Teaching them to fish: entrepreneurialist approaches to rural development in South Africa

Terry Leahy
School of Humanities and Social Science
University of Newcastle
Email: Terry.Leahy@newcastle.edu.au

Abstract

One of the great puzzles of development work is the way money can easily be spent without much result. In South Africa, government development work in rural villages is oriented to food security and sustainable agriculture. Despite the good intentions of the post-apartheid period, problems with ineffective rural strategies persist. In this paper I want to trace the dominance of “entrepreneurialism” as a strategy for agricultural development in the villages, to suggest the problems which that sets in train and an alternative strategy that could be more effective. When I write of the entrepreneurialist discourse I mean that the aim of almost all projects is nothing less than to turn every poor villager into an entrepreneur, running a (very) small agricultural business competing on the market to sell their agricultural products. Typically, this is aim is to be realized by a small agricultural cooperative, whose members are recruited from the ‘poorest of the poor’ within the village. Within the departments of agriculture, this goal is constantly at the forefront. Every project becomes an attempt to set up a successful business and as this endeavour fails we are left with nothing. More practicable projects designed to make subsistence agriculture work end up being left out.

Keywords: Entrepreneurial, South Africa, Rural, Development, Village, Subsistence, Agriculture

Initially, there’s huge government inputs, but over time, the government input becomes less and less and then the community becomes more and more. The purpose must be to teach them to fish, not to give fish to them every day, every day, every day, like that. (Marcus 2006)

One of the great puzzles of development work is the way money can easily be spent without much result. In South Africa, government development work in rural villages is oriented to food security and sustainable agriculture. As in other developing countries, the neo-liberal approach “advocates ‘development through enterprise’ and emphasises business models driven by a profit motive that engage the poor as producers and consumers” (Karani 2009: 76).

Background to the paper
The research for this paper comes from two sources. One is a set of field research projects (8 in total) carried out by agricultural officers in widely dispersed sites across five provinces in South Africa. The second source is a follow up study in which I lived in two villages studied by these officers as well as touring agricultural projects. The interview quotes come from this follow up study.

**Entrepreneurialism as a policy setting**

The promotion of entrepreneurial success is a key to policy at all levels of the government departments of agriculture. The LandCare programme run by this national department provides a typical example of the entrepreneurial approach which dominates most projects:

> The community must gain an income through long term sustainable job creation and development of an economically viable infrastructure. (Holt 2005: 16)

This does not provide much leeway to fund projects that spend government money on support to household subsistence agriculture, whether on home stands, cropping fields or community grazing areas. It would be wrong to give the impression that every project is an attempt to create a business enterprise as a means to alleviate poverty. Some private NGO projects are intended to plant trees in people’s yards or to set up school gardens. Some government projects are intended to provide cheap inputs to household gardens, such as chicken wire or a drip irrigation system. However such project designs are certainly in a minority and in terms of money, entrepreneurial projects are definitely where most funding goes. My estimate after living in several villages for a period of time, based on my students’ research and my own experience touring projects in a variety of provinces is as follows. A typical village will have at least 10 entrepreneurial projects that can be seen to have been started at some time in
the last two decades. Of these, it is likely that one at most will still be operating and that will have been started within the last two years.

**Entrepreneurial success as a measure of project outcomes**

An example of this pressure can be seen in the Koringkoppies project and its evaluation by the department (ISDA 2002). Fencing off a wetland area to prevent damage by cattle was the central task. Installing a concrete channel to carry water to a dam was the second key task. Both these aspects of the project could be seen as assisting subsistence grazing. What has been added is a garden for vegetable production of 1.44 ha involving 43 local families. To irrigate this, there is a pump, pushing water up to three 5,000 litre PVC tanks. The aim is to extend this garden to 60 ha. This could be seen as a supplement to food security – growing vegetables in the dry season.

