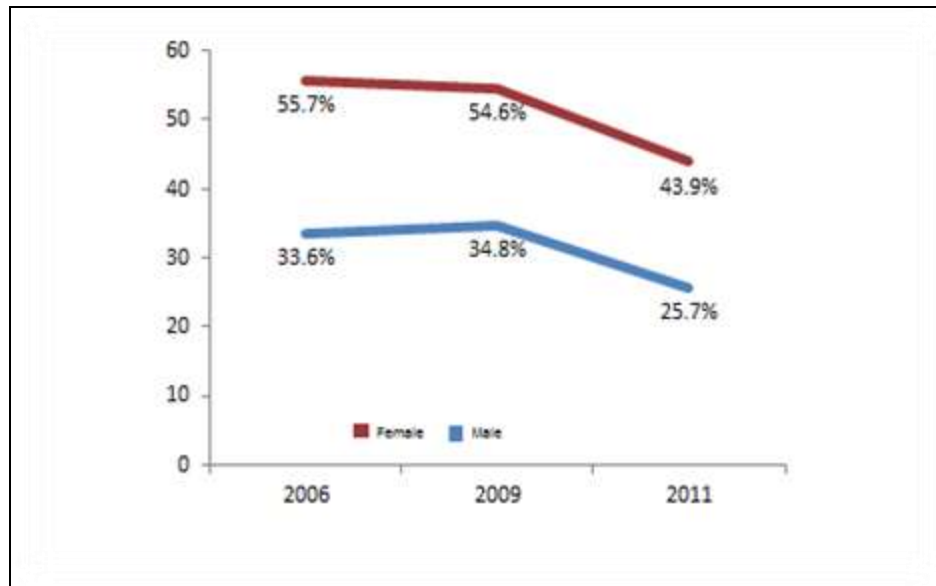
However, more recent data from Statistics South Africa shows that if the Headcount measure is used the proportion of poor people in KwaZulu-Natal could be; close to 30 % if the food poverty line of R321 is used, and between 42% and 57% with a lower bound line (R443) and upper bound line (R620) respectively. In addressing poverty and inequality the Social Transformation Policy document outlines the commitment of the current administration to provide basic rights to shelter, food, health, employment, education, healthcare, water and sanitation, and all aspects that promote the physical, social and emotional well-being of all in our society. Additionally, the commitment extends to providing a social safety net for the most vulnerable which include women, children, youth, families in need of care, and older persons. Additionally, research indicates that the expansion and implementation of child targeted programmes such as the Child Support Grant, before the onset of the global economic crisis, served to reduce the impact of the crisis on child poverty by lowering the negative impact by 9%. Research and general orthodox has also promoted the fact that impacting on children has the long term potential of (1) lifting households out of poverty and inequality, as well as, (2) addressing the cycle of intergenerational poverty.

There are still significant challenges with respect to reducing both poverty and inequality. For instance the Labour Force Survey (Stats-SA, 2011) indicates the employment of women in the following industries: Utilities (0.2%), Mining (0.5%), Construction (1.9%), transport (2.4%) and agriculture (3.5%). It is notable that higher percentages of women are employed in Community and Social Services (28.8%), Trade (24.3%) and Private households (14.8%). This further demonstrates the inequalities which exist in the formal economy where women dominate in sectors regarded as traditionally “soft and female,” such as social services, while fewer women can be found in traditionally male dominated sectors such as mining and engineering. Moreover, many women continue to operate in the informal trade sector, including in informal cross border trade. South African women make up 52% of the entire population, and 57 % of women are found in the informal sector.



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Figure 5: Poverty incidence by gender of household head



(Source: Statistics South Africa, 2014)

Statistics show that overall fewer women are employed; as a result poverty in South Africa is highly gendered. Female headed household are generally much poorer than men, and are more likely to live below R570 a month. This is especially the case in the rural areas and thus renders women more vulnerable to food insecurity. Lack of employment opportunities and the absence of an independent source of income means that many women are forced to rely on their spouses, immediate family members, relatives or friends for survival.

Another key challenge is youth unemployment with almost three quarters of young people being unemployed and a significant peak in youth unemployment in the ages between 22 and 29 years. Key causes of unemployment in this age category include the lack of experience, education and Human Rights Council -19th Session :(Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including rights to development, November 2011) and training. These result in queuing (young people are last to get jobs) and lifecycle (young people have less experience, so employers will only hire them if they are easier and cheaper) matters which can be partially addressed through job search support.

This youth unemployment is also influenced by geographical location and gender wherein observations include the fact that the unemployment rate for African women aged 22 to 29 in the former Bantustans was 73% in 2011, compared to 54% in the rest of the country. Comparatively the unemployment rate for African men in this age group was 62% in the former Bantustans and 39% in the rest of the country.



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2.2. POVERTY INDICES IN KWAZULU-NATAL

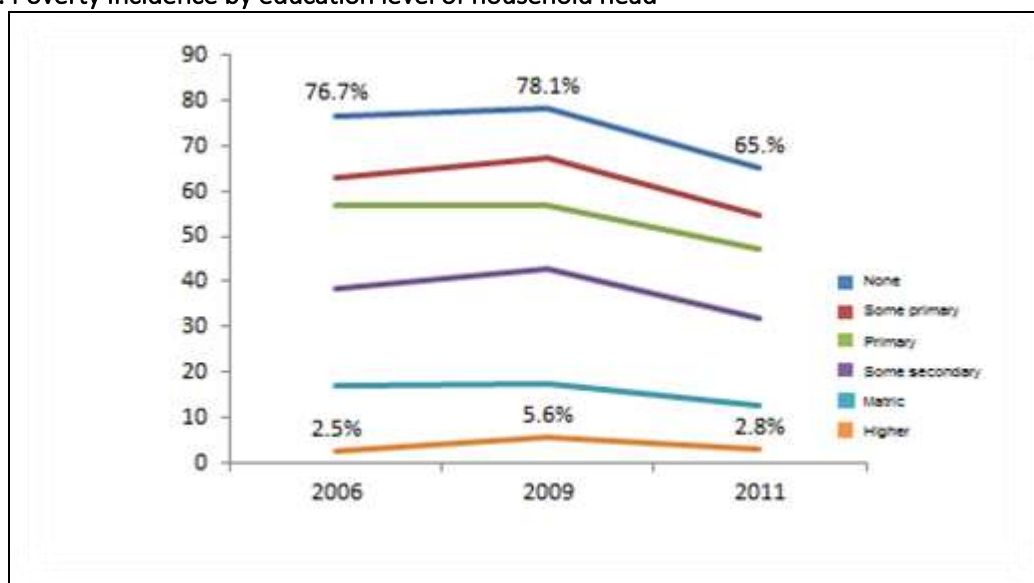
2.2.1. UNEMPLOYMENT

The fourth quarter labor force survey of 2011 estimated the unemployment rate in KwaZulu-Natal at 19.3% (narrow definition), adding the discouraged work seekers unemployment is estimated at more than 30%; the majority of the unemployed are women. The 2010 General Household Survey (GHS) by Statistics South Africa estimated number of household in KwaZulu-Natal at approximately 2.7 million with 5 people per household.

2.2.2. EDUCATION

According to the Department of Social Development early child development represents the most critical phase in the development of a human being. It provides opportunity that if capitalized on will yield many positive benefits for the future of the individual children, families and society as a whole. According to the GHS 2010 only 33.3% of children between 0-4 years are exposed to early childhood development. Research has demonstrated that early childhood development ensures that children are more likely to survive, grow in a healthy way, have less disease and develop their thinking, language and emotional skills. In 2010 approximately 28% of 7-24 years of age were not attending schools in Kwazulu-Natal and 45.2% of these children cited lack of money as the reason.

Figure 6: Poverty Incidence by education level of household head



(Source: Statistics South Africa, 2014)-

Even though there has been an increase in no-fee schools, more than 48% of children of school going age were least likely to receive free education. The poor are often less educated and with no education let alone a Matric (high school leaving certificate).



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2.2.3. HEALTH

Poverty is inextricably associated with malnutrition and disease. Food insecurity¹⁶ frequently leads to poor nutrition, which in turn affects the functioning of the immune system, leading to increased susceptibility to disease. There is a synergistic effect between malnutrition, HIV and TB which has led the Academy of Sciences of South Africa to conclude that ““South Africa is in the grip of **three concurrent epidemics**: malnutrition, brought about by a conglomeration of socio-economic factors; HIV/AIDS, caused by the human immunodeficiency virus; and active TB, caused by progressive infection with *Mycobacterium tuberculosis*. Although caused by separate factors, there is evidence that each epidemic acts synergistically to aggravate the other two” (ASSAF 2007). Disease in turn limits the ability to work or look for employment, thus creating a cycle of poverty and disease that is very difficult to break. Poor access to existing health services and inadequate knowledge on how to prevent illness and care for the sick children at community and household levels are further factors contributing to high rates of death of mothers and children.

2.2.4. HIV

The 2008 HSRC South African National HIV Prevalence, Incidence, behavior and Communication survey results have again put this Province at the top of the other Provinces with a 15,8% HIV prevalence, which is 11,9% higher than the prevalence in the Western Cape (the Province with lowest Prevalence). The survey also shows that HIV and AIDS burden is still carried by the female where 1 in 3 females in the middle age group are infected.

As in TB, under-nutrition has been associated with poor prognosis in HIV infection. The Academy of Sciences of South Africa (2007) noted that ““Macronutrient supplementation may be of benefit in HIV-infected individuals. Targeted interventions with balanced nutritional supplements seem to increase energy and protein intake. There is also preliminary evidence that specific dietary supplements, such as amino acid mixtures, increase body weight and reduce HIV viral load.”

Similarly, “There is sound evidence that multivitamin supplementation (excluding vitamin A) in HIV-infected pregnant women reduces the risk of disease progression, AIDS-related mortality and adverse pregnancy outcomes.” (ibid).

Food insecurity has been associated with increased HIV transmission rates (Anema et al 2009) and is an important reason for non-adherence to anti-retroviral treatment (ART). Patients who are food insecure are less likely to adhere to treatment, have lower baseline CD4 counts, incomplete virological suppression and are less likely to survive (Anema et al 2009, Weiser et al 2009). The side effects of ARVs are exacerbated by the absence of food, and because ARVs increase appetite, patients may experience “intolerable hunger in the absence of food” (Weiser et al 2009). Lack of food may therefore lead patients to skip doses if they cannot afford to eat (Yoder et al 2009: 50). The choice of either eating or getting their medicines, if money is limited, may lead some patients to choose food over accessing clinics in order to get their treatment (Weiser 2010). It is not surprising therefore, that food insecurity was strongly associated with the experience of unpleasant HIV symptoms in a multivariate analysis of patients’ experience of HIV in the

¹⁶ Food insecurity is defined as the lack of “access to food, adequate in quantity and quality, to fulfill all nutritional requirements for all household members throughout the year” (Jonsson and Toole 1991).



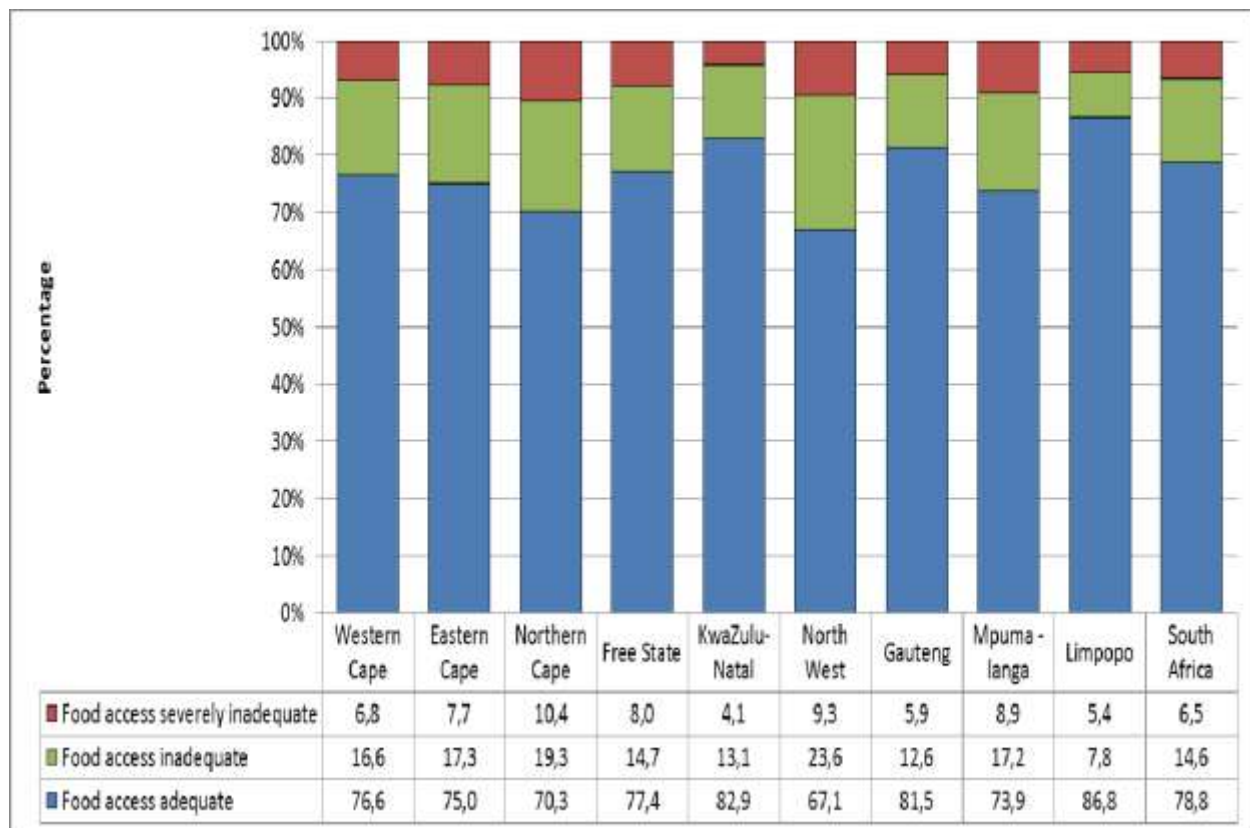
KWAZULU-NATAL POVERTY ERADICATION MASTER PLAN (2014)

Eastern Cape (Peltzer & Phaswana-Mafuya 2008). In addition, dietary diversity in HIV infected children in South Africa is significantly lower than in uninfected children, and this may be an important contributor to poor outcomes of infected children, even those on ART (Mpontshane et al 2008). In addition, it has been found that people infected with HIV are more likely to engage in crime as well as other risky behavior such as illegal drug use, because their reduced life expectancy leads them to “discount the future” (Naidoo J, PhD dissertation).

It is estimated that approximately 1.7 to 2 million people in KZN alone are living with HIV.

It is estimated that 4.1% of people in the province experience severe access to food. This translates to 422300 people that experience severe inadequate access to food as reflected in the figure below.

Figure 7: Percentage of Households experiencing food inadequacy and adequacy by province, 2011





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2.2.5. TUBERCULOSIS

After HIV and AIDS related illnesses, Tuberculosis (TB) is the second leading cause of mortality in the province with diagnosed TB cases increasing from 98,498 in 2004 to 109,556 in 2007 (ETR.net, 2007), representing a caseload of 1,054 cases per 100 000 population which is 5 times above the epidemic threshold in terms of the WHO standards. Of these TB infections at least 70% of them are co infected with HIV (Wallengren K, 2007). The emergence of drug resistance TB which has higher mortality rate than pure TB has made matters worse for the Province. The Actuarial Society of South Africa (ASSA) model stated that adult life expectancy at birth of 53 years for the province in 1996 had dropped to 51.6 years by 2000 and to 47 years by 2005. The model further predicts a decrease to 37 years by 2010 if no targeted interventions are implemented vigorously. This decline in adult life expectancy is directly attributable to HIV related mortality, Tuberculosis and mother and childhood conditions. Infection with TB, and progression from infection to disease, have been associated with low body mass and food shortages (Bates et al 2004). Specific micronutrient deficiencies that seem to be important in TB disease are vitamin D, iron and zinc (Bates et al 2004). It has been suggested that nutritional supplementation in undernourished people at risk of TB (such as “young children, household contacts of TB patients, health care workers, institutionalized populations, the elderly) may reduce the incidence of TB” (ASSAF 2007). KZN has one of the highest TB incidence rates in the world, with 67% of all TB patients also being HIV positive.

Table 1: Total TB cases in KZN 2011 (Source: DHIS)

Total TB cases	Total new cases	Total re-treatment cases
118,975	101,212	17,763

2.2.6. MALNUTRITION

Nutritional status for children has deteriorated in the past decade (Swart et al 2008). This has occurred against a backdrop of longstanding under-nutrition amongst deprived children in this country. Stunting (low height for age) is the most common cause of malnutrition in South Africa, implying a chronic lack of food over long periods (ASSAF 2007). The deterioration in nutritional status can be attributed at least in part to the mutually reinforcing effects of HIV and malnutrition (ASSAF 2007), and is also due to the high prevalence of food insecurity in the country. “Between 11 and 17 million South Africans are considered food insecure, with 38% of African households often or sometimes going hungry” (ASSAF 2007). In South Africa, 60% of children who die are malnourished and 50% have clinical evidence of AIDS (Saving Children Report 2005). The table below indicates that in KwaZulu-Natal there has only been a slight improvement in the Anthropometric status of children since 1994.

Table 2: The anthropometric status of children aged 1-9 years in KwaZulu-Natal

(Source: Health Review 2008, Health Systems Trust)

Year	Stunting	Underweight	Wasting	Overweight
1994 (SAVACG)	280,248	69,055	17,515	122,608
1999 (NFCS)	332,794	70,062	157,639	72, 152
2005 (NFCS)	338,074	112,691	22,538	135,229



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2.2.7. TRAUMA

Although the relationship with poverty is not as well documented as that and TB or HIV, trauma has also been shown to be associated with poverty. Violence and injuries are more common in poorer countries (Bowman et al 2009). In wealthier countries, particularly those with high indices of inequality, violence is more common in poor areas (Matzoupolos et al 2008). At an individual level, children who grow up in poor households are more likely to be perpetrators of violence in later life (Matzoupolos et al 2008). Trauma is one of the most important causes of morbidity and mortality in South Africa (Day et al 2009). In addition to crime as a means of livelihood, when employment opportunities are scarce and families are hungry, one of the theories that most strongly links trauma to poverty is the theory of poverty as social exclusion. “Poverty presents barriers to access of traditional sources of wellbeing, status, and respect that can in turn result in feelings of shame, humiliation, and loss of self-respect. Where there is great inequality there is likely to be great anger and frustration, and so violence might be used to gain the resources, power, and influence that others have, or are perceived to have. This situation might be more acute in urban areas, typified by poor community cohesion, dense populations, rapid urbanization, and inadequate housing infrastructure” (Seedat et al 2009).



