

# SSACI NEWS

The newsletter of the Swiss-South African Cooperation Initiative

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This newsletter aims to keep SSACI's partners informed about what the Initiative is doing, and why.

It seeks to give sponsors and project implementers a better understanding of one another's perspectives.

It highlights issues in the fields of education, training and skills development which effect SSACI's work.

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## Creating Jobs in Rural Mpumalanga



*Bahloki members making wire fencing in their Steelpoort workshop*

The **Bahloki Steelpoort Unemployment Organisation** is one of the first projects to be funded by SSACI in 2001.

“Bahloki” means “poor people” in Sotho and that’s exactly whom this energetic little community-based organisation seeks to serve. Established in late 1997 as a grass-roots, self-help initiative, Bahloki typifies the optimism and determination to improve their lot in life of many rural people in Northern Mpumalanga, where the project is located.

From an initial grant provided by the UK High Commission, Bahloki was able to lease a large shed that could be used as a workshop on the outskirts of Steelpoort and buy equipment for making wire-mesh fences and bottling soft-drinks. Training was provided by RUTEC, a Johannesburg-based non-governmental organisation that specialises in establishing micro-enterprises in rural areas.

Proceeds from the sale of the fencing manufactured in Bahloki’s workshop (see picture above) have sustained twenty-five members of the project till now. The cold-drink bottling operation was less successful owing to low profit margins and has been abandoned. “We’ve learned what works,” says Mr Petrus Mosehla, Co-ordinator and founding member of the organisation: “Now, with over 150 members, we need to expand our activities.”

The plan for 2001 is to double production of fencing and establish two new micro-industries – wax floor polish manufacturing and small-scale poultry farming. These products were chosen because there is a ready market for them in the many small villages in the Steelpoort district.

SSACI funding will help to bring that plan to fruition.

## SSACI's Legal Status

On 25 April 2001, SSACI was officially registered by the Master of the High Court as a public-benefit trust, with the registration number IT1870/01.

Immediately thereafter, SSACI's auditors, Price Waterhouse Coopers, applied to the South African Revenue Services for inclusion on its updated list of public benefit organisations to which donations are tax deductible in terms of Section 30 of the Income Tax Act. This list has now been compiled and forwarded to the Minister of Finance for his approval. According to the Act, the Minister has until 19 July 2001 to make the list public. We therefore expect his announcement soon.

As soon as this last legal hurdle has been cleared, SSACI will ask its corporate sponsors to make good their pledges for 2001.

In the meantime, SSACI has opened an interest-bearing bank account (Nedbank, Jorissen Str, Jhb; branch code: 19-65-05; account number 1469-041561), into which SDC has already deposited CHF1'000'000. On the day of the transfer, this converted into R4'716'328-84.

## Representation of the Corporate Sponsors on the Trust

At its first meeting on 1 February 2001, the SSACI Board of Trustees noted that a formal procedure for the nomination of trustees representing corporate sponsors needed be worked out. At present, SSACI's corporate sponsors are represented by Mr Mike Doyle, General Manager of Alpha, and Mr Terry Hime, Managing Director of Schindler Lifts, both of whom have been involved with the initiative almost from the start. They agreed to serve as trustees in a temporary capacity in order to get the Trust up and running. Thereafter, a more representative election process would be implemented.

Mike Doyle has undertaken to draft procedures for the election of sponsors' representatives and present them to all the other sponsors for discussion and ratification. The guiding principle will be that each company which donates money to the Trust in its own name will be entitled to a vote for the corporate representatives on the Board. Should an association of companies (such as the Swiss Business Council) make donations as a single entity, it will likewise be entitled to a vote.

In the interests of maximum participation, the Board has decided that the election for representatives of the corporate sponsors should take place each year at the annual pledging conference in September. **The tentative date for the 2001 conference is Friday 28 September.**

The commitment of sponsors to the Trust is greatly appreciated. This e-mail newsletter, *SSACI News*, will keep sponsors informed about SSACI's activities. Once projects are up and running, sponsors will be invited to visit sites where they can see for themselves how their money is being spent.

## Why the Need for an Organisation like SSACI?

According to recent research conducted by the Community Agency for Social Enquiry and published as the *Youth 2000* report, 52% of South Africans aged 16-35 who are not homemakers or engaged in post-secondary education are unemployed. The overwhelming majority of unemployed youths come from historically-disadvantaged communities, where the provision of education and vocational training has long been neglected. In the 16-35 age group, 70% of Africans are unemployed, 42% of "Coloureds", 33% of Indians and 10% of Whites.

Of the 350 000 young people who enter the South African job market annually, only about 17 000 (5%) actually find employment. The remainder add to the growing number of unemployed, now estimated at about 4-million nationwide or about 38% of the potentially economically-active population. This situation is likely to become more acute because, despite overall economic growth in 2000, the number of jobs in the formal sector actually declined in that year by 3% as a result of restructuring and the phenomenon of "jobless growth" in industry.

Significantly, the researchers found that unemployment tends to become a permanent condition. One fifth of unemployed youths whom they spoke to, representing 1.2 million people nationwide, said that they did not expect *ever* to find a job.

There is clearly a need for organisations like SSACI which can help young people to get access to knowledge and skills that will make them more able to find jobs or, better still, to make jobs for themselves.

## What's the Strategy?

SSACI's ultimate objective is to reduce poverty and unemployment in South Africa by making young people more employable or more self-employable. To that end, SSACI's Deed of Trust specifies that we should support "projects that... advance educational opportunities for disadvantaged young South Africans in order to enable them to obtain employment". The Deed further states that "the activities of the trust shall lead disadvantaged South Africans to a sustainable livelihood [and] will contribute to economic growth".