However the ISDA report does not present the project in terms of its contribution to subsistence agriculture. Instead, it stresses the commercial options. The construction of a fence is to start up an “income generating enterprise constructing wire fences for other communities”. The renewed wetland is not just to assist local subsistence agriculture but is to attract tourists. With that is a proposal to build accommodation rondavels. The report regrets that external funding was necessary and what is clearly required is “a greater initial contribution from the community in cash and kind, as well as a gradual phasing-in of improvements to irrigation infrastructure, fencing and livestock water, funded in part by the community” (ISDA 2002). In other words, it is a failure that government money has had to be spent and that the community did not generate funding through its own entrepreneurial activities. Ideally, the activities allowed by the project should provide sufficient cash income to pay back the amount
invested in the project. At the very least, the expensive infrastructure that has been
installed is to be maintained at community expense:

Some of the funds generated from the development of the vegetable
enterprise, as well as from the other planned enterprises should they
eventuate, could be utilised for this purpose (ISDA 2002).

What is problematic in this is not the idea that some of these enterprises may begin to
generate a cash income. The problem is that the infrastructure that is being supplied
\textit{can only be maintained if a cash income is created}. All three of these cash making
options are very uncertain.

In fact, conflict took place in the vegetable garden, as different groups from the
community were unable to work together harmoniously. There was insufficient
money generated from the vegetables to pay for the fuel and the maintenance on the
pump. In 2005, the beneficiaries were constructing a 20 km fence. However no money
was available to maintain the fence – if it was vandalized (Mojela 2005). This
extension of the original project depends upon a cash – and yet this is most unlikely.

Just to indicate that these kinds of project designs (and their failure) is still current, I
will mention two projects that I visited in the last fortnight (November 2009). These
were in a province I had never visited before. As part of a large programme to relieve
village poverty in the province, the major three campus university Walter Sisulu in
Eastern Cape is setting up a Centre for Rural Development. I was taken to two
examples of a flagship project. The project was funded partly by the university and
partly by “Old Mutual” insurance company. In total, these organisations spent
R500,000 on two sites of a soap making enterprise project. The first was in a rural
village. We spoke to two leading participants who were asked to come and speak to
me by the university organisers of the project. The project had been furnished with
two fenced lots and a lockable building and a tap connected to the municipal supply
(rare in the villages). The chemicals to make the soap had been supplied by the university. The participants had made several batches of laundry soap and dishwashing detergent. On the first occasion the sales had resulted in a profit of R10,000. This was meant to be saved to pay for the next lot of chemicals but instead had been spent by participants at Christmas. The organiser of the projects commented that “they still had not grasped the philosophy and practice of a co-op”. The university had supplied another batch of chemicals and participants were informed that this would be the last batch as the university did not want to encourage “dependency”. The participants had made up some of the batch but had been unable to sell most of it. Villagers were generally too poor to buy such products for their own use. The clinic would only buy a 5 months supply, which made it impossible to sell them a second round of soaps now they had bought the first. The school would not purchase any because there was no provider’s number. Effectively these factors meant that the project had stalled because the villagers had not made up any of the chemicals they had left to them. The second project was in a peri-urban squatters settlement. We spoke to five leading participants. Here, the members had experienced the theft of their supplies of chemicals, theft being a common problem with such projects and very often a fatal one. They also said they could not market the soap they were asked to produce by the university – which consisted of scented shampoos. They had not been allowed to produce the same product as the rural group. They were convinced that cheap laundry soap and dishwashing liquid would have been marketable to their community and they could have undercut the supermarket supplies. However the university does not intend to supply another batch of chemicals; they are convinced that the members could actually fund another round themselves if they wished to do so.
Entrepreneurialism as the perspective of agricultural officers

The policy settings of the government resonate with dominant thinking in the South African middle class and consequently within the agriculture departments themselves. The following interviews were conducted with agricultural officers in 2006. There are a number of reasons why these viewpoints are common, which I will consider briefly subsequent to setting out what is being said. This topic is covered more thoroughly in my book (2009) but this paper concentrates on the interview data, to reveal the way this discourse operates.