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SECTION B:

PROGRAMMATIC INTERVENTION

Game Changers: Social Protection

Agriculture

Employment

Enterprise Development

Skills Development



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CHAPTER 3 VISION, MISSION, GOALS AND OBJECTIVES

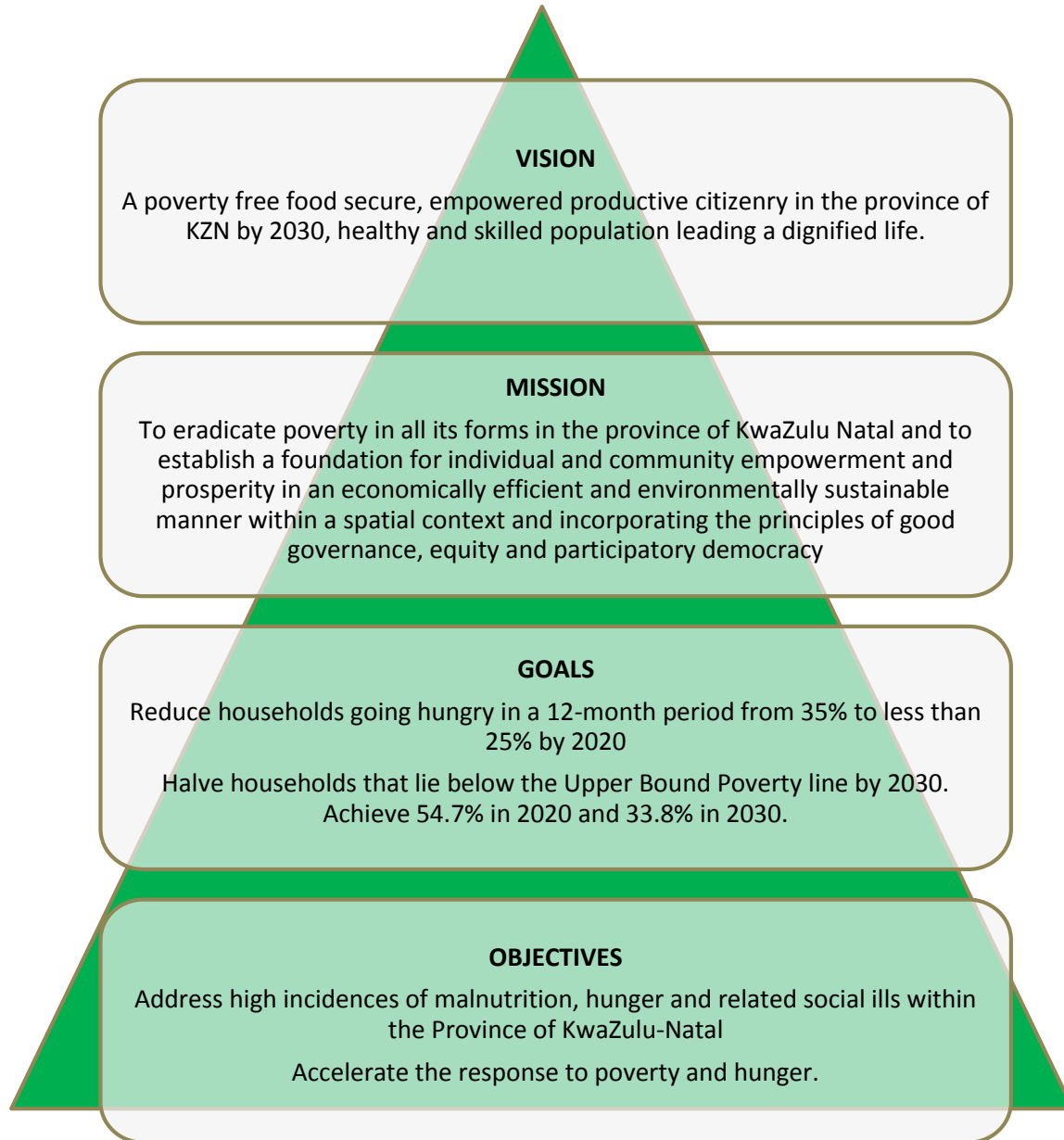


Figure 8: Vision, mission, goals and key objectives

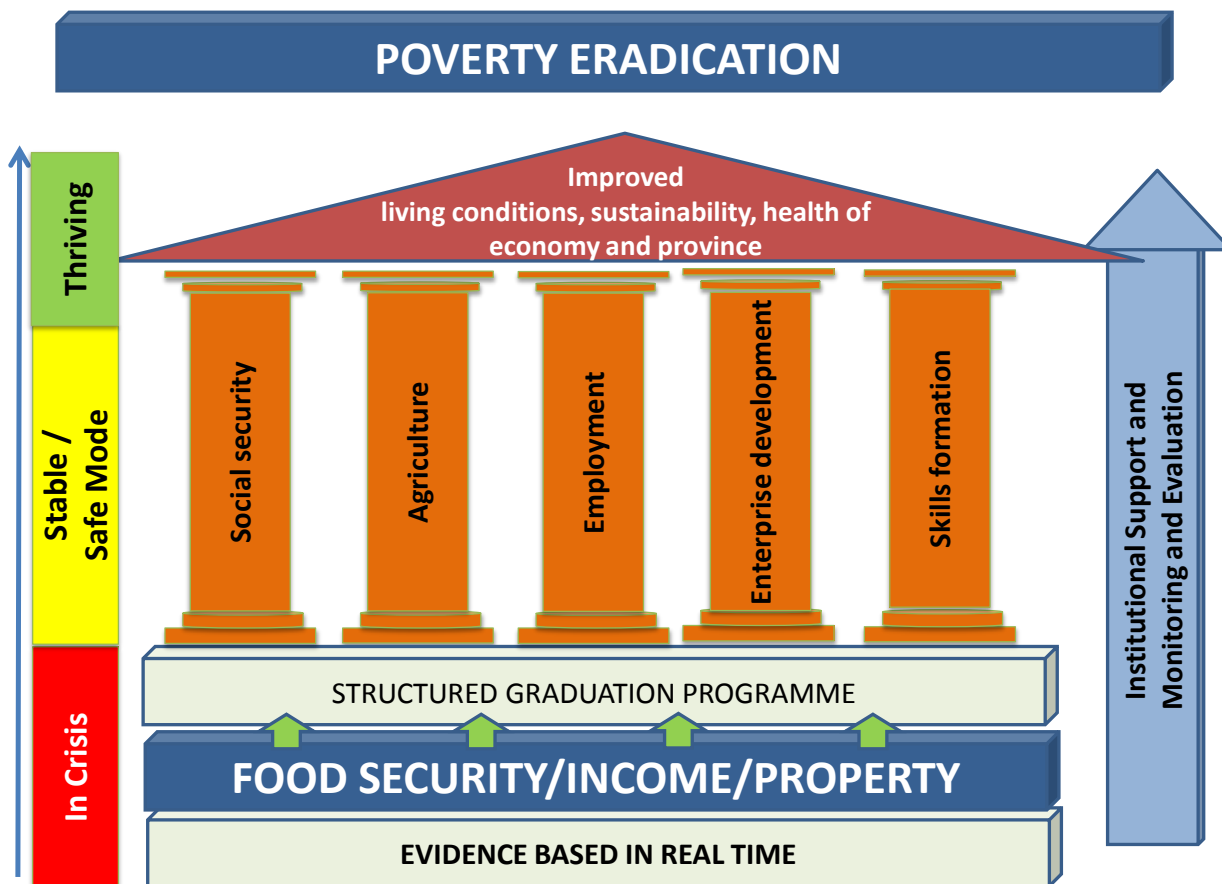


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CHAPTER 4 DELIVERY INTERVENTIONS – GAME CHANGERS

This chapter focuses on the delivery interventions confirmed to be the 5 (five) key thrust areas (Pillars) for total poverty eradication and these areas are a) *social security* b) *agriculture*, particularly in rural areas, c) *employment* d) *enterprise development*, and e) *skills development*. Underpinning these critical elements are cross cutting issues which must be addressed in all catalytic and game changing programmes, specifically, *Funding Strategy, Institutional Arrangements and real time Impact Assessment and Monitoring and Evaluation*.

Figure 9: Unpacking the poverty eradication framework and Game Changers





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PILLAR 1 – SOCIAL SECURITY

The social security pillar is mainly concerned with the strategy and interventions aimed at the poor and most vulnerable. These are people who are not able to support their own basic daily needs and the majority are in a crisis situation. The plan provides a safety net and stabilizes citizens for participation in higher level interventions.

PILLAR 2 – AGRICULTURE

The agriculture pillar refers to the development of the agriculture sector. Agriculture remains the principal driving force of rural economies in the province, and these are characterised by income from subsistence farming. Focus on this pillar therefore seeks to unlock the agricultural potential of KwaZulu-Natal by clinically identifying high impact interventions that would assist in the eradication of food poverty, and poverty in general.

PILLAR 3 – EMPLOYMENT

It widely accepted that lack of income through gainful employment is the primary cause of poverty. Mainstreaming job creation is critical to enable the province to reduce unemployment so as to ensure poverty alleviation, especially in rural areas and among vulnerable groups.

PILLAR 4 – ENTERPRISE DEVELOPMENT

The role and potential impact of small enterprise development on community upliftment and sustainable livelihoods creation has dominated policy thinking and programmes on poverty alleviation over the past decade although the results have not been as expected. This pillar therefore seeks to pay focused attention on strategies that could change the plight of enterprises and realize jobs out of this sector.

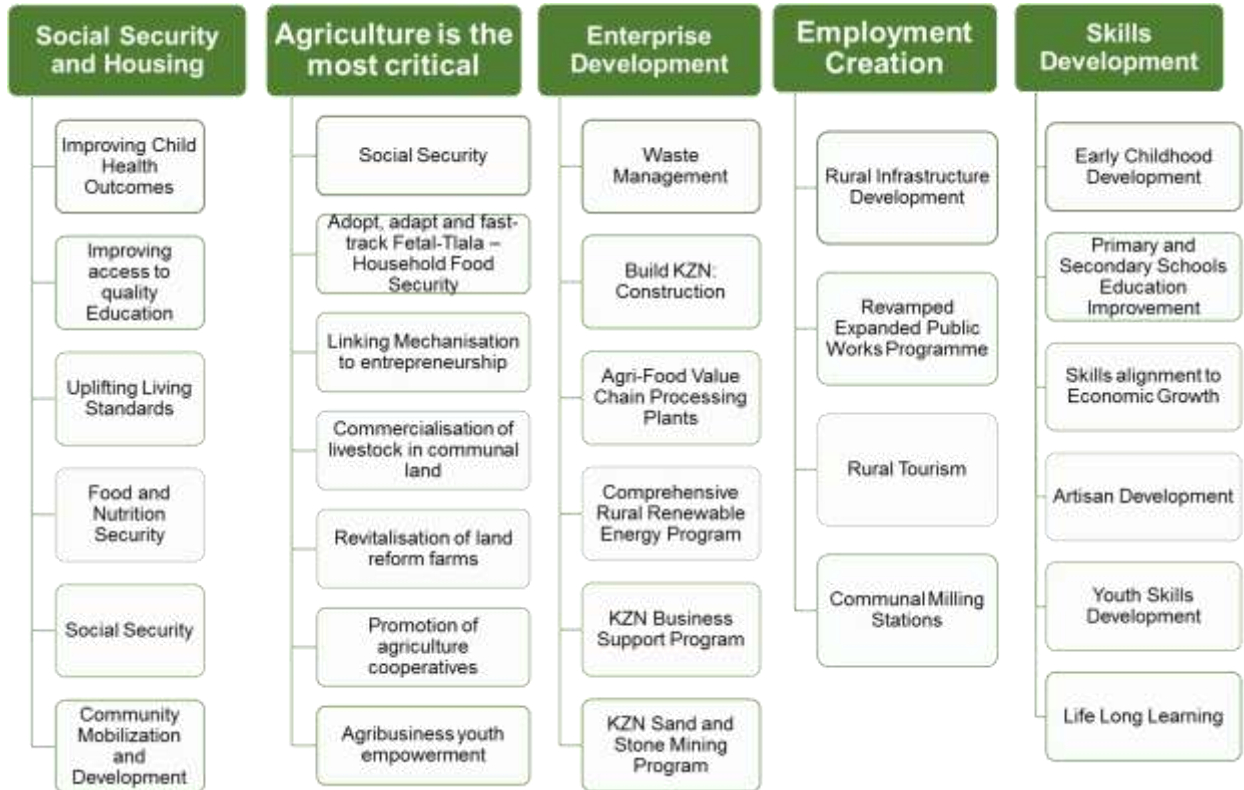
PILLAR 5 – SKILLS DEVELOPMENT

Research shows that the performance of the education and training system is not responding to the needs of socio economic development and growth of the Province of KwaZulu-Natal. Skills development results from the capacities that are acquired through different levels and types of education and training. It follows that the translation of skills development into skills utilisation, and therefore poverty reduction and/or growth is dependent on many factors, including good quality education/training and the presence of a supportive environment. This pillar therefore seeks to unlock the human capital in the province by identify high impact interventions that would result in people finding jobs and creating thriving enterprises as a fight against poverty.



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Figure 10: Core (Strategic) Pillars and Game Changers





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4.1. SOCIAL PROTECTION

4.1.1. CURRENT REALITY

The democratic government redirected policy and programmes from the racially determined welfare system of apartheid to one with wide reach and coverage.¹⁷ There has been a focus on fundamentally transforming the social protection framework by de-racializing access and ensuring a shift towards a developmental approach that emphasizes individual economic empowerment, inclusion, poverty alleviation, equitable access to basic services and community-based programmes.

Although not aimed at meeting individuals' total needs, social protection measures were designed to lift recipients out of poverty and deal with the absolute deprivation of the most vulnerable sectors of society.¹⁸ They were also designed to deal with the security needs of the currently non-poor in the face of shocks and life-cycle events.

The KZN Poverty Package recognized that key in a livelihood dynamic approach to understanding poverty is the idea of vulnerability which incorporates a person's or household's ability to manage risk and their capacity to respond and cope. The capacity to respond and cope depends in turn on the availability, access and control they have over levels of resources. Here resources (sometimes referred to as assets or capital) include human, natural, physical, financial and social elements. The following key points are important to consider:

- Moving towards a more integrated social protection system including economic support, social services welfare services, legal and policy protection against exclusions;
- The development of a single registry to support this integrated approach;
- Multi-sector government co-ordination and sometimes integration and consolidation of some services;
- Strengthening of referral mechanisms through more formal agreements and the use of agencies;
- Improving and formalizing co-ordination with supply services including building formal relations with the private and NGO sectors;
- Ensuring the technical and policy teams include more than economists

4.1.2. DELIVERY INTERVENTIONS – GAME CHANGERS

The approach for the implementation of the intervention will be focused to where poverty is most prevalent. There is a commitment from all sector departments including society as most of them are funded by the departments. Efforts are combined to provide a specific focus on the critical days (1000 days) of development of a child and the life cycle of an individual. The focus is also on mental and physical development of the child.

The community development focus is a foundation of self-sustained communities and is an inclusive process for communities to partner with government in addressing poverty and ensuring social cohesion.

¹⁷ RSA (2013), Twenty year Review, p

¹⁸ ibid



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It encourages to be responsible for their own governance, eliminating crime, whilst inducing social and economic activity.

Education contributes to the change of mindset, increase to chances to employment, self-development, advanced decision making in the long term.

- a) Improving Child Health Outcomes :
- b) Improving access to quality Education
- c) Uplifting Living Standards
- d) Food and Nutrition Security
- e) Social Security
- f) Community Mobilization and Development

4.1.3. DELIVERY PLAN AND GANTT CHART

PROGRAMME	PROJECTS	BUDGETS	DURATION	RESPONSIBILITY
1. Improving Child Health Outcomes	Phila Mntwana & 100% Community Care Givers (CCG) ward coverage	R 672 million per annum	5 years	DSD & DOH
	School Health Nurses - Mobile clinics	R950 000 setup for year 1 X 89; R750 000 x 5 x 89	Ongoing	DOH & DOE
2. Improving access to quality Education	National School Nutrition Programme	R 2 000 000 000	Ongoing	DOE
	School Sport, Arts & Recreation Programme (Inter and Intra School Sports)	R 12 000 000	5 years	DSR & DOE
	Career guidance	R 32 910 000	Ongoing	DOE
	ECD focus - 0-4 year	R 7 268 700	Ongoing	DOH,DSD, DOE, DSR,DAC
3. Uplifting Living Standards	Improving Access to Basic Services	R 16 089 477 000	5 years	COGTA, DHS, DWA,DOT, ESKOM
	Inkululeko Development Project	R 1,2 million	20 years	All sector Depts. - OTP lead
4. Food and Nutrition Security	Community Development (CNDC) Nutrition Centers	R 200 million	5 years	All sector Depts. - DSD lead
5. Social Security	Social Grants	R 10 billion per annum	Ongoing	SASSA
	Social Cohesion	R 13 000 000	Ongoing	All sector Depts - DAC lead



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PROGRAMME	PROJECTS	BUDGETS	DURATION	RESPONSIBILITY
6. Community Mobilisation and Development	Mindset Change	No Budget required (Will use Existing Social Workers)	Ongoing	DSD
	Community and Ward Based Plans	R 19 872 000	Every 2 Years	COGTA, DSD, OTP,
THE FULL UN-ABRIDGED VERSION IS AVAILABLE IN THE ATTACHED BOOK OF IMPLEMENTATION PLANS.				



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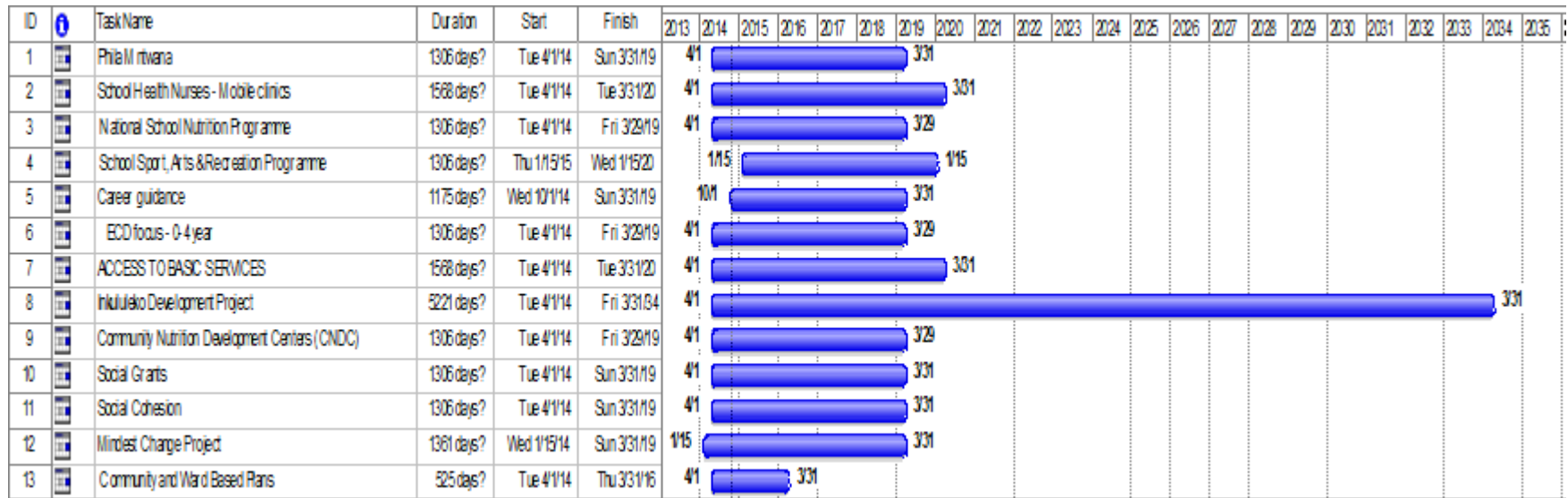


Figure 11: Gantt chart on the Social Protection Pillar



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4.2. AGRICULTURE

4.2.1. CURRENT REALITY

Agriculture has been described as the foundation of developing economies. South Africa as a developing country therefore needs to ensure a healthy agricultural industry that contributes to the country's gross domestic product (GDP), food security, social welfare, job creation and ecotourism, while adding value to raw materials. But the health of the agricultural sector depends on the sustainability of farming methods. Farming practices must therefore not only protect the long-term productivity of the land, but must also ensure profitable yields and the well-being of farmers and farm workers.

	Total KZN	Commercial Agriculture		Subsistence and Emerging Agriculture	
	(Ha)	(Ha)	%	(Ha)	%
Grazing land	5 067 988	2 856 264	56	2 211 724	44
Forestry	543 034	402 543	74	140 491	26
Arable land	1 572 324	834 635	53	737 688	47
TOTAL LAND FOR AGRICULTURE	7 183 345	4 093 442	57	3 089 903	43

The report of the High-Level Panel on the post-2015 Development Agenda also confirms that 'agricultural investments reduce poverty more than investments in any other sector'. Wage workers in agriculture are particularly vulnerable to poverty, as are many of the small and marginal farmers in developing countries. In many countries, land reform policies have shown that larger, more industrial agricultural production combined with smaller intensively farmed units that the poor can work productively on their own can yield increased productivity and better livelihoods.¹⁹ Along with the generation of non-farm rural employment, the construction of better communications infrastructure and the provision of vital social services such as health and education, improved agricultural performance is a significant force in the fight against poverty.

4.2.2. DELIVERY INTERVENTIONS – GAME CHANGERS

This plan proposes six (6) intervention programmes that if implemented properly will change the agricultural production sector in the province and these are listed below:

- a. Adopt, adapt and fast-track Fetal-tlala – Household Food Security
- b. Linking Mechanisation to entrepreneurship
- c. Commercialisation of livestock in communal land
- d. Revitalisation of land reform farms
- e. Promotion of agriculture cooperatives
- f. Agribusiness youth empowerment

¹⁹ ILO (2003), *ibid*, op. cit



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4.2.2.1. ADOPT, ADAPT AND FAST-TRACK FETSA-TLALA – HOUSEHOLD FOOD SECURITY

Fetsa Tlala is an integrated government framework aimed at ensuring food security and address structural causes of food insecurity in South Africa. The framework has set a target of 1000 000Ha under food production by 2019. KwaZulu-Natal is expected to achieve the food production hectares of 80 000Ha on communal land and 120 000Ha on commercial land under the framework.

The assets of emerging farmers and those based on Land Reform projects will be enhanced through the recommended disposal of agricultural equipment currently owned by government under the mechanization program. Included in the household food production project is the promotion of egg-layers and broilers. These household production units can then be organised in a network and eventually link to existing markets such as NSNP.

4.2.2.2. LINKING MECHANISATION TO ENTREPRENEURSHIP

It is general economics to understand that subsistence and small-holder farmers' ownership of machines is not cost effective due to the scale of their operations. Similarly for government, the cost of delivering the service is generally higher than that of service providers since government cannot maintain the efficiencies in the same manner as the private sector.

The main aim of government in this regard has to be the creation of an enabling environment for the provision of mechanisation service to farmers, and this to be exploited by SMMEs. This then provides the traction required to ensure underutilised land is productive. The mechanization value chain must therefore be functional at local level to ensure sustainability of the initiative.

It is for these reasons that the mechanisation program of the province will now be adjusted and eventually abolished, especially the machinery and equipment subsidy component of it. This will result in *bona fide* farmers getting sufficient assistance with infrastructure and advisory support out of the efficiencies created by this policy position. The assets of emerging farmers and those based on Land Reform projects will be enhanced through the recommended disposal of agricultural equipment currently owned by government under the mechanization program. This approach is supported by the Fetsa Tlala framework under programme pillar three.

4.2.2.3. COMMERCIALISATION LIVESTOCK ON COMMUNAL LAND

This project will introduce communal livestock to market and create income for owners. The project will improve the genetics of livestock and prepare them for market on a sustainable basis. Furthermore, the approach will better ensure adherence to grazing land carrying capacity and reduce disease in the communal herds. Linked to this is the creation of proper grazing camp infrastructure and jobs related to castration, livestock sales to mention a few. Over time, the calving percentage and the quality of meat will improve. It therefore makes it possible for communal and emerging farmers to have Off-take agreements with the market.