At present, economic growth in South Africa is largely confined to tertiary industries such as wholesaling and retailing, transportation, communications, finance, government and services. Unfortunately, jobs in these industries usually require higher levels of skill than are to be found amongst school-leavers. So young people with limited education and skills must look to small, medium and micro enterprises (SMMEs), often located in the informal sector, for job prospects. This is something they recognise for themselves and many have responded by starting up their own small businesses. In a recent nation-wide survey, 78% of young respondents said they consider self-employment to be a good way to earn a living. A third of them said that they had already tried to set up their own micro businesses, with varying degrees of success. However, the researchers noted that, for most young South Africans, "this interest in self-employment and developing a business cannot be realised because of lack of money, lack of skills and absence or lack of awareness of training and support programmes in these areas" (**Youth 2000**, CASE, p42). SSACI will fund programmes and projects aimed at tackling these obstacles.

Regarding micro-enterprises, research indicates that those most likely to succeed in rural areas and informal settlements around major cities are:

- taxi and transport services
- food processing (e.g. baking, sweet-making, cool-drink making, preparing meals for office-workers)
- small retailing (e.g. tuck-shops, "spaza" shops, household items sold at pavement stalls)
- personal services (e.g. hairdressing, shoe repairs, tailoring, telephone booths)
- production and sale of meat and poultry
- stone masonry (especially tombstones, paving stones and lintels)

- production of building materials (e.g. window-frames, doors, burglar bars, gutters, welded and pre-cast cement components for houses)
- production and maintenance of household goods and appliances (e.g. candle-making, ice-making, repair of stoves, fridges, heaters, etc.)
- motor vehicle maintenance (including tyre repairs, mechanical repairs, panelbeating, battery recharging, spray-painting by hand, welding and soldering of parts)

Projects which train and support entrepreneurs in these areas are therefore of particular interest to SSACI.

There is also a clear need for vocation-specific training amongst school-leavers, especially in technical skills which offer opportunities in both the formal and informal sectors of the economy. SSACI will therefore give priority to programmes which provide such a foundation of basic technology training and thus make the recipients more eligible for jobs in industry, as well as more able to start up their own small businesses in their local communities.

Training in these skills does not require large resources or complex facilities and much of it can be done in relatively short time periods. These are important considerations for SSACI, given our preference for software inputs, our concern that money disbursed should as far as possible be used for developmental activities and not for administrative or infrastructural expenses, and our own limited resources.

In summary, then, the major part of SSACI funds will be concentrated on projects which:

- are pitched at the level of Further (i.e. post-primary) Education and Training, and especially at 16-24 year-olds, rather than at the level of the primary school or of higher education.
- develop technical and applied knowledge and skills
- are closely linked to local employment or entrepreneurial opportunities
- require low expenditure on hardware, buildings, physical infrastructure and other capital equipment

Other projects which fall outside these parameters may be considered on special merit.

## Projects Under Way

To date, SSACI has committed funds to seven projects:

1. **Amsai Primary School:**

This community-based school and primary health clinic in the heart of Orange Farm informal settlement has long been a special project of the Swiss Business Council. SSACI has made R800'000 available to Amsai in 2001 for the construction of an IT centre which will be used to teach basic computer literacy skills to the 1200 children enrolled at the school and to adults who attend evening classes at the centre.

2. **Bahloki Steelpoort Unemployment Association:**

This grassroots organisation is described in more detail in the feature article on page 1. A grant of R400'000 was approved by SSACI to fund increased production of fencing and to establish two new enterprises – wax floor polish manufacturing and small-scale poultry farming.

3. **Forest Town Foundation:**

SSACI has earmarked R350'000 to help establish a technical-skills training workshop for disabled young learners aged 14 to 18. To get an idea of what these youngsters can already do, pop into their coffee-and-crafts shop at the corner of Birnam and Cowie Rds, Forest Town, Jhb, any Friday morning.

4. **Furntrain**

During 2001, SSACI will spend R415'000 to train 50 young people from rural North West province in practical skills related to furniture manufacturing. After six months of training, they will be placed in local factories or given assistance in setting up their own micro-enterprises.

5. **Outward Bound**

SSACI has approved a grant of R215'400 to provide life-skills and motivational training to sixty "street youths" from Johannesburg and Durban. The forty-week training programme will include literacy, entrepreneurship, teamwork, communication and personal discipline.

6. **Siyavuka Lateral Improvement Foundation:**

SSACI has allocated R366'400 to establish a ceramics workshop at Ipelegeng community centre, Soweto, and fund a 12-month training course for 30 Soweto youths in ceramic design and production. After completing the course, successful students will be able to continue to use the workshop as a "hive" for their own micro-enterprises. This community-based endeavour recently won an award for enterprise from the Rotary Club of South Africa.

7. **Youth Empowerment Network**

SSACI has granted R462'000 to this innovative programme for the provision of life-skills training to 150 marginalised youths in Alexandra and Kathorus townships, Gauteng. The 9-week training programme covers topics such as Teamwork and Co-operation, Taking Responsibility, Entrepreneurial Skills and Job-search Skills.

## What's Coming Up?

- Diarise the tentative date of SSACI's **annual pledging conference** and the **election of corporate sponsors' representatives** on the Board of the Trust: **Friday 28 September 2001**, in Johannesburg (Venue to be announced later). A similar conference will take place the following week in Berne, probably on Tuesday 2 October.
- The next meeting of the SSACI Board of Trustees will be on 30 August 2001, when funding will be allocated to some more projects. We are currently negotiating with some very promising programmes.

More details in our next edition of **SSACI NEWS!**

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