David

David began by complaining that of the projects he is supervising there are very few that could be used to demonstrate a successful project:

We wanted a project that has got beneficiaries, where it has got natural resources protected and people derive their livelihoods from that area. There is not even one project where people are making money out of it. We are looking for something that has the potential to give back to people the money that was spent.

So, projects can only be regarded as “successful” if they generate a cash income – subsistence outcomes are not sufficient to create a model which the department can be proud of. Ideally, projects go through a cycle in which the money initially spent in the project by the government is equalled by the money that people generate from their employment. This money is then available to maintain the equipment and inputs as well as to provide a job. David went on to talk about a project where 100 villagers had been allocated a cattle farm sold by a white grazier. The fencing supplied by the government had been vandalized by people from another village, who claimed the
farm had belonged to their “forefathers”. They had cut the fences to move their own cattle onto this grazing land.

Terry: What do you think is the solution for these other people who are excluded – the ones who are running their cattle illegally?

David: South Africans still have to go a long way. They need to identify who is a farmer and who is not a farmer. Now one is owning one or two cattle and another is not. They are not satisfied with the benefits from their few cattle and as a result they don’t look after them carefully. I think those who are ready to farm should be given the land. Help to let those who don’t want to farm to come out of their farming completely and work elsewhere and then we are left with people who have farming in their blood. If they identify students who are from the universities, colleges and this land is given to those students and if they make use of the principles of farming that they have learned from the university. That will relieve the government of many headaches … I believe these issues can be solved if farmers are well identified and preference is given to those who use farming to make money.

My initial discussion with David features projects which are designed to help impoverished villagers. Yet these projects do not successfully turn a group of villagers into entrepreneurs. The discussion then takes a new direction. The answer is to deprive villagers of the land they so clearly cannot use effectively – the land they are using only for subsistence. My view (see Leahy 2009 for full account of this) is that such a policy is far from a solution to the problems of the South African poor – “helping them … to come out of their farming completely” is not a realistic option with unemployment in rural areas running at 60 per cent.

To get a sense of the kind of people who can be helped by an entrepreneurial strategy we can look at the examples that Marianne provided.

Marianne
Marianne offered a number of examples where land or farming infrastructure grants had resulted in a successful farming enterprise and the emergence of a new black farmer, though she also noted that these were rare outcomes:

For example, there was a farm that was owned by a lawyer and he was blind. He hired a certain boy who was trained at the college and understands things very well. That boy used to manage everything on that farm and the farm was working very well. Even this other one that was outside the town. The lady who oversees the project was a teacher and the husband works for the department of agriculture and rural development corporation. They got packages of 2.5 million rands (about 500,000 Australian dollars) from the government and now that guy is running the farm with the wife and the farm is promising. They are educated and I think that is why the farm is well.

We can note in this second example how much money is actually necessary to get such a successful and competitive farm going. Not only did the husband and wife in the second example own the farm in the first place, they were both well educated professionals. In the first case, the beneficiary of the land grant was a lawyer and his assistant was educated in farming. While such examples certainly can prove the existence of successful projects that can produce black entrepreneurs – a class of “emerging farmers” my own view is that such successful farmers cannot do a great deal to relieve the poverty of the vast majority of rural villagers (for a detailed discussion of this see Leahy 2009).

Diana
Diana began by enunciating a common view, that the way to help poor villagers to become successful entrepreneurs was by assisting them to add value to crops which they were already growing as part of their subsistence farming, or which they could easily grow on the land they already had available for subsistence – for example eggs, chickens, vegetables (such as chillis, taro, okra), fruit, peanuts, cattle, even reeds for basket weaving. One problem with this strategy is that villagers can devise value adding techniques that are all too readily copied by other villagers, causing a glut – for example using mangoes to make chutney. Making this mango chutney is in fact a common example of an income generating strategy in the villages. While this extra cash is certainly important for villagers, it does not do a great deal to develop sustainable subsistence agriculture and actually relieve the food security problems of the villages. I put this objection to Diana who replied that it was up to the community to “think of a niche market”. Following my suggestions that subsistence production could be useful to supplement cash incomes, she agreed with this and related it to some of the project designs that are undertaken in the departments. Yet what is interesting is the way she so quickly moves towards entrepreneurial solutions as the most central and important project design:

Diana: If people are food secure, then that money will be used for other needs like school fees, development of the house. That is why we are encouraging people to have backyards because that addresses food insecurity.