The ox initiative - Where extension actively promotes the castration of young bulls towards improving the genetics of the herd through the use of selected bulls and reducing the risk of in-breeding, young oxen (and



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heifers not selected for breeding) should then be taken (sold) off at weaning. This serves to reduce impact on the natural resource whilst ensuring commercialization of the livestock through value adding and active marketing through feedlots which are linked to markets (local or export). This initiative should be linked to the provision of the required infrastructure (fencing, sale yards, feedlots, handling facilities etc.) and eventually value adding (abattoirs, meat processing, and the hides industry).

Adequate feed should be produced, stored or purchased to feed all the animals at the least possible cost. As a first step, sufficient feed must be available over the whole year to meet the total feed need of the herd. To achieve this, the feed production should be balanced with the herd feed demand plus the input required for the fodder bank. Where this balance cannot be achieved, additional feed has to be purchased or the herd numbers reduced to meet the production potential.

Each livestock herd/flock (beef, dairy, sheep, goats, donkeys, game etc.) is defined and its requirement for Dry Matter / Total Digestible Nutrients / and Digestible Crude protein are determined. As veld production depends mainly on rainfall and veld condition, it is logical that the usage of the veld grass by animals can be estimated from the production potential or as it is better known: Grazing Capacity. Based on the Bio resource Groups of KZN, the province has guidelines of its grazing potential for each Bio resource Group, expressed as ha/AU/annum. This figure gives very clear guidelines towards the recommended animal units that can be sustained on the veld and is very useful in assisting to determine the grazing management system that can be applied.

4.2.2.4. REVITALISATION OF LAND REFORM FARMS

The land mass of land reform farms as indicated in section 4.2 above makes the revitalisation of these farms a valuable proposition for the province. These farms were largely profitable commercial entities pre-settlement, but due to a variety of reasons ranging from absence of land use plans, outdated soils data, vandalism, over-settlement by claimants on productive land, inadequate funding and skills, these farms have since deteriorated and lost their prime productive capacity. The target for the current Medium Term Strategic Framework should be to resuscitate 50 of these farms, prioritising those with the highest commodity potential and those that fall within the 50 most deprived wards as determined through the multi-deprivation index from Stats SA. This intervention will necessitate a review of the business plans on all the prioritized farms and determination of their production capacity in line with the findings of the Bio-resource System. Further social facilitation will also be necessary during the review of the Land Use Plans at these farms as human settlement patterns might change and agri-villages formed.

4.2.2.5. PROMOTION OF AGRICULTURE COOPERATIVES

The concept of agriculture co-operatives is summarized to be a formal and legalized grouping of people with similar production interests who work collectively towards maximizing market penetration and reduced input costs due to the advantage of bulk buying. As such it focuses on grouping people towards production in a certain area. The relevant programs should therefore also be of such a nature that they maximize the production potential of a group of people – rather than an individual - towards economic benefit.



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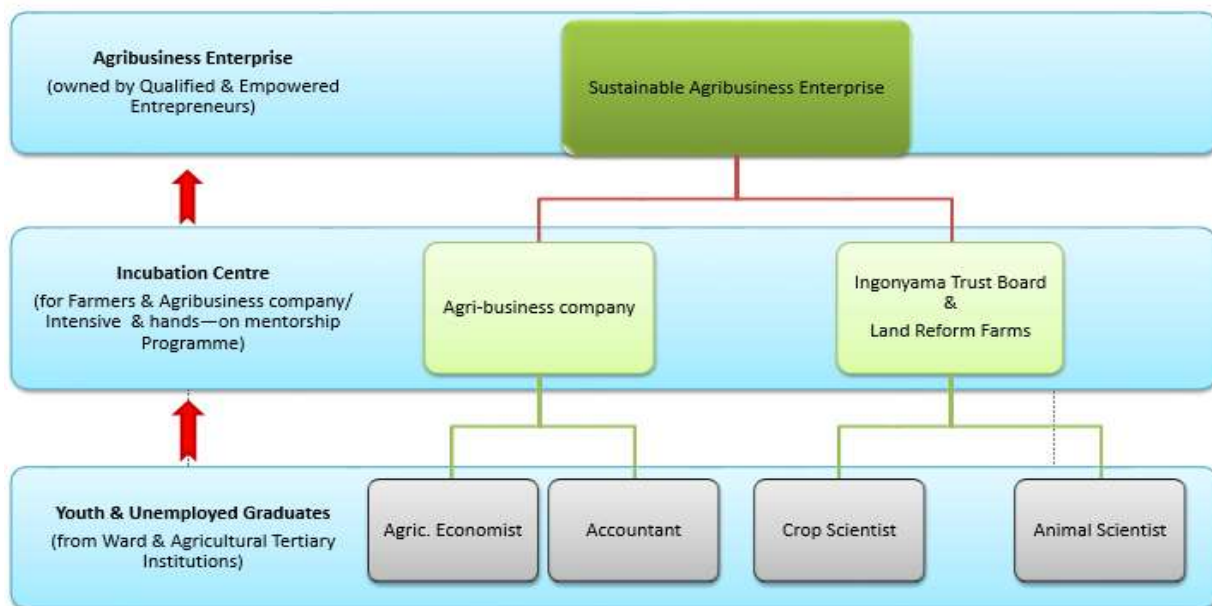
4.2.2.6. AGRIBUSINESS YOUTH EMPOWERMENT

For a long time the Province of KwaZulu-Natal (KZN) has been without a youth development strategy to project a long term development perspective and trajectory for young people. The KwaZulu-Natal Youth Development Strategy (KZNYDS) presents a road map for engaging the youth of the Province to take their rightful place in the strategic developmental initiatives which seek to transform the Province into a prosperous one.

The objective of the strategy is to forge synergy and integration amongst all stakeholders to advance Youth Development in the Province. The KZNYDS seeks to ensure that the youth in this Province ceases to be merely passive recipients of development. The youth should become constructive engineers and masters in command of their own socio-economic development.

The concept of an Agribusiness Youth Empowerment model is described below. The critical success factor of the empowerment approach is based on the participation of the Ingonyama Trust Board (ITB) combined with the establishment of an Agri-business Company.

AGRIBUSINESS YOUTH EMPOWERMENT MODEL





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4.2.3. DELIVERY PLAN AND GANTT CHART

Table 3 - Commercial Farmer Programme

Programme	Projects	Outcomes	DURATION	Budget
Support for Commercial Farmers	Crop & Horticultural Production		FIVE YEARS 2018/19	
	Enhancement of BRU programme	Arable land identified	-	R 1,000,000.00
	Land Use Plans	High value agricultural land identified, mapped and prioritized in the Municipal IDP		R 2,000,000.00
	Optimal Liming and fertility	Improved dry-land production		R 20,000,000.00
	Makathini & Ndumo	Improved production of irrigable areas, Risk reduction		R 200,000,000.00
	Tugela Estate	Improved production of irrigable areas, Risk reduction		R 6,000,000.00
	Tugela Ferry, Bululwane, Malenge, Nondabuya, Khwehla, Empangisweni, Sokhulu	Improved production of irrigable areas, Risk reduction		R 20,000,000.00
	Numerous small schemes, Development Initiatives in Traditional councils	Improved production of irrigable areas, Risk reduction, Business Planning		R 10,000,000.00
	Land reform farms / Commercial	Land Use Plans and detailed Business Plans (Agri Villages, Commercial farming)		R 12,000,000.00
	Livestock Production		FIVE YEARS 2018/2019	
	Genetic improvement	Improved productivity and income	-	R 1,000,000.00
	Castration and offtake project	Improved productivity, income and value adding		R 5,500,000.00



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Programme	Projects	Outcomes	DURATION	Budget
	Veld Management Planning	Reduced land degradation and improved livestock management		R 22,000,000.00
	Livestock Infrastructure development	Improved water provision, handling, finishing and marketing		R 1,000,000.00
	Livestock tagging and branding	Census, tracking of animals, theft reduction and disease control		R 7,500,000.00
	Aquaculture		FIVE YEARS 2018/2019	
	Feasibility Studies	Viability assessment		R 1,000,000.00
	Chicken and Pig			
	Chicken and Pig Infrastructure Development	Improved access to protein		R 105,000,000.00

Table 4- Agriculture Value Adding

Programme	Projects	Outcomes	Timing	Budget
Agriculture Value Adding	Veg. & Fruit processing	Increased income and reduced food wastage	FIVE YEARS 2018/2019	R 2,000,000.00
	Agro processing infrastructure	Improved access to variety of food products for the poor		R 10,000,000.00
	Skin and hide processing	Increased income		R 1,000,000.00

Table 5-Irrigation Schemes & Water Efficiency

Programme	Projects	Outcomes	Jobs Created	Timing	Budget
Irrigation & Water	Makhathini (Umkhanyakude), Ndumo (Umkhanyakude), Tugela Estate (Uthukela)	High value agricultural irrigation land identified, mapped	10	FIVE YEARS 2018/1029	R 84,000,000
	Tugela Ferry (Umzinyathi), Mooi River (Umzinyathi)	Effective and efficient irrigation infrastructure, improved productivity	310		R 420,000,000
	Bululwane (Zululand),	Effective and efficient irrigation management, and reduced production risk	310		R 12,000,000



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Programme	Projects	Outcomes	Jobs Created	Timing	Budget
	Malenge (Harry Gwala), Nondabuya(Umkhanyakude) Khwehla (Umkhanyakude) Empangisweni (Zululand) Sokhulu (Uthukhulu) and other irrigation projects				

Table 6- Protection & Rehabilitation

Programme	Projects	Outcomes	Jobs created	Timing	Budget
Protection & Rehabilitation	Land care projects	More hectares rehabilitated	2000	FIVE YEARS 2018/219	R 200,000,000
	Soil conservation projects with subsidies	Protected agricultural lands	1000		R 50,000,000
	Subdivision of agricultural land	Preserve agricultural land	5		R 20,000,000
Research and Technology Development	Crops, horticulture, animal, soil fertility, essential oils, grassland science, analytical services, farm systems and research	Relevant technologies promoted and extension capacitated	20	FIVE YEARS 2018/2019	R20 000,000

THE FULL UN-ABRIDGED VERSION IS AVAILABLE IN THE ATTACHED BOOK OF IMPLEMENTATION PLANS.



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Cabinet resolves that the following agricultural commodities will be prioritised:

COMMODITY	IMPORTED FROM
Vegetables	Johannesburg Market
Red Meat	Botswana
Poultry	Brazil, Argentina
Cabbage	Johannesburg Market
Wheat	Other Provinces
Potato	Not imported
Soya and	Brazil, Argentina
Dried Beans	China
Milk and dairy products	Not imported

District Municipality		KGS PER WEEK							
	PUPILS	Butternut	Onions	Tomatoes	Gr beans	Carrots	Cabbage	Spinach	TOTAL
Ilembe	156 029	7 286	3 901	5 461	2 863	10 149	7 286	11 444	48 390
Ugu	189 230	9 005	4 731	6 623	3 556	12 561	9 005	13 964	59 443
Umgungundlov	177 715	8 246	4 443	6 220	3 234	11 480	8 246	13 009	54 877
Umkhanyakude	234 336	11 034	5 858	8 202	4 345	15 379	11 034	17 234	73 085
Sisonke	146 900	6 618	3 673	5 142	2 574	9 192	6 618	10 654	44 471
Zululand	271 152	12 679	6 779	9 490	4 984	17 663	12 679	19 897	84 173
uThungulu	259 991	12 102	6 500	9 100	4 751	16 853	12 102	19 051	80 458
Amajuba	93 953	4 316	2 349	3 288	1 688	6 004	4 316	6 856	28 817
Mzinyathi	183 520	8 391	4 588	6 423	3 278	11 669	8 391	13 372	56 112
Thukela	182 269	8 442	4 557	6 379	3 309	11 751	8 442	13 334	56 214
	1 895 095	88 118	47 377	66 328	34 584	122 702	88 118	138 814	586 041
Annually 193 d	KGS	3 401 357	1 828 767	2 560 273	1 334 925	4 736 282	3 401 357	5 358 212	22 621 174

If we take NSNP estimated requirements and we extrapolate based on average vegetable yields for the province:

Type of vegetable	Expected yield (kg/sqm)	Expected Yield (kg/ha)	Estimated requirement (kg / Ann)	KZN NSNP	Estimated KZN NSNP Ha Land required *
Beetroot	2.0	20 000			
Butternut	2.0	20 000	3 401 000		170
Cabbage	5.0	50 000	3 401 000		68
Carrot	3.0	30 000	4 736 000		158
Greenbeans	0.5	5 000	1 335 000		267
Onion	2.5	25 000	1 828 000		73
Swiss chard	2.0	20 000	5 358 000		268



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Type of vegetable	Expected yield (kg/sqm)	Expected Yield (kg/ha)	Estimated requirement (kg / Ann)	KZN NSNP	Estimated KZN NSNP Ha Land required *
Tomato	5.0	50 000	2 560 000		51
			TOTAL		1 055

* Excludes double cropping option, season of planting or climatic limitations to ensure supply throughout year

The DARD has through its Bio-resource Units (BRU) programme identified a range of commodities that will be suitable for production in each BRU. The commodities include:

District Municipalities	Crops	Livestock
Umkhanyakude	Sugarcane / Pineapples / Cashews Timber – <i>Eucalyptus</i> Vegetables Sorghum / Cotton Sweet potatoes Pastures: coastcross and <i>Panicum maximum</i> , <i>Cenchrus</i>	Game Beef Goats Aquaculture (tilapia)
Uthungulu	Sugarcane / Macadamias Timber – Pine, wattle and gum Avocados / Citrus Maize Vegetables Tea Pastures: Coast cross, kikuyu (highlands)	Beef Goats
Zululand	Sugarcane Timber – Pine, wattle and gum Maize / Soyabeans Vegetables Tomatoes Pastures <i>Eragrostis</i> , kikuyu	Game Beef Goats Dairy
Ilembe	Sugarcane Timber – wattle and gum Maize Bananas / Mangoes / Litchis Chillies / Paprika Coffee Vegetables Pastures: Coast cross	Beef Goats
eThekweni	Vegetables Sugarcane Timber: gum Hydroponics (veg & flowers)	Horses Dairy
Ugu	Sugarcane	Crocodiles



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District Municipalities	Crops	Livestock
	Timber: gum Macadamias / Mangoes / Litchis Chillies Maize Amadumbe Bananas Coffee / Tea	Beef Goats
Amajuba	Maize Soyabeans / Drybeans Vegetables Macadamias Pastures <i>Eragrostis</i> , kikuyu, ryegrass	Beef Sheep Dairy
Umgungundlovu	Maize / Soyabeans Sugarcane Avocadoes / Citrus / Peaches / Berries Timber – Pine, wattle and gum Pastures <i>Eragrostis</i> , kikuyu, ryegrass Potatoes Vegetables (Tala / Muden)	Beef Sheep Dairy Goats Horses
Uthukela	Maize / Soyabeans / Wheat Chicory Vegetables Pecans Potatoes Timber – Pine and gum Pastures <i>Eragrostis</i> , kikuyu, ryegrass, lucerne	Beef Sheep Dairy Trout Game
Harry Gwala	Maize / Soyabeans / Drybeans Sugarcane Berries Vegetables Nuts: hazelnuts Potatoes Timber – Pine, wattle and gum Pastures <i>Eragrostis</i> , kikuyu, ryegrass	Beef Sheep Dairy Trout Game
Umzinyathi	Sugarcane Maize / Soyabeans Chicory Vegetables Pecans / Kiwi fruit / Avocadoes Potatoes Timber – Pine, wattle and gum Pastures <i>Eragrostis</i> , kikuyu, ryegrass	Beef Sheep Dairy Game



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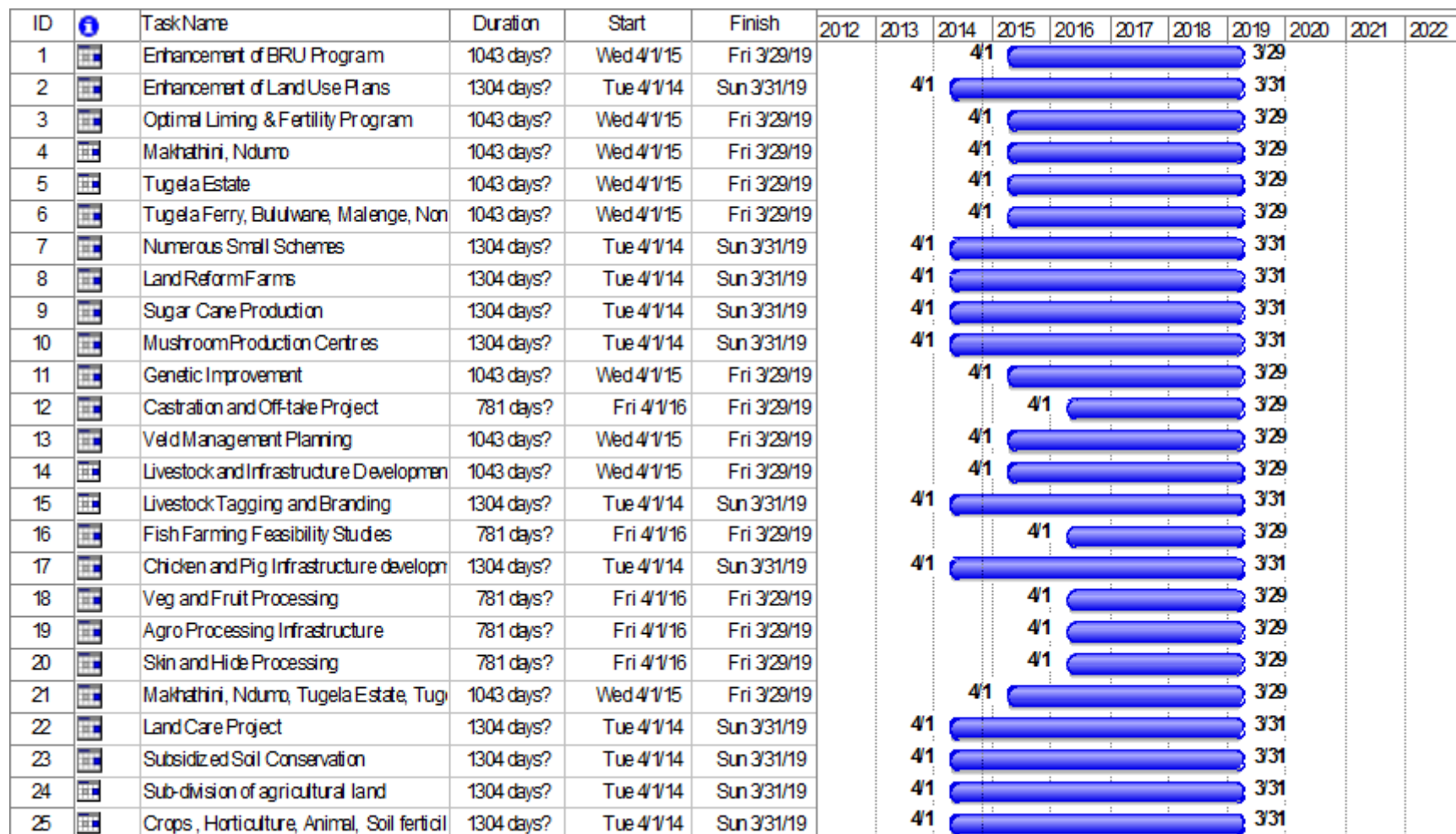


Figure 12: Gantt chart on the Agriculture Pillar



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4.3. EMPLOYMENT CREATION

4.3.1. CURRENT REALITY

The fourth quarter labor force survey of 2011 estimated the unemployment rate in KwaZulu-Natal at 19.3% (narrow definition), adding the discouraged work seekers unemployment is estimated at more than 30%; the majority of the unemployed are women. The 2010 General Household Survey (GHS) by Statistics South Africa estimated number of household in KwaZulu-Natal at approximately 2.7 million with 5 people per household.

People living in poverty in the province and everywhere else in the country are almost entirely supported by the earnings of workers amongst them – the “working poor”. Statistics South Africa (StatsSA) reports that 6.6 million people in KZN were within the working ages of 15 to 64 years as of the second quarter of 2014 representing a quarterly increase of 0.4% or a 1.4 percentage increase from a year ago. While national employment saw an increase of 0.3% between April and June 2014, KwaZulu-Natal shed 47 000 (or 1.8%) jobs over the same period. Compared to a year ago, the provincial economy added 41 000 net new jobs. Narrow unemployment increased by 110,000 or 16.6% from a quarter ago to reach 769,000. As a result, the official unemployment rate in the province added a substantial 3 percentage points to close at 23.7%, only 1.8 percentage points lower than the national average compared to 4.5 percentage points a quarter ago. The rate of discouragement in the province marginally improved as reflected in the 0.9% quarterly decline in the number of discouraged work seekers. As a result expanded unemployment rate in the province is estimated at 35.8% in the second quarter of 2014.

Table 7: Characterisation of the Unemployed, KZN, 2014 (Q1-Q2)

	2014Q1		2014Q2		Quarterly Change	
	000s	Share (%)	000s	Share (%)	000s	(%)
Overall narrow unemployment	659	100	769	100	110	3.1
Job loser	197	30.0	235	30.6	38	3.6
Job leaver	48	7.3	45	5.8	-4	-1.6
New entrant	282	42.8	328	42.6	46	3.1
Re-entrant	32	4.8	44	5.7	12	6.6
Last worked > 5 years ago	100	15.1	118	15.3	18	3.4

Source: DEDT calculations based on QLFS (Stats SA, 2014)



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4.3.2. DELIVERY INTERVENTIONS – GAME CHANGERS

4.3.2.1. RURAL INFRASTRUCTURE DEVELOPMENT

Labour-based approaches to infrastructure works have become an important element of job creation strategies in many low-wage developing countries with an oversupply of unskilled and underemployed labour. Well-managed labour-based methods have proven to be a viable and cost-effective alternative to equipment-based methods because they produce good quality results, allow cost savings and can generate high levels of outputs, provided that they are introduced in an appropriate institutional setting. Moreover, in an enabling environment which allows regular and timely payment and which applies simple and transparent contract systems, labour based methods offer a good launching pad for small contractors to enter the public construction market. They can make an important contribution therefore to the development of a sound domestic construction industry and enable effective of infrastructure works. Projects within this programme include construction, refurbishment and maintenance of rural feeder roads to create the much needed connection in terms of providing access for the rural population. The permanent or seasonal absence of road access is a constraining factor in terms of providing rural communities with essential services such as education, primary health care, water supply, local markets as well as economic opportunities. The province of KZN, being predominantly rural, requires a substantial investment in rural feeder roads, providing an opportunity for creation of low skill jobs in the construction and maintenance of the roads. Other infrastructural projects in this regard include maintenance of education infrastructure such as schools, health infrastructure such as hospitals, drilling of water wells. Expect jobs within this programme include brick laying, painting, brick moulding among others.

4.3.2.2. REVAMPED EXPANDED PUBLIC WORKS PROGRAMME

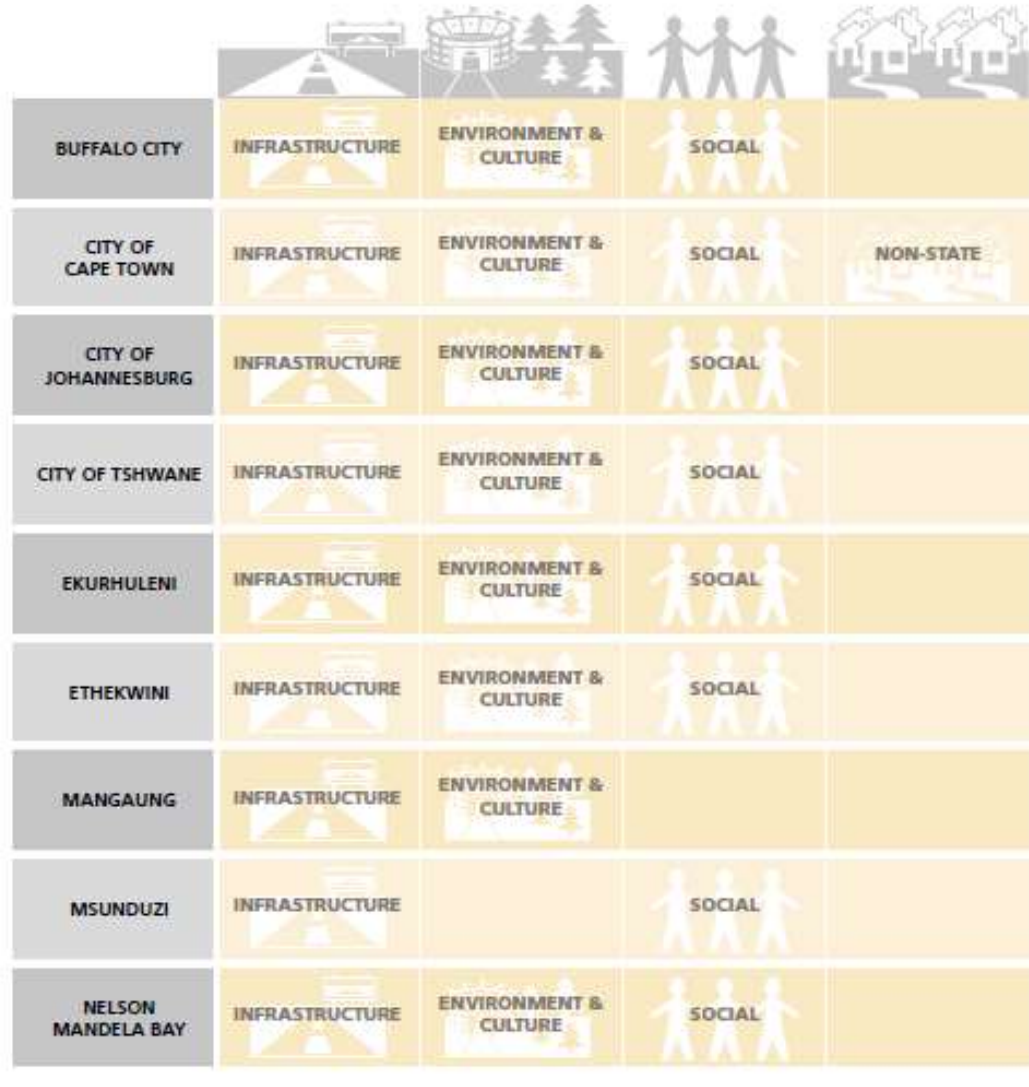
Expanded Public Works Programme (EPWP) is a government initiative that provides an important avenue for labour absorption and income transfers to poor households in the short to medium-term. EPWP projects employ workers on a temporary or on-going basis either by government, by contractors, or by other non-governmental organisations under the ministerial conditions of employment for the EPWP or learnership employment conditions. The EPWP creates work opportunities in four sectors, namely, Infrastructure, Non-State, Environment & Culture and Social, through:

- Increasing the labour intensity of government-funded infrastructure projects under the Infrastructure sector,
- Creating work opportunities through the Non-Profit Organisation Programme (NPO) and Community Work Programme (CWP) under the Non-State sector;
- creating work opportunities in public environment and culture programmes under the Environment and Culture sector; and
- Creating work opportunities in public social programmes under the Social sector.

A number of challenges have been noted regarding implementation of the EPWP, of which the funding model is the most notable. Currently EPWP is a programme that is not directly funded and operates on a quasi-reward system where municipalities that have capacity to implement projects are rewarded more. This tends to perpetuate the persistence of poverty in small and rural municipalities which coincidental high incidences of poverty.

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Figure 13: EPWP Sectors Being Implemented within the Cities



Source: SACN 2013/13 report

It is therefore recommended that KZN develops a programme that is modelled along similar structures as the current EPWP with an inclusion of the following radical changes:

- The programme be administered centrally through a PMU within the Office of the Premier (OTP).
- Funding model be based on extent of the disadvantage as reflected on the provincial poverty map
- Channel part of the funds meant for Child Support Grant (CSG) to the revamped EPWP and ensure that mothers/guardians of potential recipients are enrolled in the EPWP.



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4.3.2.3. RURAL TOURISM

Tourism growth potential can be harnessed as a strategy for Rural Development. The development of a strong platform around the concept of Rural Tourism is definitely useful for a province like KZN, where almost half of the population resides. Global trends of industrialization and development have had an urban centric approach. This trend of urbanization has led to falling income levels, lesser job opportunities in the total areas leading to an urbanization syndrome in the rural areas. Rural Tourism is one of the few activities which can provide a solution to these problems. Besides, there are other factors which are shifting the trend towards rural tourism like increasing levels of awareness, growing interest in heritage and culture and improved accessibility, and environmental consciousness. In the developed countries, this has resulted in a new style of tourism of visiting village settings to experience and live a relaxed and healthy lifestyle. This concept has taken the shape of a formal kind of Rural Tourism.

Activities:

The following works may be taken up under this programme

- Improvement of the surroundings of the rural area. This would include activities like landscaping, development of parks, fencing, compound wall etc.
- Improvements to roads within and leading to the tourist area.
- Illumination in the rural area
- Providing for improvement in solid waste management and sewerage management.
- Construction of Wayside Amenities.
- Procurement of equipment directly related to tourism, like Water Sports, Adventure Sports, Eco-friendly modes of transport for moving within the tourism zone.
- Refurbishment of monuments.
- Signages
- Reception
- Other work/activities directly related to tourism
- Tourist Accommodation



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4.3.2.4. COMMUNAL MILLING STATIONS

This programme emanates from the realisation that across all rural areas in KwaZulu-Natal there is subsistence maize farming. Maize meal is generally the staple food in most rural communities in KwaZulu-Natal. The maize is mainly sold green, however, the dried maize is neither sold nor used for domestic consumption. Against this backdrop, the communal milling stations will provide communities with an opportunity to produce mealie-meal for domestic consumptions.

4.3.3. DELIVERY PLAN AND GANTT CHART

Programme	Sub-programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
EPWP	EPWP Review(Funding model, Institutional arrangements and co-ordination, M&E and impact)	A review of the EPWP in its totality particularly the funding, and institutional arrangements to ensure a sustainable EPWP that is efficiently managed and directly funded	Review of EPWP	282060	ONE YEAR	R 1, 000, 000.00
	Land Care	To create employment opportunities through improved natural resource management	Alien Plant Cleaning, Erosion Control, Veld Management & Fencing (livestock management) , afforestation		FIVE YEARS	R 200, 000, 000.00
	Food For Waste	Create employment opportunities, provision of basic services e.g. clean towns, improved asset ownership	Waste management		FIVE YEARS	R 13, 500, 000.00



KWAZULU-NATAL POVERTY ERADICATION MASTER PLAN (2014)

Programme	Sub-programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
	CWP	Initiative designed to provide an employment safety net-provides participants with a predictable number of days of work per month. The programme offers regular part time work to participants at a rate of R71.00 per day as a minimum required by the ministerial determination,	CWP projects		FIVE YEARS	R 380, 000, 000.00
SEZs/Industrial Economic Hubs		Industries developed according to spatial comparative & competitive advantages thus addressing spatial inequalities	Industrial hubs (job creation)	5, 000	FIVE YEARS	R4, 000, 000, 000.00
Rural Tourism		Create a vibrant and sustainable rural economy and provide job opportunities for communities	Rural tourism infrastructure	7, 000	5 years	R 5, 000, 000 000.00



KWAZULU-NATAL POVERTY ERADICATION MASTER PLAN (2014)

Programme	Sub-programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
		through enhancing tourism in rural areas.				
Rural Infrastructure Development	eKhaya (Rural) Road construction and maintenance programme	Provide connectivity (feeder/link roads) to targeted densely populated rural centres through construction of good all weather roads in a phased manner	Rural road infrastructure	4,000	FIVE YEARS	R 500, 000, 000.00
	Rural Housing and Amenities (RHA)	Development of Cluster of villages- Provide basic grant for the construction of decent shelter- Build water, sanitation and electricity infrastructure	Rural housing infrastructure construction	2,000	FIVE YEARS	R 100, 000, 000.00
	Water Mining (Household/ Communal Water wells)	Improved access to water and job opportunities through investing in household/communal water wells	Water Infrastructure construction	1,000	FIVE YEARS	R 80, 000, 000.00



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Programme	Sub-programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
	Rural Schools Construction programme	Improved access to schools and job opportunities through construction and maintenance of education infrastructure	Rural Education Infrastructure	1, 400	FIVE YEARS	R 300, 000, 000.00
	Health infrastructure	Improved access to health and job opportunities through construction and maintenance of health infrastructure	Health Infrastructure	1, 000	FIVE YEARS	R 200, 000, 000.00
	Trading Centres	Improved access to markets and job opportunities through construction of community trading centres	Trading centre construction	103	FIVE YEARS	R 30, 000, 000.00
	Communal Milling stations	Improve access to food and create jobs at community level through a programme that installs community grinding mills.	Installation of Milling stations, operation and maintenance	507	FIVE YEARS	R 5, 000, 000.00



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Programme	Sub-programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
KZN Aerotropolis	South Africa Aerotropolis Academy	Facilitate the construction of an Aerotropolis Academy in KwaZulu-Natal to train youth in general Aviation, engineering and aerotropolis planning	Aerotropolis Academy construction	150	FIVE YEARS	R 120, 000, 000.00
	Airport Rapid Rail Transit	Create jobs and improve efficiency of transport systems through development of an efficient public rail system connecting KSIA to Ballito, Durban, PMB and surrounding areas	Construction of the KSIA Rapid rail transit system	500	FIVE YEARS	R2, 000, 000, 000.00
	Key road infrastructure upgrades to relieve traffic congestion and improve travel times to Rural Hubs	Improve road connectivity to rural nodes	KSIA link roads	700	FIVE YEARS	R 500, 000, 000.00



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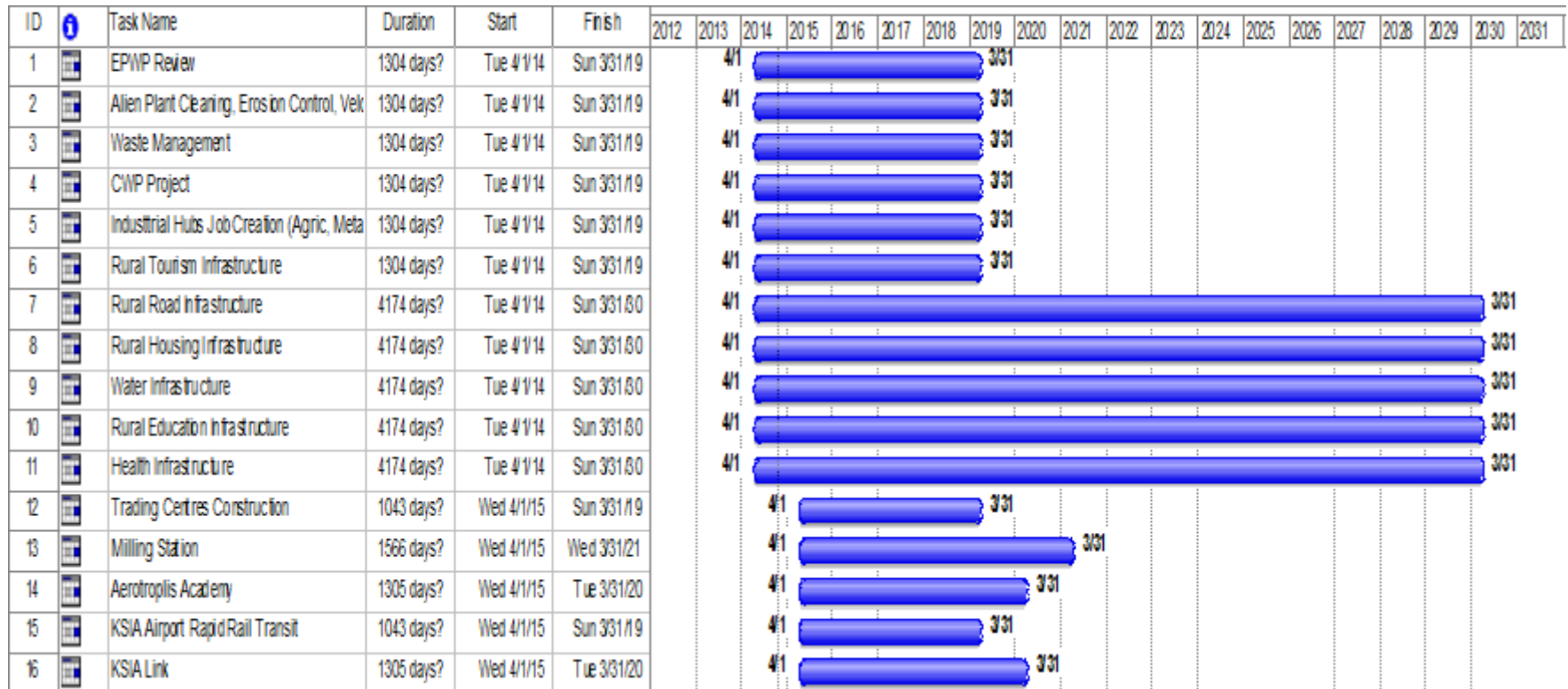


Figure 14: Gantt chart on the Employment Creation Pillar



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4.4. ENTERPRISE DEVELOPMENT

4.4.1. CURRENT REALITY

Researchers have estimated that the total economic contribution of SMMEs in South Africa is approximately 50% of the GDP. It is also estimated that the SMMEs provide employment to about 60% of the labour force. SMMEs are therefore an important contributor to the economy and are considered to be a driver in reducing unemployment, given that the formal sector continues to shed jobs. However, SMMEs in South Africa are faced with a number of challenges. The following are some of the challenges which have been reported by a number of organisations:

- Lack of management skills
- Access to finance and obtaining credit
- Access to markets and developing relationships with customers
- Appropriate technology and low production capacity
- Lack of infrastructure for their operations
- Recognition by large companies and linkages
- Government bureaucracy/red tape
- Support for the role that they play in economic development
- Defragmented business support towards SMMEs
- Lack of transformation in the sector.
- Research and development linked to the economic data of the province

It has long been recognized that small, medium and micro enterprises (SMMEs) account for an overwhelming part of business worldwide and that they contribute considerably to private sector GDP, employment and growth.

Some estimates indicate that the total economic output of SMMEs makes up about half of South Africa's GDP and that SMMEs provide employment to about 60% of South Africa's labour force. It is therefore not surprising that SMMEs are seen as the backbone of many economies, including the South African economy.

4.4.2. DELIVERY INTERVENTIONS – GAME CHANGERS

The programs and projects under this pillar are focusing on the establishment of business enterprises, mainly targeting youth, women and disabled people within the deprived wards in KZN. Sustainable enterprises will result in job creation whilst bridging the gap of the triple challenge of poverty, unemployment and inequality. It is worth noting that job creation, work opportunities and rural wealth creation will improve the income levels of rural communities.

Furthermore, the Enterprise Development Pillar seeks to address the lack of income, employment and ownership of assets within the rural communities. The projects that have been identified under each game changer will have a vast impact on improving the levels of income, especially for the deprived wards, which are mainly constituted by women, youth and disabled people. Income levels will be improved through salaries, wages, drawings and profits that will be generated from various business enterprises e.g. quarry mining, maize milling and bio mass energy. The ownership and control of assets will also be improved as



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ward based enterprise are being established. For example, mining operations , agri-food value chain processing plants, agro logistics and manufacturing and installation of state of the art containerized kitchens for the National School Nutrition Programme (NSNP) targeting quintal 1,2 and 3 schools in the Province of KwaZulu–Natal.

4.4.2.1. THE GAME CHANGERS

The following programmes have been identified as the key game changers under the enterprise development pillar of the KZN Poverty Eradication Master Plan.

- Waste Management Programme
- Build KZN (Construction)
- Agribusiness Youth empowerment Programme
- Agri – Food Value Chain processing plants, focussing on maize, groundnuts, soya, beans, vegetables and mushrooms
- Comprehensive Rural Renewable Energy Program
- KZN Business Support Programme
- Containerised National School Nutrition Programme (NSNP) Kitchens
- KZN Stone and Sand Mining.

The game changers are responding to poverty stricken and deprived districts (poverty map) in the Province of KwaZulu-Natal. There are 169 deprived wards in the province.

With regards to waste management programmes, the game changer is providing exit options for waste management programme beneficiaries in the province. The guaranteed market by government which relates to 30% of waste management expenditure by municipalities that will be allocated to Youth and Women Cooperatives becomes a key game changer in the waste management industry. Similarly, the 30% of the construction budget by government will create opportunities for SMMEs, especially rural based youth and women cooperatives. Furthermore, the integrated comprehensive approach towards the development of small enterprises within the construction sector provides for the detailed empowerment of small enterprises. The implementation approach will further ensure:

- Centralisation of resources
- Maximum utilisation of resources
- Clear standards, quality and specifications, and
- Effective monitoring (ability to track and trace the progress in order to assess the impact of the programme).

The projects attached to the remainder of the programmes play a leading and marked role in terms of output, value addition, investment and export contribution to the manufacturing sector. In this regard, the game changers further contribute to gender friendly agribusiness development opportunities, maximum utilisation of arable land in the Province of KwaZulu-Natal, driving innovation and market driven rural wealth creation.