Terry: You don’t think the idea that communities must gain income through long term sustainable job creation as ruling out projects which are mainly to provide subsistence products?

Diana: I think it’s twofold in the sense that if somebody is not having a long term job, he will always think of leaving here and going somewhere else. But if he has some kind of purpose … It’s an ideal situation where somebody, say he starts a project the same as the one he visited in Kwa Zulu Natal. How did they start and where? Like any other business, you won’t make money immediately, you have to work for some time before you can get money.
This discussion begins with the problems of assisting poor people in the villages and rapidly moves to talking about setting up businesses for emerging farmers. There is much that makes sense about her reply. It is certainly true that the demand for real employment often leads people to leave their villages. This lack of commitment to the village is an ongoing problem for rural projects.

Diana relegates strategies for subsistence to the backyard locale. In fact, funding for any kind of subsistence food production is actually a minute portion of the total budget of the agriculture department (National Department of Agriculture 2005: 157). When she is talking about “subsistence”, it is backyards which get a mention – cropping and community grazing are ignored, despite the enormous investment in subsistence strategies on these lands. In this Diana follows government policy settings. “Food security” means backyards while the biggest areas of land that are owned by villagers – cropping and grazing lands are always the target of entrepreneurial strategies. When Diana begins to talk about jobs the focus is on the male head of the household – not on women who in fact do most of the subsistence farming (in backyards and cropping areas). Diana speaks about a demonstration project in another province – in other words a visit to a project that has by now demonstrated its success by generating a real income for the members. The male villager visits this project and is inspired to start one like it. He realizes that he will not make money in a hurry, but in the long term this will be possible.

However, such a time frame for establishing a successful farming business would cut out most poor villagers. What they lack is the capital to back them over this period in developing their business. In Diana’s account of this successful entrepreneurial strategy we are in fact looking at the most likely beneficiaries as being precisely those emerging farmers that Marianne’s accounts have described – their start up funding is
the income provided from a middle class business or professional job. Unfortunately, in my experience, this scenario has little applicability to poor village families.

**Stephen**

This discussion began with a programme that had been recently initiated by the government. Named RESIS (Revitalisation of Small Irrigation Schemes) it was intended to revive infrastructure that had been put in place by the previous apartheid government and fallen into disrepair.

Stephen: They were agricultural projects, mainly funded by the government. Where blacks were farming there. So, provided with infrastructure, pumps, electricity. So, all that they were doing was just to farm. Local subsistence. But the problem with that was dependence. Those people couldn’t look at their activity as a business. Because the government was assisting them and paying their electricity and all that. So people didn’t run the projects as business. So now, this new government is in the process of revitalizing those irrigation schemes. With the objective of enhancing ownership. Management, control and all that. To enhance agriculturally sustainable agribusiness.

Terry: The idea of ownership. Does that mean people will pay for their own electricity or diesel if they need those to run the pump?

Stephen: Yes. Basically that’s that. In fact to run the irrigation schemes as business. Be able to pay their liabilities, you know.

So the intention of this new programme is to supply the actual borehole or dam, and the pump, with government funding. However the maintenance and the day to day costs are to be provided by the villagers themselves. The money is to come from profitable agricultural businesses. So the government actually has two complementary tasks. One is to re-supply the infrastructure that has fallen into disuse. The second is to set up the agricultural cooperatives that can maintain the funding into the future. Stephen makes a very clear statement of the rationale behind this approach and, as with the other interviewees, tends to move from poor rural villagers to new emerging farmers when the problems of this strategy are presented.
Terry: Can people afford to pay those ongoing costs of maintenance, electricity and diesel?

Stephen: I think the approach if its commodity based. People can be able. I mean we must start adding value to what people are producing, you know. Unlike production for subsistence. You know, and only sell the surplus. After subsistence. So that should be changed. To say, now you must look at the market, what the market wants. And the kind of product and the quality of that particular product.