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4.4.3. DELIVERY PLAN AND GANTT CHART

Programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
Waste Management	Revenue / income generation, employment creation, Provision of basic services (WMP, cleanliness of towns), Ownership of assets (Improved balance sheet), Social inclusion (recruitment of partners council of stakeholders), Ability to take part in decision making (Business decision), Ability to afford basic needs (Salaries, profit, drawings)	Waste Management Projects :Mandeni LM (iLembe District),Nquthu LM (Umzinyathi),Mthonjani Local Municipality (uThungulu),Umzimkhulu LM ,Imbabazane LM (UThukela) & Durban	700	FIVE YEARS 2014/2019	R41 350 000
Build KZN: Construction	A database of qualified artisans registered as companies specializing in various trades.	Maintenance of Government buildings (Fix-It Project)	1100	FIVE YEARS 2014/2019	R 6 256 000
	Specialist civil engineering companies focusing on civil works, water & sanitation and road construction.	Civil Engineering (CE): - civil works - water & sanitation - road construction	1100		R 6 256 000
	The general building specialists on housing, health facilities, schools and other general building facilities.	General Building (GB) – housing, hospitals, schools, roads.	1100		R 6 256 000



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Programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
Cont. Build KZN: Construction	Qualified electrical engineers accredited with the electrical board.	Electrical Engineering (EB) – electrification.	1100		R 6 256 000
	Qualified electrical engineers on telecommunications	Electrical Engineering for Telecommunications (EP) - telecommunications	1100		R 6 256 000
Agri-Food Value Chain Processing Plants	Sustainable Agri-food value chains consumable commodities linked to sustainable markets.	Soya Mince Processing Plant (milk and oils) Gingindlovo	1800	FIVE YEARS 2014/2019	R138 000 000
	Sustainable Agri-food value chains consumable commodities linked to sustainable markets.	NSNP Vegetable Pack-house , Warehouse and Cold Storages [EYOMAME AGRO-LOGISTIC] and linked to Community Nutrition Development Centre (CNDC) All 11 districts	4000		R70 000 000
	Sustainable Agri-food value chains consumable commodities linked to sustainable markets.	Ground Nuts Processing and Distribution Amajuba, Umzinyathi, UMKhanyakude	120		R30 000 000
	Sustainable Agri-food value chains consumable commodities linked to	Dry Maize Silos and Processing Plant (Cold rooms, Packaging and Distribution,	2200		R270 000 000



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Programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
	sustainable markets.	Fresh mealies, sweet corn Distribution and Agro logistics) Umzimkhulu, Harry Gwala, UThukela,			
	Sustainable Agri-food value chains consumable commodities linked to sustainable markets.	Dry Bean silos and Processing Plant (Agro logistic) Gingindlovo, Zululand, and iLembe	220	FIVE YEARS 2014/2019	R250 000 000
	Sustainable Agri-food value chains consumable commodities linked to sustainable markets.	Mushroom Processing (Packaging and cold storage chain) iLembe	220	FIVE YEARS 2014/2019	R150 000 000
	Incubation centre for Youth in Agriculture linked to sustainable markets.	Agribusiness Youth Empowerment Program (SPV) All districts into particular farm , uThukela and Gingindlovo host farms	220	FIVE YEARS 2014/2019	R5 000 000
Comprehensive Rural Renewable Energy Program	Usage of alternative energy	Rural Solar, Installation and Maintenance project UMkhanyakude	1100	FIVE YEARS 2014/2019	R 100 000 000
	Usage of alternative energy	KZN Biomass/Bioethanol Project UMkhanyakude	1100		R169 000 000
KZN Business Support Program	Funded and sustainable small enterprises.	Feasibility studies Agri-Rural Cooperative Bank (Business case and business plan)	180	FIVE YEARS 2014/2019	R3 000 000



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Programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
		Gingindlovo or eThekwini, mobile units across province (Grameen bank)			
	Funded and sustainable small enterprises.	KZN Cooperative Incentive Scheme Gingindlovo	110		R110 000 000
	Sustainable small enterprise support centres.	Business Support centers All	102		R55 000 000
	Funded and sustainable small enterprises.	Cession of income Gingindlovo	N/A		N/A
	Funded and sustainable small enterprises.	Clothing and Textile Amajuba	40		R15 000 000
	Information dissemination and facilitating access to market for small scale and commercial farmers.	KZN Agricultural Marketing and Information Centre All section within business centre	55		R17 000 000
	State of the art containerized solar and user-friendly kitchens for providing hygienic food.	NSNP Containerized Kitchens and Food Ware-House (Manufacturing of kitchens , Non-perishable food storage) All districts linked to 4000 schools quintile 1,2,3 schools	32000		R5 500 000
	Sustainable rural based bakery and confectionery enterprises.	Bread for KZN All districts linked to NSP	130		R5 500 000
KZN Stone and Sand Mining Program	Sustainable small enterprises in the mining industry (Youth & Women).	KZN Rural Quarry Mining Project. Umzinyathi	100	FIVE YEARS 2014/2019	R60 000 000



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Programme	Outcomes	Projects	Target No. of Jobs	Timing	Budget
	<i>THE FULL UN-ABRIDGED VERSION IS AVAILABLE IN THE ATTACHED BOOK OF IMPLEMENTATION PLANS.</i>				



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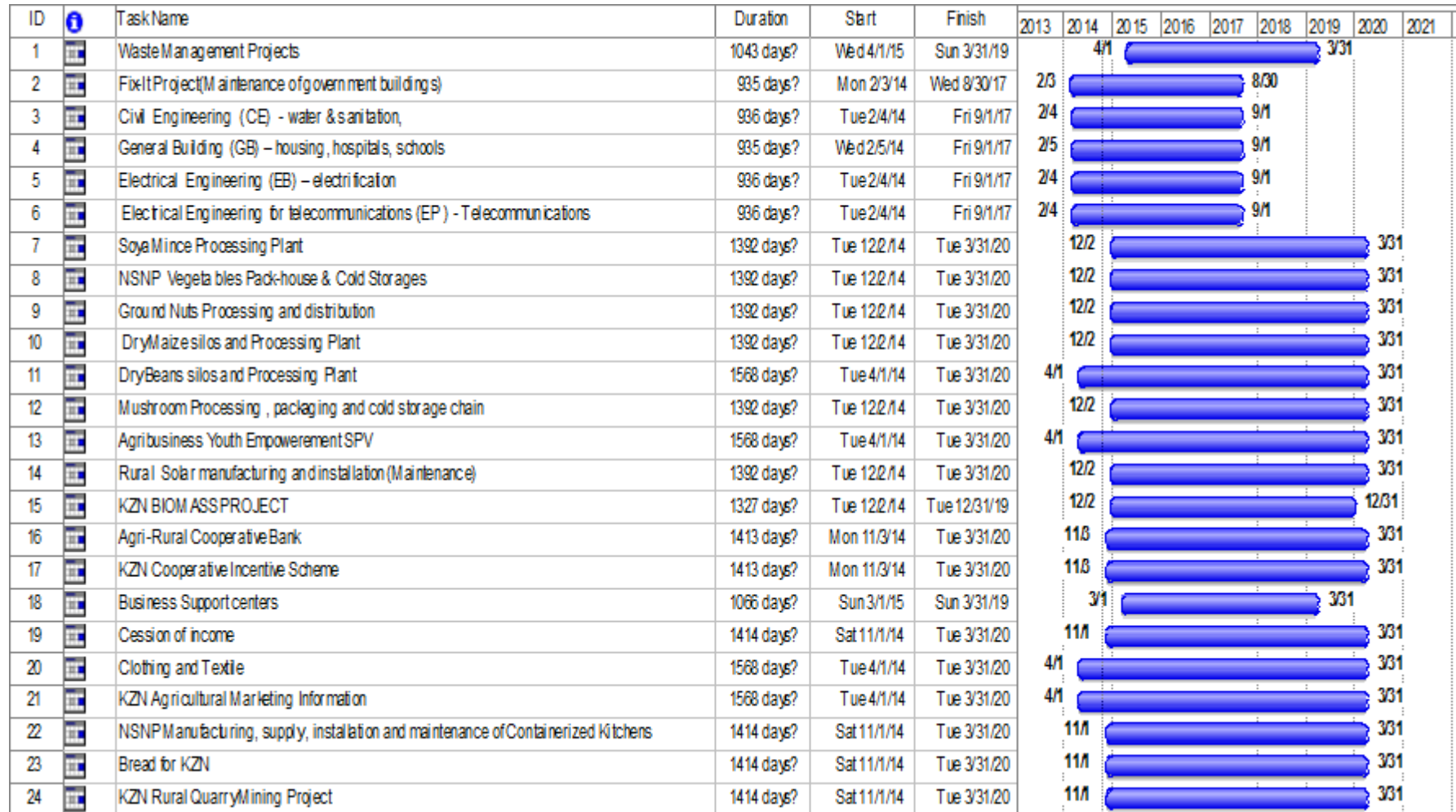


Figure 15: Gantt chart on the Employment Creation Pillar



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4.5. SKILLS DEVELOPMENT

4.5.1. CURRENT REALITY

No meaningful poverty alleviation can be achieved by any nation without effective and efficient technical and vocational education system programmes, since the level of development in a country is often considered to be an outcome of the nature educational programmes and system.

Most FET Colleges are plagued by a low throughput rate, and on average, low certification rates and high dropout rates in most programmes. These rates vary by college. The throughput rate of Esayidi, for instance, is 59% while that for Mthashana is 40%. The national average throughput rate is about 51%. The average FET dropout rate for the province could not be determined at the time of this study. However, it is estimated that for every new group which enters an FET College, only 22% will complete the programme for which they are enrolled in the expected time.

There are moves to ensure relevant SETA accredited programmes, which are responsive to the needs of local industry, are provided by TVET colleges. PPPs are being encouraged where the TVET colleges lack the necessary capacity to deliver such programmes. This programme has a number of objectives which include:

- Implementation of a single, national artisan development database and management information system;
- Development of a sustainable artisan recognition of prior learning (RPL) system; and
- A system of continuous artisan trade development prioritisation that supports economic growth.

The highest level of education completed for persons 20 years and above reflect that in 2001, 21.9% of the population had no schooling at all. By 2009, however, that number had reduced significantly to 11%, and by 2011 to 8%. In fact, the level of education in the province as a whole has increased over the last 15 years. Those with some primary education only increased slightly, but those completing primary school remained at an average of 5% through 2009 and 2011.



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4.5.2. DELIVERY INTERVENTIONS – GAME CHANGERS

The programmes and projects under this pillar are focused on intervening in specific areas of the education and training value chain which are constraining socio- economic development. The programmes are aimed at supporting the other pillars with competent and capable people. It is a response to the problem of the current education and training system not producing the requisite skills in terms of numbers and quality to have an impact on the triple challenges of unemployment, poverty and inequality. The implementation of the programmes in the this pillar will ensure that the *human resource capacity in KZN is relevant and responsive to the growth and development needs of the province*. The following programmes have been identified as key game changers under the skills development pillar of the KZN Poverty Eradication Master Plan:

4.5.2.1. EARLY CHILDHOOD DEVELOPMENT PROGRAMME (ECDP)

The most critical proposal of the Skills Development Pillar, in the poverty eradication master plan, is the achievement of universal coverage in ECD from 0 to 4 years. This will be a catalyst to improve the level of readiness and reduce the level of dropouts. The focus of the proposal is to expand and improve access to quality ECD. This will be achieved through the ECD Educator Development Project, ECD Practitioner Development Project and ECD Centre Development Project. The outputs and outcome of the projects is as follows:

- **ECD Educator Development Project**
 - 14 000 permanent jobs created in 10 years
- **ECD Practitioner Development Project**
 - 24 000 work opportunities created in 4 years for practitioners
 - Estimated additional 72 000 work opportunities created for helpers, security guards and health caregivers
- **ECD Centre Development Project**
 - 25 000 poor families assisted with assets to take them permanently out of poverty

OUTCOME - Universal coverage to quality ECD by 2025
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4.5.2.2. PRIMARY AND SECONDARY EDUCATION PROGRAMME

This game changer seeks to improve educational outcomes in maths, science and technology through the development of educators and setting up of more STEM centres. It seeks to increase focus and attention in agriculture and give dropouts a second chance. The programme will comprise the Numeracy and Literacy Education Project (NALEP), Agriculture Knowledge Education Project (AKEP), Expansion of the NSNP, roll out of STEM Centres and Operation Buya.

- **Numeracy and Literacy Education Project (NALEP)**
 - Achievement of 60% performance target for learners in numeracy and literacy at primary school level



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- **Agriculture Knowledge Education Project (AKEP)**
 - Agricultural knowledge education in primary schools to enhance enrolment of 10 000 in agricultural
- **Expansion of NSNP**
 - Extending NSNP provision to weekends and school Holidays to promote participation in development of sports and art.
 - Training of 900 vegetable producers to supply this market.
- **Science, Technology, Engineering and Maths Centres (STEM)**
 - Roll out of 12 STEM centres across the Province, with each district having at least 1 centre to improve learner performance in STEM subjects.
- **OPERATION BUYA**
 - 400 000 young people reverted back to education and training in 4 years; 200 000 school going and 200 000 TVET/HEI

OUTCOME	- improved educational outcome at primary and secondary school level
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4.5.2.3. YOUTH SKILLS DEVELOPMENT PROJECT

The aim of this game changer is to improve the services that youth receive and to provide a centralised support service through the introduction of youth development practitioners. The project will comprise a research and information project that will document affected youth and compile a registry of youth services. In addition 4500 Youth development Practitioners will be trained and deployed to service youth.

- **Youth – Research and Information Project (RIP)**
 - 4500 work opportunities for youth per year
 - Training of 4500 Youth Development Practitioners (Rippers)

OUTCOME	- Development programmes are relevant to the needs of Youth
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4.5.2.4. SKILLS TRAINING FOR ENTREPRENEURSHIP PROJECT (STEP)

This game changer is a response to challenge of youth who are unemployed and under skilled. It will focus on skilling youth through work integrated learning, learnerships, short skills programmes and apprenticeships. The aim will be to align skills development to economic growth, enhance employability and self-employment.

- Creating 25 000 work opportunities for Work Integrated Learning



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- Developing 15 000 artisans
- 10 000 entrepreneurs with trade qualifications

OUTCOME Thriving SMME sector, contributing in the production and beneficiation of resources

4.5.2.5. TRAINING FOR RURAL ECONOMIC EMPOWERMENT (TREE)

Rural development cannot be achieved without programmes like vocational and technical education. Education and training should produce people with skills relevant to the needs of communities by focusing on employment creation and entrepreneurship. The emphasis should be on practical skills and development of self-reliance or employability within the community.

Learners that have graduated from the literacy campaign programme should be enrolled into the TREE programme. Functional literacy and numeracy skills have to be imparted to beneficiaries, mainly women considering the very low literacy rate among them. This will be followed by the skills training component. The TREE project involves the provision of skills and entrepreneurship development training to targeted groups.

- Educating 600 000 illiterate people in the Province to eradicate illiteracy in the Province by 2020 and lay foundation for further training.
- Training of out-of-school youth and adult on technical skills to empower them to participate in developing rural economies.
- Training of cooperatives to produce food and other products
- provision of market and incubation support for minimum of 2 year mentorship to create sustainable rural economies.
- 120 schools capacitated as community colleges.
- 4000 community college trainers and offered work opportunities.

OUTCOME - literate and productive society contributing in reducing poverty and inequality



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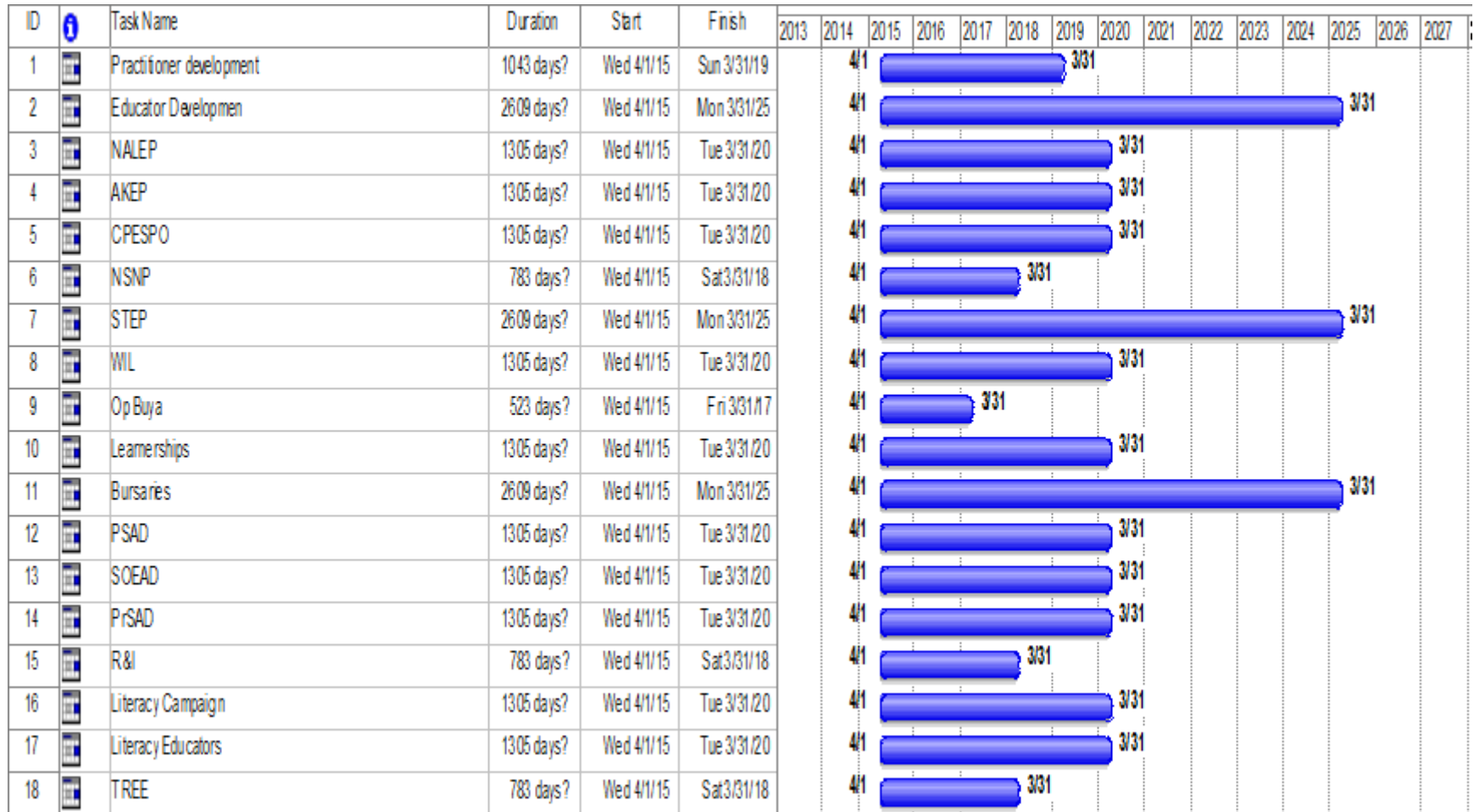


Figure 16: Gantt chart on the Skills Development Pillar



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SECTION C:

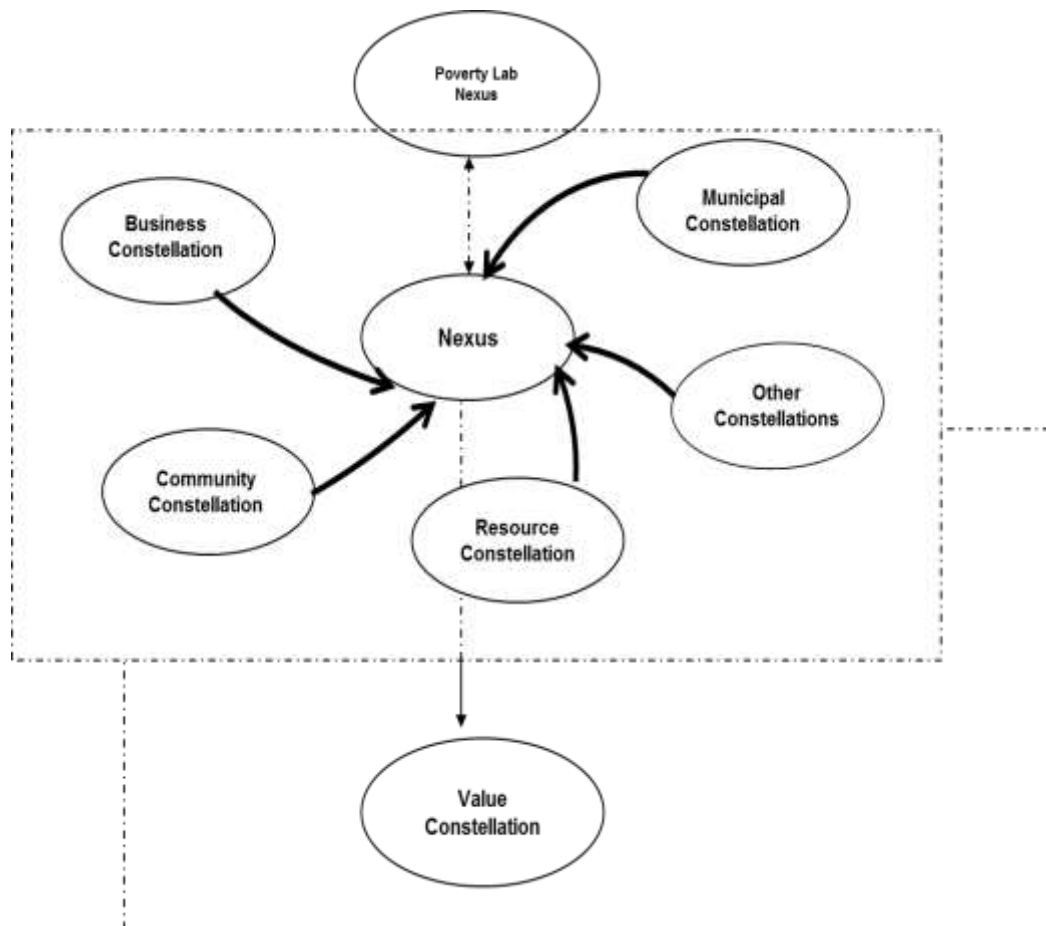
FUNCTIONAL CONSTRUCTION



CHAPTER 5 INSTITUTIONAL MECHANISM

The plan proposes that a Nexus (as a practical application of the nexus model) be created at each District as the key delivery mechanism. The nexus is a practical, concrete mechanism for effective, collaborative, multi-stakeholder relationships that contribute to working synergistically, breaking of silo mentality, joint problem solving and action, and the development of trust and social capital.

The following represents the core architecture based on the nexus model. There will be a provincial level Poverty Eradication Nexus in the form of a Project Management Unit that will interact with each nexus at municipal level. The Project Management Unit will serve as a strategic implementation “think tank” that carries the philosophy of the Poverty Eradication Master Plan into the districts, and provide support, guidance, coaching, knowledge provision, implementation support, technical assistance, and monitoring and evaluation.



The purpose of the district level nexus is the following:

1. Identify the key constellations that are practical and relevant for that specific district.
2. Develop and ensure that each constellation is dynamics, vibrant and working effectively.



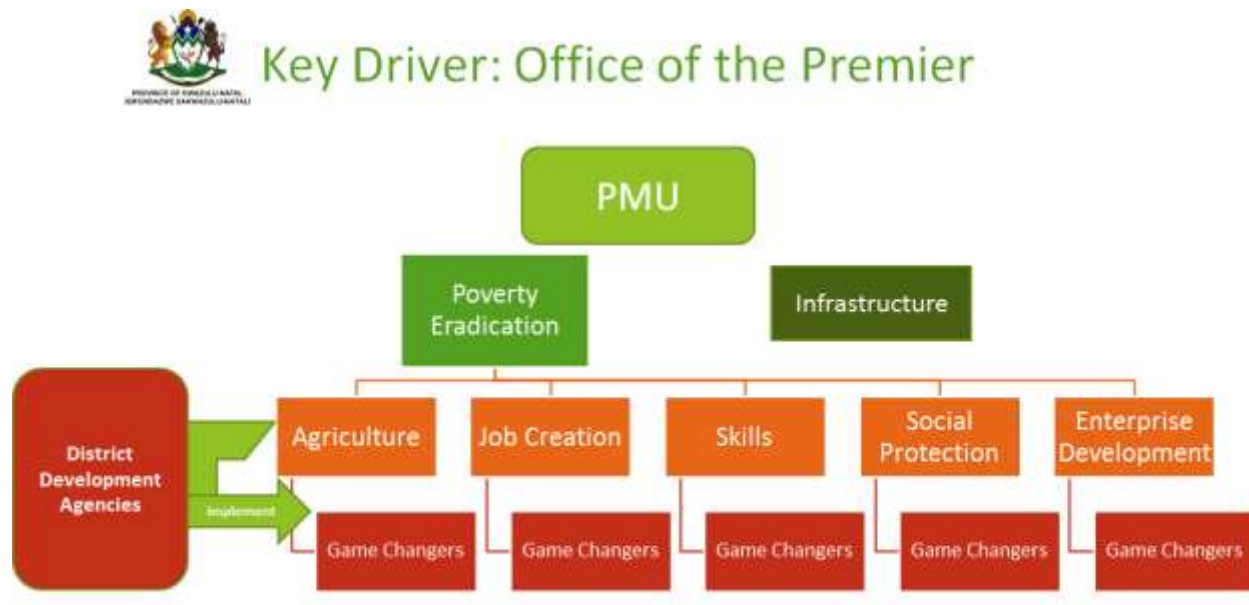
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3. Develop the resources constellation for the district
4. Identify specific resource provision, and funding mechanism for specific programmes and projects in the Poverty Eradication Master plan.
5. Mobilise the necessary resources and funding as identified in above.
6. Develop the value constellation as a direct outcome of the intervention from the poverty master plan relevant to that district. This will draw on the work of each of the pillars, and the nature of programmes and projects that are catalytic.
7. Construct and implement each of the components of the value constellations
8. Serve as the primary delivery mechanism that will engage with each of the stakeholders
9. Coordinate the implementation of programmes and projects
10. Perform Monitoring and Evaluation of the implementation

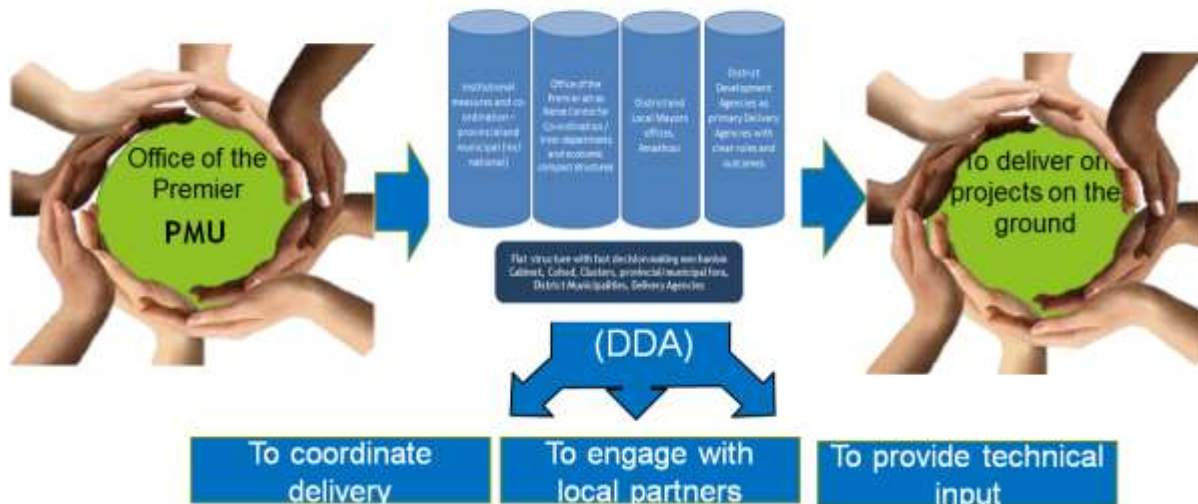
It is envisaged that the nexus will be embedded in the District Development Agency.

The provincial Poverty Eradication Nexus will be the primary Monitoring and Evaluation mechanism.

Monitoring and Evaluation will be based on an ICT system to be purpose developed and utilized. All projects contained in the Master Plan will be registered on this ICT system. The indicators will be tracked by the Project Management Unit and at each of the Districts as well.



Functional construction



Poverty Eradication is not a government affairs solely. It is a “Business for all”. Government and the private sector and community organisations must work in consort to coordinate planning and delivery mechanisms. In each government department’s report (provincial and municipal) there must be a dedicated section of Report on “Poverty Eradication”. The same principle will apply to the private sector operating in the province. The Economic Council of the province must pass this resolution and ensure that the private sector plays a critical role in this regard.

Stakeholders : Poverty Eradication “Business for All”	
Stakeholder	Role
Office of the Premier	Co-ordination and Oversight. Policy guidance and communication
Department of Agriculture and Rural Development	Agricultural planning, extension support, infrastructure support, training
Department of Economic Development, Tourism and Env Affairs	Economic research, data consolidation, business development, access to markets, access to some funding (other IDT)
Department of Education	Market, school curriculum development
Cooperative Governance and Traditional Affairs	Distribution channel development, municipal spatial planning, mentorship
DOH	Market



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DSD	Strategic support
DLA	Land access
Municipalities	LED coordination
Other	Fund managers, programmes, Social Partners (private sector)



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CHAPTER 6 FUNDING MODEL

This section has been drafted to provide a picture on the funding requirements of the Game Changer interventions as determined by the KZN Poverty Alleviation LAB. This also includes the determination of possible sources of funding (local and international, public and private) and the most optimal way of mobilising the funds to successfully and sustainably eradicate poverty.

The funding requirements presented in this document are drawn from the financial information presented during the LAB sessions in Didima, KZN. Whilst most of the numbers have been verified with the respective Pillars, the numbers for Social Development and Human Resources Development Pillars are yet to be verified. **This is a relevant element of the exercise in ensuring the integrity and acceptability of the funding platform.**

6.1. GAME CHANGER INTERVENTIONS –METF BUDGET PROCESS

Game Changer interventions are those interventions that have been identified by the LAB as having the greatest chance of eradicating poverty in a sustainable manner. The LAB identified Social Development, Employment Creation, Human Resource Development, Agriculture and Enterprise Development as the anchor interventions (Pillars) to drive the Poverty Eradication vision of the KZN Province by 2025. The summary of the Game Changers presented, includes both 'New' and 'Retained' interventions. The 'New' interventions are those interventions that have not been used previously; whilst the 'Retained' interventions are interventions that are currently being implemented.

It must be noted that the key element of the 'Retained' interventions that are included in the Game Changer funding requirement should be limited to the incremental spend with respect to the 'Retained' interventions. This is based on the assumption that any 'Retained' intervention is thus current and has an allocation within the budget framework. The Game Changers are made up of 'New' projects and the additional component of the 'Retained' projects. The funding model, has considered the financial requirements of both the 'New' and 'Retained' interventions to ensure that the funding requirement is properly calculated. The Game Changer numbers presented are an aggregate of the expected financial expenditure per Programme and per Project in terms of each of the five Pillars. The summary of the cost of the proposed Game Changer interventions is tabled below.



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Table 8 –The METF Game Changer cost structure

GAME CHANGER COST STRUCTURE				
PILLARS		Estimated Annual budget	Total budget (3 yrs) per METF p.a.	Implementation budget (10 years)
	Social Development	R 20 642 101 600	R 68 807 005 333	R 206 421 016 000
	Employment Creation	R 1 465 350 000	R 4 884 500 000	R 14 653 500 000
	Human Resource Development	R 2 805 335 667	R 9 351 118 889	R 28 053 356 667
	Enterprise Development	R 1 086 378 750	R 1 810 631 250	R 5 431 893 750
	Agriculture	R 677 800 000	R 1 129 666 667	R 3 389 000 000
	TOTAL FUNDING REQUIREMENT	R 26 676 966 017	R 85 982 922 139	R 257 948 766 417

Source: Afropulse Group

In Table 8, the maximum budget cycle used to calculate total expenditure is limited to three years, in line with the relevant National Treasury Medium Term Expenditure Framework (“MTEF”) rules. This three year budget only considers the spend for the first three years of the life of the Project and Programme, irrespective of the expected implementation period. Whilst the total budget presented only caters for the first three years of the Project’s life as per the METF framework, this outlook however, does not present the entire financial picture, given that some of the programs have a far longer duration in terms of implementation. The funding total that demonstrates the entire funding requirement over the duration of the Project (from commencement to termination date) is included in the Total Implementation Budget column.

If the budget is considered in terms of the MTEF rules, a sum of R85,982,292,139 (circa, eighty five comma nine billion rand) will be required per annum, accumulating to over R257 billion (circa two hundred and fifty seven billion) rand being required over the implementation period, which has been assumed to be 3 (three) years for the purpose of matching. The implementation period for the Projects may range from 1 (one) to twenty (20) years in some cases. This amount does not take into account any inflation adjustment.



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6.2. GAME CHANGERS INTERVENTIONS –IMPLEMENTATION BUDGET

Table 9: The Game Changer Implementation funding requirement

GAME CHANGER COST STRUCTURE					
PILLARS		Estimated Annual budget	Total budget (3 yrs) per METF p.a.	Implementation budget (10 years)	
		Social Development	R 20 642 101 600	R 68 807 005 333	R 206 421 016 000
		Employment Creation	R 1 465 350 000	R 4 884 500 000	R 14 653 500 000
		Human Resource Development	R 2 805 335 667	R 9 351 118 889	R 28 053 356 667
		Enterprise Development	R 1 086 378 750	R 1 810 631 250	R 5 431 893 750
		Agriculture	R 677 800 000	R 1 129 666 667	R 3 389 000 000
		TOTAL FUNDING REQUIREMENT	R 26 676 966 017	R 85 982 922 139	R 257 948 766 417

Source: Afropulse Group

Table 9 presents the entire expected financial impact of the interventions, in line with the commencement and end dates (Implementation Plan) as stated by the respective Pillars. The funding requirement for the entire Project implementation phase has been calculated at over R257 billion (circa two hundred and fifty seven billion rand) based on the implementation duration that ranges between one (1) to 10 (10) years. This table, which has not made any inflation adjustments, is presented to provide the reader of this document of the funding requirements per year over the longest duration of the implementation period. This Table will be relevant in assisting the Project/ programme managers and the Province to have a clear sense of the financial requirements for the interventions and also to be able to clearly see the expected financial commitments required for each intervention on an annual basis.

Whilst recognising that the task of the LAB was to consider meaningful interventions that would eradicate poverty, without spending too much time on the financial impact, the proposed expenditure appears from the current South African and Provincial revenue collections to overshoot significantly. **This does mean that a key element of refining the funding strategy and consequently prioritising programmes/projects and perhaps consequently elimination, deferment or reduction in some of the suggested expenditure.**



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6.3. BUDGET COMPARISON AND ANALYSIS

In light of the information presented above, in Table 8 and Table 9, we felt it prudent to overlay this with the current economic reality of both South Africa and the KZN Province.

Table 10: Budget comparison

GAME CHANGER COST STRUCTURE				
PILLARS		Estimated Annual budget	Total budget (3 yrs) per METF p.a.	Implementation budget (10 years)
		Social Development	R 20 642 101 600	R 68 807 005 333
	Employment Creation	R 1 465 350 000	R 4 884 500 000	R 14 653 500 000
	Human Resource Development	R 2 805 335 667	R 9 351 118 889	R 28 053 356 667
	Enterprise Development	R 1 086 378 750	R 1 810 631 250	R 5 431 893 750
	Agriculture	R 677 800 000	R 1 129 666 667	R 3 389 000 000
	TOTAL FUNDING REQUIREMENT	R 26 676 966 017	R 85 982 922 139	R 257 948 766 417

Source: Afropulse Group

Table 10, articulates the current South African budget as provided in the 2014/2015 budget. The expected budget from tax collections is expected to top a trillion rand. The amount presented above does not include the payments to be made by the fiscus e.g. debt service payments and other obligatory allocations. This Table clearly demonstrates that the funding requirements of the Game Changers is in far excess of both the Provincial and National Budgets over the three year METF budget periods.



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Table 11 – KZN METF Budget (2014 to 2017)

KZN PROVINCE MTEF 2014 to 2017				
	2014/2015	2015/2016	2016/2017	TOTAL
National allocation	R 94 079 925 000	R 100 671 247 000	R 103 286 051 000	R 298 037 223 000
Provincial own receipts	R 2 783 644 000	R 2 994 279 000	R 3 118 784 000	R 8 896 707 000
Total Revenue	R 96 863 569 000	R 103 665 526 000	R 106 404 835 000	R 306 933 930 000
Total Expenditure	R 95 164 119 500	R 101 051 845 000	R 104 204 719 000	R 300 420 683 500
Office of Premier	R 741 291 000	R 723 826 000	R 756 894 000	R 2 222 011 000
Agriculture, Environmental Affairs & Rural D	R 3 077 015 500	R 3 093 537 000	R 3 241 463 000	R 9 412 015 500
Eco Dev, Tourism	R 1 946 940 000	R 2 037 191 000	R 2 102 627 000	R 6 086 758 000
Education	R 39 446 920 000	R 42 572 680 000	R 42 881 812 000	R 124 901 412 000
Health	R 30 914 196 000	R 32 881 579 000	R 33 821 760 000	R 97 617 535 000
Human settlements	R 3 600 282 000	R 3 656 033 000	R 3 907 814 000	R 11 164 129 000
COGTA	R 1 348 076 000	R 1 362 699 000	R 1 435 607 000	R 4 146 382 000
Transport	R 9 060 595 000	R 9 504 027 000	R 10 001 955 000	R 28 566 577 000
Social Development	R 2 497 952 000	R 2 627 481 000	R 2 767 560 000	R 7 892 993 000
Public Works	R 1 369 361 000	R 1 372 793 000	R 2 046 221 000	R 4 788 375 000
Arts & culture	R 705 112 000	R 806 706 000	R 805 982 000	R 2 317 800 000
Sports & recreation	R 456 379 000	R 413 293 000	R 435 024 000	R 1 304 696 000
Surplus/ (shortfall)/ Other Departments	R 1 699 449 500	R 2 613 681 000	R 2 200 116 000	R 6 513 246 500
Key Infrastructure project spend				
Transport	R 21 105 000 000			
Health	R 3 029 000 000			
Education	R 7 997 000 000			
Human Settlement	R 9 600 000 000			
	R 41 731 000 000			

Source: KZN Provincial Government Budget (2014- 2017)

Table 10 should be read in conjunction with Table 11, being the KZN Province MTEF budget for the period of 2014/2015 to 2016/2017. The conclusion reached from this is that there is limited surplus within the KZN budget to cater for the Game Changers; in the absence of a process that seeks to raise revenue from other sources and restructuring the current allocation, to prioritise the Game Changers. From a timeframe perspective, sourcing new sources of income, will likely delay the implementation of the programmes by some period. However, if the approach taken is that of sourcing new funds whilst re-allocating the said Department budgets to accommodate the Game Changers, the inevitable delay in sourcing funds, can be significantly watered down by the results and impact of the Game Changers.



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6.4. FUNDING STRUCTURE

Table 12: 10 year funding period p.a.

	Years (Period)				
	1	2	3	4	5
Human Resource Development (HRD)	R 4 154 531 333	R 4 154 531 333	R 4 144 531 333	R 4 029 881 333	R 3 819 881 333
Enterprise Development (ED)	R 1 672 564 583	R 1 602 397 917	R 1 600 731 250	R 278 100 000	R 278 100 000
Employment Creation (EC)	R 2 933 500 000	R 2 782 500 000	R 2 782 500 000	R 2 782 500 000	R 2 782 500 000
Social Security Development (SD)	R 29 338 327 700	R 29 181 227 700	R 29 161 355 700	R 29 161 355 700	R 29 161 355 700
Agriculture Development (A)	R 284 500 000	R 761 500 000	R 781 000 000	R 781 000 000	R 781 000 000
INTERVENTION FUNDING REQUIREMENT	R 38 383 423 618	R 38 482 156 952	R 38 470 118 286	R 37 032 837 037	R 36 822 837 038
CURRENT BUDGETS	R 1 519 944 000	R 1 519 944 000	R 1 519 944 000	R 1 479 944 000	R 1 479 944 000
Human Resource Development (HRD)	R 1 519 944 000	R 1 519 944 000	R 1 519 944 000	R 1 479 944 000	R 1 479 944 000
NET FUNDING REQUIRED	R 36 863 479 618	R 36 962 212 952	R 36 950 174 286	R 35 552 893 037	R 35 342 893 038

	6	7	8	9	10	Total
	Human Resource Development (HRD)	R 1 550 000 000	R 1 550 000 000	R 1 550 000 000	R 1 550 000 000	R 1 550 000 000
Enterprise Development (ED)	R 0	R 0	R 0	R 0	R 0	R 5 431 893 750
Employment Creation (EC)	R 118 000 000	R 118 000 000	R 118 000 000	R 118 000 000	R 118 000 000	R 14 653 500 000
Social Security Development (SD)	R 12 199 878 700	R 12 054 378 700	R 12 054 378 700	R 12 054 378 700	R 12 054 378 700	R 206 421 016 000
Agriculture Development (A)	R 0	R 0	R 0	R 0	R 0	R 3 389 000 000
INTERVENTION FUNDING REQUIREMENT	R 13 867 878 706	R 13 722 378 707	R 13 722 378 708	R 13 722 378 709	R 13 722 378 710	R 257 948 766 472
CURRENT BUDGETS	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 8 419 720 000
Human Resource Development (HRD)	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 8 419 720 000
NET FUNDING REQUIRED	R 13 687 878 706	R 13 542 378 707	R 13 542 378 708	R 13 542 378 709	R 13 542 378 710	R 249 529 046 472



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Table13: Fund raising, Income and Expenditure Statement (Yr 1 – Yr 5)

	Years (Period)				
	1	2	3	4	5
Human Resource Development (HRD)	R 4 154 531 333	R 4 154 531 333	R 4 144 531 333	R 4 029 881 333	R 3 819 881 333
Enterprise Development (ED)	R 1 672 564 583	R 1 602 397 917	R 1 600 731 250	R 278 100 000	R 278 100 000
Employment Creation (EC)	R 2 933 500 000	R 2 782 500 000	R 2 782 500 000	R 2 782 500 000	R 2 782 500 000
Social Security Development (SD)	R 29 338 327 700	R 29 181 227 700	R 29 161 355 700	R 29 161 355 700	R 29 161 355 700
Agriculture Development (A)	R 284 500 000	R 761 500 000	R 781 000 000	R 781 000 000	R 781 000 000
INTERVENTION FUNDING REQUIREMENT	R 38 383 423 618	R 38 482 156 952	R 38 470 118 286	R 37 032 837 037	R 36 822 837 038
CURRENT BUDGETS	R 1 519 944 000	R 1 519 944 000	R 1 519 944 000	R 1 479 944 000	R 1 479 944 000
Human Resource Development (HRD)	R 1 519 944 000	R 1 519 944 000	R 1 519 944 000	R 1 479 944 000	R 1 479 944 000
NET FUNDING REQUIRED	R 36 863 479 618	R 36 962 212 952	R 36 950 174 286	R 35 552 893 037	R 35 342 893 038
Income earned (funding raised)	921 586 990	1 384 848 819	1 616 178 767	1 696 911 709	1 732 028 181
Adjusted income earned	368 634 796	553 939 528	646 471 507	678 764 684	692 811 272
Total Project Costs	253 925 333	348 894 008	331 316 647	347 866 900	355 065 777
<i>Project Management Unit</i>	56 079 350	79 242 441	80 808 938	84 845 585	86 601 409
<i>Set-up costs</i>	10 000 000	10 000 000	-	-	-
<i>Recurring OPEX (% of income p.a.)</i>	46 079 350	69 242 441	80 808 938	84 845 585	86 601 409
Admin costs	4 607 935	6 924 244	8 080 894	8 484 559	8 660 141
Depreciation	2 303 967	3 462 122	4 040 447	4 242 279	4 330 070
Travel and accommodation	2 303 967	3 462 122	4 040 447	4 242 279	4 330 070
Contingency costs	4 607 935	6 924 244	8 080 894	8 484 559	8 660 141
Seminars, workshop and training	2 303 967	3 462 122	4 040 447	4 242 279	4 330 070
Technical and other studies	9 215 870	13 848 488	16 161 788	16 969 117	17 320 282
Project activities	9 215 870	13 848 488	16 161 788	16 969 117	17 320 282
Salaries and wages	11 519 837	17 310 610	20 202 235	21 211 396	21 650 352
District Development Agencies (11)	197 845 984	269 651 567	250 507 709	263 021 315	268 464 368
<i>Set-up costs</i>	55 000 000	55 000 000	-	-	-
<i>Recurring OPEX</i>	142 845 984	214 651 567	250 507 709	263 021 315	268 464 368
Admin costs	13 823 805	20 772 732	24 242 682	25 453 676	25 980 423
Depreciation	2 303 967	3 462 122	4 040 447	4 242 279	4 330 070
Travel and accommodation	6 911 902	10 386 366	12 121 341	12 726 838	12 990 211
Contingency costs	4 607 935	6 924 244	8 080 894	8 484 559	8 660 141
Seminars, workshop and training	4 607 935	6 924 244	8 080 894	8 484 559	8 660 141
Technical and other studies	27 647 610	41 545 465	48 485 363	50 907 351	51 960 845
Project activities	36 863 480	55 393 953	64 647 151	67 876 468	69 281 127
Salaries and wages	46 079 350	69 242 441	80 808 938	84 845 585	86 601 409
OPEARTING SURPLUS	114 709 463	205 045 520	315 154 860	330 897 783	337 745 495