Terry: But I mean that’s all very well but the fact is that these small farmers are competing with large agri business concerns owned by white farmers.

Stephen: Well, my understanding Terry is that a thousand miles begins with a single step. Though the market has been predominantly dominated by commercial farmers, we need to have a focus and say we are starting now and we will ultimately reach that. Fortunately for now, Terry, there are a lot of transformational laws that are enhancing equity in the country. One of them is agri BEE which is agricultural Black Economic Empowerment. Well, you cannot force us to drink water, but all that is said is that these black emerging farmers should try and secure a place in the market. And how should they secure a place in the market? Through buying shares and whatsoever. Of course, with the assistance of the government.

In this final part of the discussion, Stephen elaborates an alternative to rural projects for village communities. This is that big agricultural companies will be given contracts to supply government with food only when they can show that black employees have been given a stake in their company through share ownership. This is how Stephen sees BEE as working. While this is an understandable strategy as affirmative action it has a number of problems as a recipe for village poverty. Firstly, this programme is unlikely to be pursued very vigorously by the ANC as it could scare off foreign investors in South Africa. Secondly, the people most likely to be helped to become farm managers would be the middle class and well educated blacks. Finally, the impact on villagers is unlikely to be profound – wages will remain low in commercial agriculture, where companies compete with each other and on the world
market; unemployment in rural villages will not be reduced by the addition of a fragment of the black population into farm management.

**Why entrepreneurial strategies cannot relieve village poverty**

To understand why entrepreneurial projects are almost certain to fail, we can look at two issues. On the one hand are the difficulties faced by small holder entrepreneurs in South Africa in translating their limited capital and skills into economic success on a large scale – the kind of success that could mean a real shift into employment for the rural poor (Koning 2002; Timmer 2005; Watkinson & Makgetla 2002; Mather & Adelzadeh 1998; Bryceson 2002). Related to this are the more local difficulties faced by entrepreneurial community projects. Projects in the villages can only provide limited opportunities for income. A ubiquitous problem is the internal disputes that arise from real or suspected corruption by project leaders. The inadequate financial knowledge and accounting skills of the beneficiaries make entrepreneurial projects difficult to run. The resentment of other member of the communities in which projects are established is also a factor (Bunch 1997; Leahy 2009).

The failures of entrepreneurial community projects were evident in every part of South Africa that I visited and the agricultural officers that I had been supervising researched. I also noted that successes were almost always fairly recent, suggesting that these projects rarely last beyond five years.

**Entrepreneurial proficiency seen as the key to personal success**

Put like this, it is hard to see why the discourse of entrepreneurial success is so entrenched in approaches to community development in South Africa. One possible explanation is that this discourse helps to justify and account for the extraordinary
success and social mobility of the Black Middle Class today. Given the fact that up to 1994, blacks were effectively excluded from the middle class by apartheid, very few black South Africans come from a middle class background. Even those who were employed in government jobs under apartheid were paid pitifully low wages by the standards of the international middle class. But by now it is estimated that there are 3.7 million members of the Black Middle Class in South Africa (Terreblanche 2002: 32-35). This is very rapid social mobility.

It is probably easy for those who are caught up this mobility to believe that their own success can be copied by anyone who works hard. It would be disconcerting to think that their success had come about to a very great extent through luck. Families that I met that combined middle level government work with successful small business enterprise lived in nice brick and tile houses with picturesque gardens, had two door fridges, large screen TVs and up to date audio equipment, two recent cars and a maid. Their children went to a private school or at least to a good school in a good suburb. Expensive toys such as quad bikes were not uncommon. Sometimes, these families took international holidays or business trips.