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Table 14: Fund raising, Income and Expenditure Statement (Yr 1 – Yr 5)

	Years (Period)					Total
	6	7	8	9	10	
Human Resource Development (HRD)	R 1 550 000 000	R 1 550 000 000	R 1 550 000 000	R 1 550 000 000	R 1 550 000 000	R 28 053 356 667
Enterprise Development (ED)	R 0	R 0	R 0	R 0	R 0	R 5 431 893 750
Employment Creation (EC)	R 118 000 000	R 118 000 000	R 118 000 000	R 118 000 000	R 118 000 000	R 14 653 500 000
Social Security Development (SD)	R 12 199 878 700	R 12 054 378 700	R 12 054 378 700	R 12 054 378 700	R 12 054 378 700	R 206 421 016 000
Agriculture Development (A)	R 0	R 0	R 0	R 0	R 0	R 3 389 000 000
INTERVENTION FUNDING REQUIREMENT	R 13 867 878 706	R 13 722 378 707	R 13 722 378 708	R 13 722 378 709	R 13 722 378 710	R 257 948 766 472
CURRENT BUDGETS	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 8 419 720 000
Human Resource Development (HRD)	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 180 000 000	R 8 419 720 000
NET FUNDING REQUIRED	R 13 687 878 706	R 13 542 378 707	R 13 542 378 708	R 13 542 378 709	R 13 542 378 710	R 249 529 046 472
Income earned (funding raised)	1 208 211 058	942 664 997	809 891 966	743 505 451	710 312 193	11 766 140 131
Adjusted income earned	483 284 423	377 065 999	323 956 786	297 402 180	284 124 877	4 706 456 053
Total Project Costs	247 683 267	193 246 324	166 027 853	152 418 617	145 614 000	2 542 058 727
<i>Project Management Unit</i>	<i>60 410 553</i>	<i>47 133 250</i>	<i>40 494 598</i>	<i>37 175 273</i>	<i>35 515 610</i>	<i>7 248 514 779</i>
<i>Set-up costs</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Recurring OPEX (% of income p.a.)</i>	<i>60 410 553</i>	<i>47 133 250</i>	<i>40 494 598</i>	<i>37 175 273</i>	<i>35 515 610</i>	<i>588 307 007</i>
Admin costs	6 041 055	4 713 325	4 049 460	3 717 527	3 551 561	58 830 701
Depreciation	3 020 528	2 356 662	2 024 730	1 858 764	1 775 780	29 415 350
Travel and accommodation	3 020 528	2 356 662	2 024 730	1 858 764	1 775 780	29 415 350
Contingency costs	6 041 055	4 713 325	4 049 460	3 717 527	3 551 561	58 830 701
Seminars, workshop and training	3 020 528	2 356 662	2 024 730	1 858 764	1 775 780	29 415 350
Technical and other studies	12 082 111	9 426 650	8 098 920	7 435 055	7 103 122	117 661 401
Project activities	12 082 111	9 426 650	8 098 920	7 435 055	7 103 122	117 661 401
Salaries and wages	15 102 638	11 783 312	10 123 650	9 293 818	8 878 902	147 076 752
District Development Agencies (11)	187 272 714	146 113 074	125 533 255	115 243 345	110 098 390	1 933 751 720
<i>Set-up costs</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>110 000 000</i>
<i>Recurring OPEX</i>	<i>187 272 714</i>	<i>146 113 074</i>	<i>125 533 255</i>	<i>115 243 345</i>	<i>110 098 390</i>	<i>2 043 751 720</i>
Admin costs	18 123 166	14 139 975	12 148 379	11 152 582	10 654 683	2 153 751 720
Depreciation	3 020 528	2 356 662	2 024 730	1 858 764	1 775 780	4 197 503 440
Travel and accommodation	9 061 583	7 069 987	6 074 190	5 576 291	5 327 341	6 351 255 161
Contingency costs	6 041 055	4 713 325	4 049 460	3 717 527	3 551 561	10 548 758 601
Seminars, workshop and training	6 041 055	4 713 325	4 049 460	3 717 527	3 551 561	16 900 013 762
Technical and other studies	36 246 332	28 279 950	24 296 759	22 305 164	21 309 366	27 448 772 363
Project activities	48 328 442	37 706 600	32 395 679	29 740 218	28 412 488	44 348 786 125
Salaries and wages	60 410 553	47 133 250	40 494 598	37 175 273	35 515 610	71 797 558 488
OPEARTING SURPLUS	235 601 156	183 819 674	157 928 933	144 983 563	138 510 878	2 164 397 325



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6.5. GAME CHANGER FUNDING SOURCES

The numbers presented on Tables above clearly show that additional revenue from non National government and non Provincial government sources will have to be found to fund the identified Game Changer interventions. The sources identified in Table 15, below provide comprehensive but a non exhaustive list of some of the government, private as well as international possible funding avenues.

Both the potential domestic and international funding partners are comprised of corporates, government, government affiliated agencies together with private foundations. The greatest challenge, with an exercise of this nature, is the ability to quantify the exact funds available; due the expenditure of funds and the maturity of the relevant programmes. In recognition of this, we have concentrated our efforts on entities and organisations that already have a presence or operations in South Africa and Sub Saharan Africa. This approach was adopted, as these funds are likely to be more accessible than those that have little or no prior experience in the South African or Sub Saharan space. The potential funding sources listed are those that are currently implementing interventions that in most instances are aligned with the Projects and Programmes identified by the respective Pillars.

Table 15: Funding Sources

Private Sector Funds

Pillar	Fund name	Programmes supported
ED	ABSA	<ul style="list-style-type: none"> • Co-op funding
A & EC	ABSA Agri-business	<ul style="list-style-type: none"> • Agriculture & agro processing
ED	Acorn Equity	<ul style="list-style-type: none"> • SMME funding
A	Actis	<ul style="list-style-type: none"> • Agriculture & agro processing
ED	Africa Infrastructure Investment Managers (Joint Old Mutual and Macquarie Africa (Pty) Ltd)	<ul style="list-style-type: none"> • Infrastructure investments
A & EC	Agri-Vie Fund (Sanlam Private Equity)	<ul style="list-style-type: none"> • Agriculture & agro processing
A	Akwandze-Agricultural Finance (TSB)	<ul style="list-style-type: none"> • Agriculture & agro processing
SD; A & HRD	Anglo American Chairman's Fund	<ul style="list-style-type: none"> • Early Child Development • Education • Food security and poverty alleviation in rural communities • Agriculture skills development
ED	Anglo-Khula Finance	<ul style="list-style-type: none"> • Mining
ED	Barak Fund Management	<ul style="list-style-type: none"> • Agriculture & agro processing
ED & A	Commercial banks (FNB, ABSA etc)	<ul style="list-style-type: none"> • SMME funding • Mining • Renewable energy • Agriculture



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Pillar	Fund name	Programmes supported
ED HRD SD EC	Corporate SA	<ul style="list-style-type: none"> • Enterprise development programs • SME funding • Skills and development (current employees) • Learnerships & internships • Bursaries • Scholarships • Work experience • CSI (education, container kitchens etc)
A	FNB	<ul style="list-style-type: none"> • Agriculture & agro processing
ED	Futuregrowth Power Debt Fund	<ul style="list-style-type: none"> • Renewable energy
ED	Gijima KZN Fund	<ul style="list-style-type: none"> • Infrastructure and construction related funding
ED	Gijima KZN Fund	<ul style="list-style-type: none"> • SMME funding
EC & ED	Harith General Partners	<ul style="list-style-type: none"> • Pan-African infrastructure
ED	Identity Development fund (IDF)	<ul style="list-style-type: none"> • Youth funding and start-up capital
ED	Isivande Fund (managed by IDF)	<ul style="list-style-type: none"> • Women funding –start-up, expansion, rehabilitation, franchising and bridging finance
A	Khula-Akwande Fund	<ul style="list-style-type: none"> • Agriculture & agro-processing
ED	Marang Financial Services	<ul style="list-style-type: none"> • Micro finance funding
A & ED	Massmart Supplier Development Fund (MSDF)	<ul style="list-style-type: none"> • Agriculture • SMME funding • Emerging farmers
ED & A	Noordwes Kooperasie	<ul style="list-style-type: none"> • Co-op funding
EC & ED	Old Mutual	<ul style="list-style-type: none"> • Co-op funding (Limpopo)
SD & ED	Petro SA	<ul style="list-style-type: none"> • Education (30% of spending) • Health (25%) • Community Development (20%) • Environment and Sustainable Development (20%) • Ad hoc projects that deserve support/funding etc. (5%)
A	Phathisa	<ul style="list-style-type: none"> • Agriculture & agro-processing
	Small Enterprise Foundation (SEF)	<ul style="list-style-type: none"> • Micro finance funding
ED & A	Standard Bank	<ul style="list-style-type: none"> • Emerging farmers
ED & A	Standard Bank Agriculture	<ul style="list-style-type: none"> • Agriculture & agro processing
EC & ED	Stanlib African Infrastructure private Equity Fund	<ul style="list-style-type: none"> • Infrastructure funding
SD	The DG Murray Trust	<ul style="list-style-type: none"> • Charitable foundation investing in education and the inclusion of previously marginalized groups.



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Pillar	Fund name	Programmes supported
	(the Trust can supplement the community NGO's who are part of the project implementation)	
EC & ED	The Kuyisa Fund	<ul style="list-style-type: none"> • Micro finance housing funding
SD; ED & EC	The South African Sugar Association (to assist the community NGO's who are part of project implementation)	Social Investment Programme <ul style="list-style-type: none"> • Health and welfare programme • Arts and culture programme Environmental and conservation projects Promotes access to quality education <ul style="list-style-type: none"> • In-whole school support programme • Early childhood development program • Education centres programme • Study assistance/bursary programme Enterprise Development Arts and Culture
A	Umtombo Agricultural Finance (SASA)	<ul style="list-style-type: none"> • Agriculture and agro-processing
A	United Farmer's Fund	<ul style="list-style-type: none"> • Agriculture & agro processing
ED	Use-IT, Durban	<ul style="list-style-type: none"> • Waste management
ED & EC	Utho SME Infrastructure Fund	<ul style="list-style-type: none"> • SMMEs in the infrastructure sector • SMME funding

International Funds

Pillar	Fund name	Programmes supported
ED & A	AECF (AfDB AREF fund)	<ul style="list-style-type: none"> • Renewable energy • Agriculture
A	AECF (managed by KPMG Development Services Limited)	<ul style="list-style-type: none"> • Agriculture & agro-processing
ED	AFD / Standard Bank Scheme	<ul style="list-style-type: none"> • SMME guarantee funding
A ED EC	AGRA	<ul style="list-style-type: none"> • Agriculture development –rural market places, commodity exchanges, warehousing systems, milling operations
A ED	Agriculture Fast Track Fund (AFT) by AfDB & German BMEL	<ul style="list-style-type: none"> • Horticulture Funding
A ED	Australian Aid (AUsAid)	<ul style="list-style-type: none"> • Goat farming



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Pillar	Fund name	Programmes supported
ED	Bill and Melinda Gates Foundation (BRAC)	<ul style="list-style-type: none"> • Micro funding (mobile money)
ED	City of Lahti, Finland	<ul style="list-style-type: none"> • Waste management
ED EC	Co-Op Africa Challenge Fund (LIO/UK government)	<ul style="list-style-type: none"> • Co-op funding
ED & EC	DEG (German Development Agency)	<ul style="list-style-type: none"> • Infrastructure and construction related funding
ED	EIB/Investec Fund	<ul style="list-style-type: none"> • Renewable energy
ED	EIB/RMB Fund	<ul style="list-style-type: none"> • Renewable energy
ED & HRD	endPoverty.org (currently only looked at projects in Rustenburg)	<ul style="list-style-type: none"> • Enterprise development <ul style="list-style-type: none"> ◦ Micro finance ◦ Business training and technical assistance ◦ Serve as mentors to borrowers
ED	Energy & Environmental Partnership with South and East Africa (EEP-EA), DBSA managed	<ul style="list-style-type: none"> • Waste management
ED	EU	<ul style="list-style-type: none"> • Co-op funding (Limpopo) • Goat farming –Makana goat farming project • Infrastructure
ED	Finland	<ul style="list-style-type: none"> • Co-op funding (Mpumalanga)
ED	FMO (Dutch Development Agency)	<ul style="list-style-type: none"> • Infrastructure and construction related funding
ED	IFC Community Development Fund	<ul style="list-style-type: none"> • Mining
A; ED & HRD	International Fund for Agriculture Development (IFAD) <i>(South Africa has made no applications)</i>	<ul style="list-style-type: none"> • Agricultural development • financial services • rural infrastructure • livestock • fisheries • capacity-and institution-building • storage/food-processing/marketing • research/extension/training • small and medium scale enterprise • agriculture development
ED & EC	KFW/IDC Green Energy Efficient Fund	<ul style="list-style-type: none"> • Job creation using efficient financial systems
ED	The Clean Technology Fund (IFC/AfDB)	<ul style="list-style-type: none"> • Renewable
A	UN Development program	<ul style="list-style-type: none"> • Agriculture –farming techniques and skills



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Pillar	Fund name	Programmes supported
ED	UN Environment Program Finance Initiative	<ul style="list-style-type: none"> Waste Management
SD & HRD	UNICEF South Africa	<ul style="list-style-type: none"> Education - early childhood development services, involving positive stimulation, nutrition and health care Life skills-based education for adolescents Preventing violence and abuse against women and children Better community health facilities
HRD & A	UNIDO (UN Industrial Development Organisation)	<ul style="list-style-type: none"> Skills and training Agriculture
SD; A & ED	World Bank South Africa - International Bank for Reconstruction and Development - International Development Association	<ul style="list-style-type: none"> Supports programmes that alleviate poverty <ul style="list-style-type: none"> Social development and gender inclusion Rural development Health Education Agriculture, fishing and forestry Renewable energy

Government related funds

Pillar	Fund name	Programmes supported
HRD & A	AgriSeta	<ul style="list-style-type: none"> Goat farming skills training
A & HRD	Comprehensive Agriculture Support Program (CASP)	<ul style="list-style-type: none"> Agriculture in general Agriculture infrastructure, technical, advisory services etc.
ED & A	Co-operatives Development Agency	<ul style="list-style-type: none"> Co-op funding
A & ED	DBSA	<ul style="list-style-type: none"> Renewable Energy (Green Fund) Agronomy & horticulture
ED	EPWP	<ul style="list-style-type: none"> Co-op funding
ED	Eskom	<ul style="list-style-type: none"> Energy efficiency initiatives
ED	EThekweni Economic investment and promotions Unit (EDU)	<ul style="list-style-type: none"> Waste management
ED	Financial Services' Co-operatives (FSC)	<ul style="list-style-type: none"> Co-op funding
A & ED	IDC	<ul style="list-style-type: none"> Waste management Agriculture & agro-processing



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Pillar	Fund name	Programmes supported
		<ul style="list-style-type: none"> • Infrastructure
ED	IDT	<ul style="list-style-type: none"> • Co-op funding
ED	Isibaya Fund (PIC)	<ul style="list-style-type: none"> • Waste management
ED	Ithala	<ul style="list-style-type: none"> • Co-op funding
ED	Jobs Fund, DBSA	<ul style="list-style-type: none"> • SMME • Waste management
A	Khula-Mafisa Fund	<ul style="list-style-type: none"> • Emerging farmers (agriculture)
SD	KZN Departments (2007) <ul style="list-style-type: none"> • Agriculture (AGIS) • Education • Housing • DPLG • Arts, Culture and Tourism • Land Affairs • Office of the Premier • Public Works • Social Development • Other 	<ul style="list-style-type: none"> • Poverty Alleviation Programs
ED & A	KZN Growth Fund	<ul style="list-style-type: none"> • Project finance, expansions, acquisitions • Agro-processing funding
A & ED	Land Bank	<ul style="list-style-type: none"> • Agriculture & agro-processing • Co-op funding • Micro-lending • Agronomy & horticulture
A & ED	Land Redistribution for Agriculture Development (LRAD Funds)	<ul style="list-style-type: none"> • Grant funding for agriculture infrastructure, capital assets, land acquisition etc
ED & A	Micro Finance Agricultural Institute of SA (MAFISA)	<ul style="list-style-type: none"> • Agriculture & agro-processing • Co-op funding • Micro-lending
HRD & A	MQA	<ul style="list-style-type: none"> • Goat farming skills funding
A & ED	National Development Agency (NDA)	<ul style="list-style-type: none"> • Micro financing • Agriculture
ED & EC	National Departments <ul style="list-style-type: none"> • Arts & culture • Energy • Labour 	<ul style="list-style-type: none"> • Co-op funding



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Pillar	Fund name	Programmes supported
	<ul style="list-style-type: none"> Social Development 	
A & EC	National Department of Agriculture	<ul style="list-style-type: none"> Land care programmes funding (grants)
ED & EC	NEF	<ul style="list-style-type: none"> Co-op funding Infrastructure SME funding
EC & ED	NYDA	<ul style="list-style-type: none"> Co-op funding (youth)
ED	NYDA/SEFA Fund	<ul style="list-style-type: none"> Youth funding and start-up capital
ED	SAMAF	<ul style="list-style-type: none"> Co-op funding
ED & EC	SEDA	<ul style="list-style-type: none"> Women funding –start-up, expansions, franchising and bridging finance Co-op funding SME funding
A & ED	SEDA Community PPP Program (SEDA CPPP)	<ul style="list-style-type: none"> Mining Goat farming
A & ED	SEFA	<ul style="list-style-type: none"> Women funding –start-up, expansions, franchising and bridging finance Co-op funding Micro-lending SME funding
A	Settlement Land Acquisition Grant	<ul style="list-style-type: none"> Agriculture land acquisition
ED	Support Program for Industrial Innovation (SPII)	<ul style="list-style-type: none"> Waste management

PILLAR KEYS

- A - Agriculture Pillar
- EC - Employment Creation Pillar
- ED - Enterprise Development Pillar
- HRD - Human resources Development Pillar
- SD - Social Development Pillar



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6.6. ADDITIONAL FUND RAISING MECHANISMS

In keeping with the ideology of ‘thinking outside of the box’, the authors have considered other potential, non-conventional additional fund raising mechanisms. Whilst not much detailed work has been done in considering whether the potential nor scope of such mechanisms, there is some belief that they could provide an additional funding source. It must however be noted that some of the proposed ideas might meet with great resistance given the current economic climate.

1. Additional Provincial Government Funding
 - a. Poverty Alleviation Reduction Levy
 - i. A levy that is paid by all those who benefit from large scale projects in the Province (most preferred)
 - b. Increased Gaming Levy
2. Collaboration with corporate SA

A clearly defined and managed social partnership between the Provincial government, business, labour and role players that sets out quantifiable participation with respect to the elements listed below in a co-ordinated fashion. The benefit of this is that most of the items proposed are already being undertaken at some level.

 - a. Skills development
 - b. Bursaries and scholarships
 - c. Internships
 - d. Learnerships
 - e. Enterprise Development
 - f. Access to markets
 - g. Preferential procurement
 - h. Provincial Funding Agencies
3. Social Dividend Fund

A new concept that appeals to philanthropy at all social levels.