This middle class lifestyle is heavily promoted in popular television programs in South Africa. Soap operas such as Isidingo and Generations typically show young professional black workers, engaged in large urban companies, enjoying a very up to date, international lifestyle. Advertisements on television promote the same image. Houses are elegant and stylish with all modern conveniences. There is no doubting the pull of this image of social advancement within the villages themselves. The ambition of young people to live this lifestyle backs up the entrepreneurial discourse promoted by the departments themselves.
The middle class lifestyle of black South Africans is not too different from that enjoyed by the middle class in Australia. But what is different is that it is very recently acquired. It is necessary to realize that this trajectory is not open to the majority of poor South Africans in the villages. The global and national economies will not find places for another 20 million middle class South Africans. It is not just a matter of encouraging people to work hard and take entrepreneurial risks. There are entrepreneurial individuals at every level of South African society today and only a very few will succeed. The most likely outcome for villages is not that they will develop a range of wonderful new business opportunities that will give everyone a job. The most likely outcome is that rural unemployment will stay pretty close to the 60 per cent figure that it is today.

**Other reasons behind the dominance of the community project model**

The community group entrepreneurial project in South Africa has become dominant because of a number of ideas that feed into this model. One is that these projects are seen as bottom up and participatory. One of the things that actually prevents them from working well is the large number of participants that are recruited. But in terms of rationale, the idea is to involve as many poor people as possible and hopefully to become an expression of the needs of the “community”.

A second is the desire to “go beyond subsistence”, a phrase that I often heard in South Africa. The idea is that there can be no development without jobs and participation in the monetary economy. These projects are seen as training ordinary people for this participation. Accordingly there is an emphasis on producing foods that can be sold on the market – and not just those which people grow on their own land and can get for nothing. This implies all the difficulties of money management that can lead to
problems. It also means that people are measuring these projects against other options for getting income in casual work or other kinds of government project. Finally this model works on ideas about the necessity to develop “social capital” in order to accomplish a takeoff in development. The belief is that people need to learn to work together to be able to develop successful enterprises and participate in the economy at large. These projects, with their involvement of multiple stakeholders working together on a commercial enterprise, are seen as a necessary stage in developing skills that can later be used in the monetary economy.

While all these ideas are understandable, their expression in the community group entrepreneurial project becomes a problem. We have to look to other models to create successful projects that will involve people over the long term and contribute to food security and sustainable agriculture.

**An alternative to entrepreneurialism – subsistence strategies for village trust rural areas**

The main aim of an alternative policy would be to supplement the inadequate social security paid to the unemployed in South Africa. The meagre benefits obtained from old age, disability and child support pensions are to be assisted with food produced for subsistence; money which is not spent on food is available for other purchases – electricity, school uniforms, mobile phones and so forth.

There are many strategies for assistance to subsistence agriculture on home stands, cropping lands and grazing areas. Most of these should be targeted to individual households or at most to the groups of kin or female friends that help each other with agricultural tasks. To a large extent they would have to aim at women where home stand and cropping agriculture is concerned and at men where cattle are concerned.
There are a number of related strategies: adequate fencing for home stands and to control cattle, water harvesting from household roofs, water retention structures in cropping fields, more adequate use of legume intercrops, more effective control of grazing pressure, more land reserved for fuel wood crops (for details see Leahy 2009). These are all fairly low cost measures that could be rolled out to villages as a supplement to the welfare payments that now exist.

It should be recognised that to a large extent, subsistence agriculture is current best practice for most government projects in the rural villages. This subsistence reality is merely masked by a smoke screen of entrepreneurial ideology – with business plans that go nowhere in practice. In other words, two things happen here. One is that the vast majority of well funded entrepreneurial projects fail, and most often leave a trail of bitterness and a sense of betrayal. The other is that programs can succeed but do so only because they effectively support subsistence strategies, while their intention and rationale is otherwise. To get more effective policies and action on the ground, there must be a recognition of the centrality of subsistence strategies for workable poverty relief and food security. This is not to say that surplus products from subsistence agriculture cannot be marketed, and it is not to deny that well funded and conceived entrepreneurial group projects can sometimes work. It is also not to deny the relevance of entrepreneurial strategies in creating a new class of emerging black farmers. On the other hand, successful strategies of this latter type cannot do a great deal for the poor.
References