 - a. To targets corporate, individuals, SOEs and SOCs operating in and outside of the Province
 - b. Non redeemable
 - c. Fully tax deductible (income tax) or a multiple can be offset as a % of Provincial expenses (e.g. rates)
 - d. Deductable in terms of donations tax
 - e. Provides participant with equivalent BBBEE points
 - f. Private sector participation (governance, management etc)
 - g. Augments poverty eradication funding initiatives
 - h. Limited to X% of company’s revenue

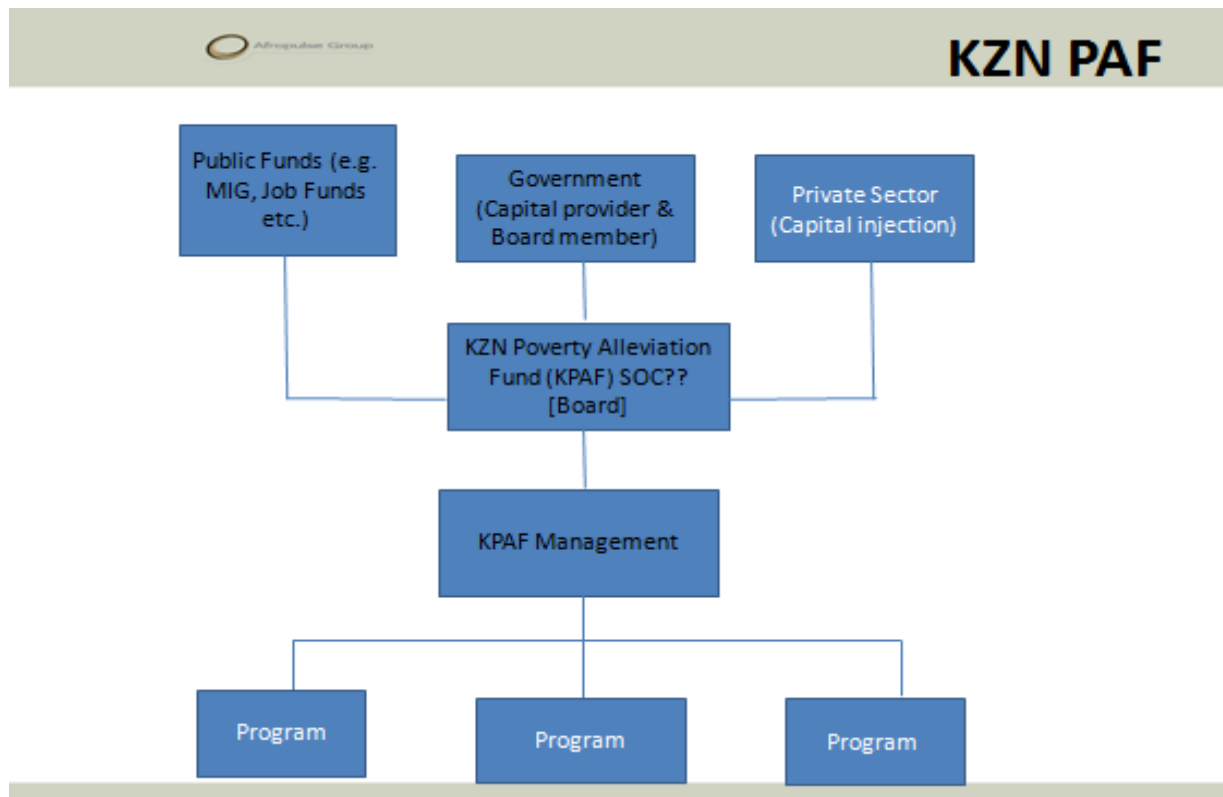


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6.7. FUND ADMINISTRATION MODEL

Whilst this does not form part of the initial brief, this aspect of the paper has been included after extensive research that considered the most impactful and sustainable poverty alleviation strategies implemented across Asian countries funded by Japan, Pakistan and China to name but a few. What became evident during the literacy review and desk top research undertaken was that the model used to implement the poverty eradication/ alleviation strategies was as important as the quantum of funds available. It appears that the most successful approach is an Integrated Approach which seeks to develop the individual and community in a deliberate, holistic manner thus leading to improved health, education & skills, employment and income.

Figure 17: Suggested institutional arrangement



The administration of the fund will be undertaken by “Managers of the fund” who could be employees of the departments who is champion of the Lab, or the resultant department to oversee the programme implementation or a division of existing institutions. The “Managers of the Fund” could also be third party administrators/specialists who in turn earn a fee.

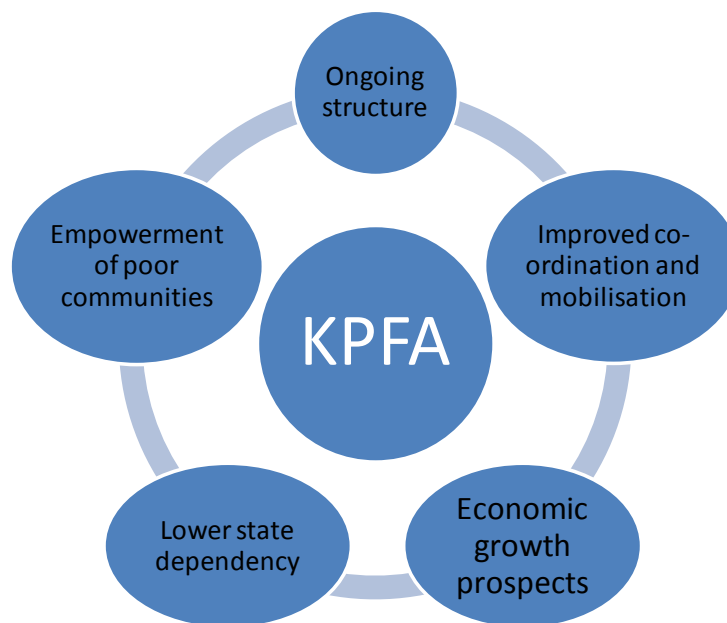
These administrative activities may include the following administrative functions which may include:



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- Calculation of the Net asset value ("NAV") including the calculation of the fund's income and expense accruals
- Preparation of semi-annual and annual reports to stakeholders
- Maintenance and filing of the fund's financial books and records as the fund accountant
- Payment of fund expenses
- Preparation and filing of the fund's prospectus
- Preparation and filings and other reports
- Calculation of the total returns (if applicable) and other performance measures of the fund and projects
- Monitoring disbursement of funds
- Mobilisation of funds from other external institutions

The expected outcome from this mobilisation model or Fund should, as seen elsewhere in the world result in vibrant rural economies and the empowerment of the targeted communities.



The key ingredients which are drawn from the literature reviewed and after studying the various models applied in Japan and Pakistan in particular suggest that for this administration strategies to succeed the following is key:

- Fund structure
 - **Independent and autonomous, yet supportive of government**
 - 'Fit-for-purpose' and value enhancing operational structure & model
 - Strong governance (Board, management, advisory council???)
 - Targeted co-ordination of projects and mobilisation of funds
- Political support & clout



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- Fund patron/ driver at the highest political level
- Monitoring and evaluation
 - Impact analysis of projects
 - Independent surveys and studies
- Strong social partnership
 - Community mobilisation, inclusion and participation

6.8. RISKS

The first biggest risk is always inadequate funding. There may be a challenge in redirecting these funds from government departments that have existing similar projects, and not willing to engage with our targeted game changers. There needs to be a relook at some of the budgeting of the projects, as the amounts would be impossible to fund even within the next 3 to 5 year cycle.

The other biggest threat is in the mobilisation of funds from other new sources of funding. As itemised in other parts of this section, there is potentially new private and international sources of funding that can be targeted. This approach will need a concerted effort from the Poverty Lab in establishing a strategy to mobilise these funds and putting forward motivation on why these projects will yield better results than projects previously undertaken.

Some studies have revealed in other countries, that the failure of poverty eradication programmes is the exclusion of ensuring collaborating efforts of all departments in the different ministries and agencies of the departments/government to ensure they work in harmony. What has proven to be equally paramount is the provision of microcredit facilities and skills training as a central focus in the implementation of projects. The Lab implementing a bottom up approach model consisting of grassroots efforts focused on programs in specific communities within a ward. This often takes the form of local social movements, small scale investments through micro-finance and savings and targeted problem solving practices.

Specific stipulations and restrictions by donor contributors or fund contributors which may derail the Lab's effort or constrain the Labs implementation of projects in the full scale manner as originally intended.

6.9. RECOMMENDATIONS

The different Pillars need to streamline the programmes to ensure there is no over concentration, of similar projects in one area. There needs to be prioritisation of needs in each ward/municipal area, to ensure that the scarce resources are spread to all wards in a way that will make a noticeable and sustainable difference. As some Pillars will have duplication of projects; the ultimate outcome would be to pick the low hanging fruit that will have the highest impact using minimum resources.



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Ideally the Pillars should not act independently of each other once the projects have been finalised, a holistic approach is recommended and in collaborating there may be synergies and duplications that may be identified. Not all wards will require implementation of programmes from all Pillars, and some wards may need one intervention at a time, to ensure community participation, adequate mobilisation of households and buy-in by from the intended recipients. Generally, activities dealing with self employment which help in building capital, assets and skills are relatively more effective.

A success pillar in poverty alleviation projects is also depended on political stability, security, economic credibility, transparency, and accountability. Education and or skills transfer are critical components of a successful eradication of dependency, and instilling know-how, self confidence and self-esteem.

The other recommendation could be that wards are selected on the basis of their high poverty ratios. All stake holders would have to work together in a coordinated effort to reach the poorest families.

The other factor the Poverty Alleviation Lab can provide is backward and forward linkages (buffer) for the programme at least in the initial stages. These could facilitate procurement of raw materials and equipments, manufacturing and marketing. Such measures can buffer the poor against the exploitation of those who control materials and markets at least till they become strong enough in terms of assets, capital, skills and bargaining power.



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SECTION D:

IMPACT COMPUTATION



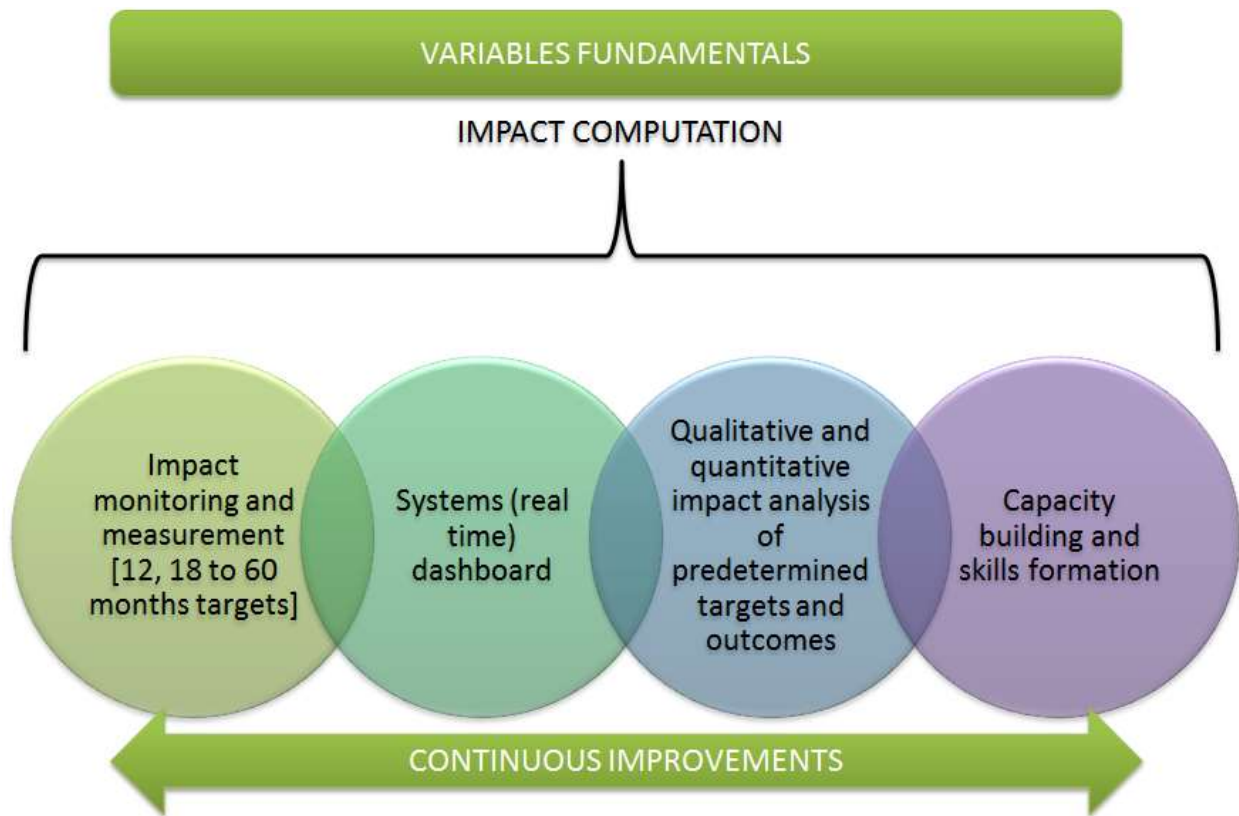


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CHAPTER 7 MONITORING AND EVALUATION

Initially, the measure of impact and outcomes, as well as inputs, outputs and costs, must be determined and agreed. Once this has been achieved, the various systems will be put in place to provide real time computation as noted above. As the data and evidence provide information on what is working well and what is not, fine tuning and regular adjustments can be made as needed²⁰. The computation of the impact of the poverty eradication initiative will involve broadly monitoring and measurement with various specific target timelines, real-time systems incorporating an output dashboard. The system will undertake both quantitative and qualitative analysis. A dedicated capacity building programme for the implementation of the system will need to be designed and implemented at various stages.

Figure 20- Elements of Impact Computation



Monitoring and Evaluation and Impact assessment can be based on the integration of existing systems and real time reporting portals for programme and project management.

²⁰ Linley, (2014)

Figure 21- Impact Computation System²¹

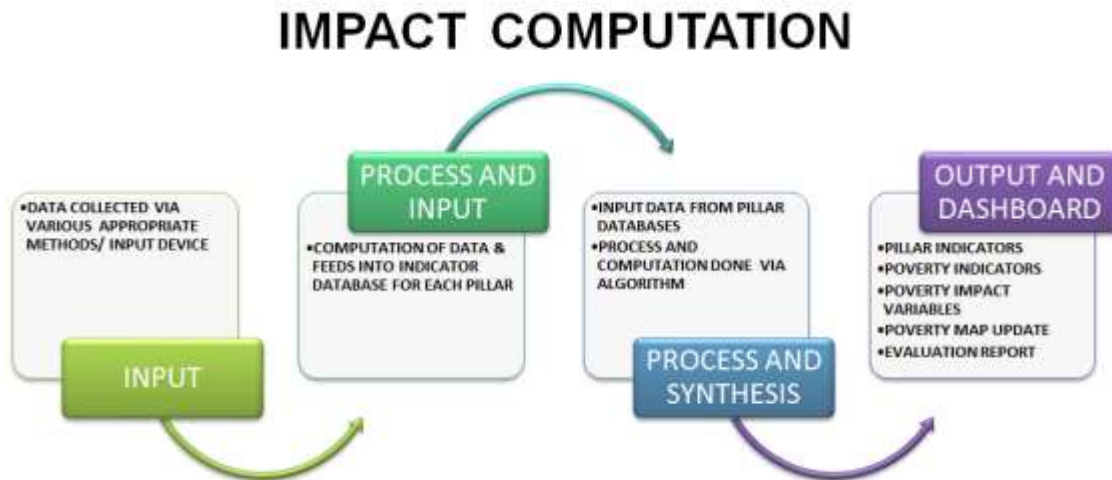


Figure 22- Specific KZN capability, current²²

MACRO INTEGRATION



Sufficient platforms currently exist within the KZN information and communications technology (ICT) capability to set up an online real time system to function as an effective tool for real time assessment, and

²¹ Linley (2014)

²² Linley (2014)

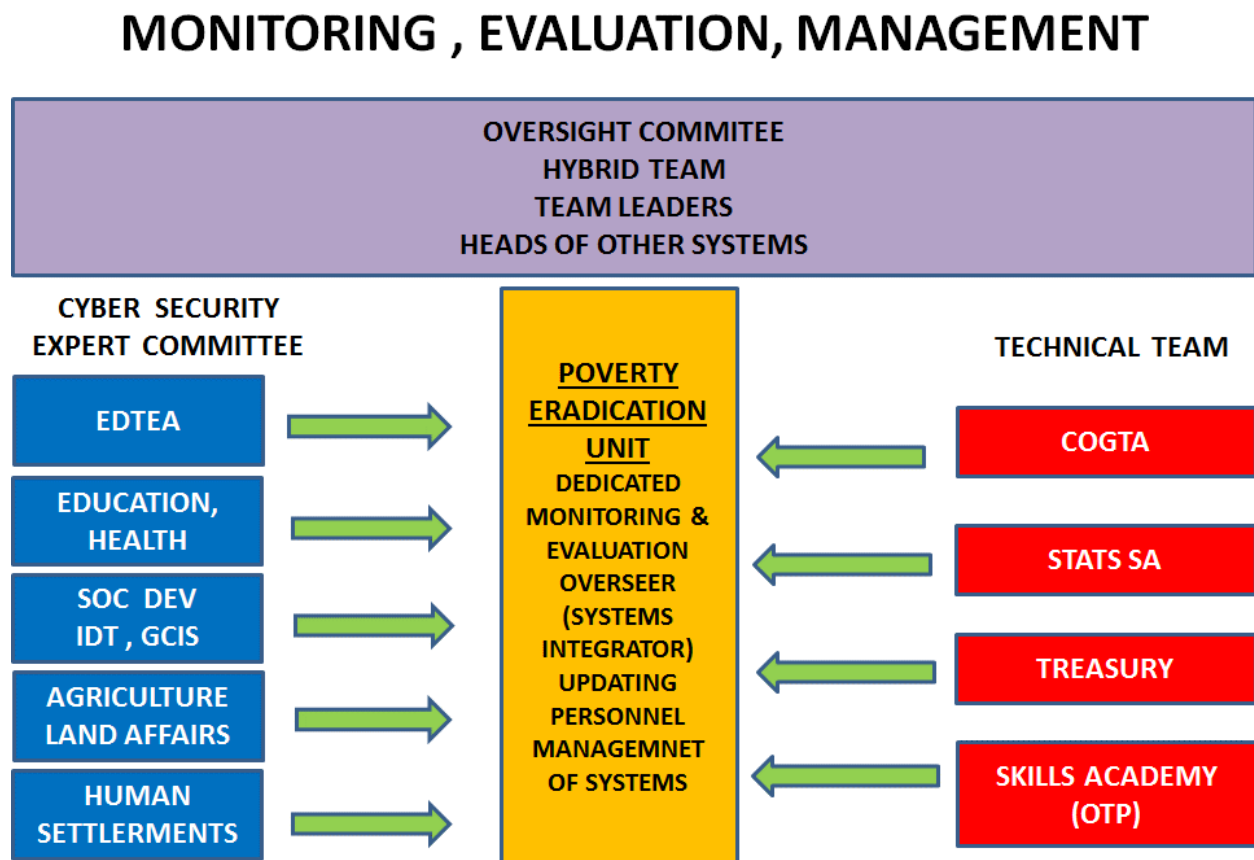


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feed- back required information to all funders and donors who will require regular reporting. Computation and analysis will therefore occur online.

As for the funding model, organisationally speaking, this function will report into the PCU in the Office of the Premier, as indicated below. Linkages to performance appraisals of the PCU, the programme management and officers, and project management and officers, can speedily and easily be implemented.

Figure 23 Organisation and reporting: M & E and Impact



Determining the impact of the poverty eradication initiative will need to be done via a computer system that combines correct application software with high speed devices and telecommunications at broadband speed. The computation process consists of 3 steps, the input, processing and output. The input phase is the one that needs the most attention as it involves capturing of data on the ground throughout the entire



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province. This process will involve people and appropriate customised input devices e.g. tablet, smartphone etc. The information that is captured will be fed into the system combining real time input and processing where the area is broadband enabled and batch input and processing in areas where telecommunication and broadband is not immediately available.

The input devices to be used can be procured from local electronics companies who manufacture and assemble them. Collation of input data from the ground must be, wherever possible, integrated with the Sukhuma Sakhe project in communities. The input data from the ground, once fed into the system, will be processed via appropriate application modules or sub-programmes. The outputs from these will then be used as input into the indicator variables for the various poverty eradication pillars. The devised algorithm will then process the data accordingly, utilising the necessary logic and computation formulae and match them onto the poverty impact variables to be produced as output.

The system will offer output or poverty eradication impact results/trends catering for various choices on a dashboard viz output for pillar indicators; dashboard type output; output for poverty impact variables; poverty maps of the province, indicating changes in status according to a key to be used and evaluation reports.



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CHAPTER 8 CONCLUSIONS

From the Vision of the Honourable Premier, Mr Mchunu, that of eradicating poverty in the province in our life time, comes these comprehensive and integrated Poverty Eradication Master Plan.

The Master Plan presents targets which are supported by a scientific analysis and congruent to the national and provincial vision, which is Vision 2030. The targets which are disaggregated into five year intervals and linked to the Medium Terms Strategic Framework (3 years) expounds for poverty eradication by 2030. This is a vision wherein all in the province lead a poverty free, descent, dignified and productive life.

The Master is the strategic and tactical compass, a blue print that should guide all in the province on how to concretely and cohesively deal a final blow to poverty, deprivation, and related unemployment and inequality.

The core tenets of this Plan are a fundamental departure from the past on how to tackle poverty. While in the past government was seen at the centre stage to dismantling poverty, in this proposition an individual is put at the centre stage to be empowered, self-empowered through sustainable measures. These are Game Changers which are delivery plans and interventions.

Invariably a Plan of this magnitude demands huge resources which government does not have, given the fact that already over 10% of the countries budget goes to social security or social protection plans. Thus, it is imperative that government, the private sector, multilateral bodies and international support institutions work together in a co-ordinated way to leverage resources in an efficient way.

Government will be actively engaging will all stakeholders, provincial, national and international to popularise this plan. Information massification remains the centre pivot to ensure that the Plan is known, and more importantly supported in all respects.

The Plan effectiveness and impact depends largely on full implementation and delivery on its fundamental imperatives. The adoption of Operation Phakisa model was not accidental, but deliberate to ensure that this Plan (unlike many others) is rooted on more delivery and less planning.

Indeed it is this generation that is tasked to radically transform the social and economic transformation of our country.

This Plan is a vote of confidence that government can delivery fast results with desired impact and change the fundamentals and apartheid inherited structure of our society and its manifestation of poverty, unemployment and inequality.

Failure is no Option.



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ANNEXURES





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