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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-holders a better understanding of one another's perspectives.

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

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Ministering to Micro-Enterprises: The Jala Peo Trust



Minister of Labour, the Hon. Membathisi Mdladlana (centre) visiting informal businesses with members of the Jala Peo team and SSACI's programme manager, Ken Duncan (right)

How to grow micro-businesses in the informal sector into small-to-medium sized businesses in the formal sector is one of the knottiest problems in development. With funding from SSACI, the Jala Peo Trust in Kroonstad, Free State Province, is piloting an innovative approach jointly developed by GTZ, Germany's technical aid agency, and the NAMAC Trust, a DTI initiative specialising in the support of small businesses.

In terms of the project, a team of five Entrepreneurship Development Practitioners (EDPs) have been trained by NAMAC to support emerging entrepreneurs in the Moqhaka municipality's informal business sector. Each EDP services 10 businesses.

David Mathews [23] is one of the EDPs in the Jala Peo project. Though young himself, he has shown an impressive flair for assisting other youths to grow their micro-businesses beyond survivalist level

and turn them into real cash-earners. One of the David's clients, Vusi Mlangeni [25] has been able in just three months to more than double the monthly revenue from his tuck-shop business from R1'950 to R4'235. This represents a substantial improvement over the average receipts of informal businesses of R750-R1500 per month and enables Vusi to make a sustainable living from his own enterprise. He is also able to offer occasional work to unemployed youths.

To date, David has focused his advice on financial record-keeping. However, he has also helped with marketing and was able to arrange for an article on Vusi to be published in the local newspaper.

A half-way evaluation of the Jala Peo project by an external consultant found that the EDPs had a pragmatic and methodical approach to assisting their clients and had indeed added value to clients' businesses.

HIV/AIDS – Changing the “Doomsday” prophecy

What began as a “doomsday” approach to communicating the message about HIV/AIDS has metamorphosed into a positive emphasis on skills that enable young people to act appropriately in the face of the pandemic. This new approach was developed in response to research evidence that the rate of increase in HIV is not reduced simply by the dissemination of knowledge about the disease.

A 2004 study by the Actuarial Society of South Africa calculated that 5-million South Africans out of a total population of 46-million are HIV positive. *LoveLife*, an HIV/AIDS prevention program aimed primarily at youths, states: “Studies project that by the year 2010, this toll could reach 10 million, and South Africa’s GDP could be reduced by more than 17 percent as a result of the disease.”

This continued high infection rate indicated that a rethink in the whole approach to HIV/AIDS education was required. A study commissioned by USAID in 2003 revealed that, while many HIV/AIDS programmes in sub-Saharan Africa have focused on the transfer of knowledge, this alone does not have a significant impact on the lifestyles of young people. To close the gap between knowing and doing, information needs to be augmented by specific skills training. According to the USAID study, the most effective programmes are those that:

- Enhance the personal risk perception of the youth
- Develop their self esteem and self-efficacy
- Provide training in practical skills such as assertiveness, communication, decision-making, coping with peer pressure and emotions
- Instil compassion and anti-discrimination

The study also suggested that the delivery of life skills programmes for out-of-school youth should:

- Be well-planned and based on sound theory;
- Be in the form of separate modules rather than being integrated with the general curriculum;
- Have facilitators who are skilled in participatory teaching and learning methodologies; and
- Include evaluation of the effects, processes and outcomes of training in order to inform continued improvement.

In short, the outcome of training programmes aimed at behavioural change should be the *psychosocial competence* to effect that change. This competence is defined by the World Health Organisation as the ‘ability to deal effectively with the demands and challenges of everyday life, to maintain a state of mental well-being, and to demonstrate this positive, adaptive behaviour

while interacting with others, with one’s culture and with one’s environment.’

Confidence in oneself and one’s ability to face the future seems to be especially important for youth-orientated programmes. According to Dr David Harrison, CEO of the *LoveLife* programme “Young people who know where they are going and what they want out of life tend to be at a reduced risk of being infected with HIV.”

During 2004, SSACI conducted a survey of HIV/AIDS training amongst its beneficiary projects and found that most were providing trainees with basic information about the nature of the disease and how to avoid it. However, the application of such information to everyday decision-making was often neglected. Training was typically lecture-based and didactic, and there was seldom any concerted attempt to evaluate the effect of the training on the trainees. Many training service-providers seemed unaware of these weaknesses in their training programme.

By contrast, a promising new curriculum was found to be in use by SSACI-supported projects affiliated to the Youth Development Network (YDN), a group of youth-focused NGOs that advocate an integrated approach to youth development. In response to frequent pleas from its youth workers, YDN has developed a toolkit that integrates HIV/AIDS education into technical and vocational training. The activity based, interactive lessons are designed not only to help participants understand HIV/AIDS but also to reflect upon its likely impact on their own lives and factor that into their planning for the future. Based on a model of training for behavioural change developed at Johns Hopkins University, the YDN toolkit seeks to move trainees from knowledge to action in five stages, namely:

- Knowledge (Do they have it?)
- Approval (Do they accept and believe it?)
- Intention (Are they going to use it?)
- Practice (Are they applying what they have learned?)
- Advocacy (Will they share it with others?)

SSACI believes that this progressive approach has the potential to influence young people more positively than many of the more traditional methods currently in use. We are therefore encouraging our beneficiaries to try out the toolkit in their own training programmes. The problem of HIV/AIDS is simply too serious to be given second-best treatment.

Whither Women Entrepreneurs?

It didn't seem like it at the time, but fortune actually favoured Vivian Mbolekwa when the shop where she was working as a cashier in Khayelitsha, Cape Town, was destroyed by fire. Unable to continue trading, the owner paid off his staff and Vivian found herself out of a job. Undaunted, she set up a table outside the ruined shopping centre, selling cosmetics and hair products to passers-by. At first Vivian's husband opposed the venture because he felt that her street-side enterprise exposed the family's financial difficulties to comment by the community. But he soon changed his mind, especially when Vivian moved her growing business into a "proper" shop in the rebuilt centre.

Vivian was also fortunate in being identified as an emerging young entrepreneur by the University of Cape Town's Centre for Innovation and Entrepreneurship (CIE). With funding from SSACI, CIE helps high-potential young entrepreneurs to grow their businesses, provide employment to other youths and cross the "great divide" between the informal and the formal sectors. SSACI's grant to CIE – R1.6-million for 2004-5 – covers business training, mentorship and development loans of up to R50'000 to each participating enterprise. Vivian used her loan from the SSACI fund to make an advance payment on suitable premises in the shopping centre and purchase additional stock. She has never looked back. Turnover is up from R6'000 to R28'000 per month and Vivian has had to employ an assistant to cope with the increased custom. She is ahead of schedule on the repayment of her loan and is looking at further ways to expand the business.

As with most women entrepreneurs, Vivian's venture into business was prompted by necessity. Research indicates that most women who engage in entrepreneurial activity do so in response to the stimulus of unemployment rather than of opportunity. Thus, their activities are mostly at survivalist level. Retailing is their most common activity because it offers the greatest ease of entry and exit.

Yet the number of female entrepreneurs in South Africa is low. The 2004 *Global Entrepreneurship Monitor* report indicates that only 4.8% of South African women aged 16-65 are self-employed, compared to 6.9% of men. Amongst the reasons for this may be:

- the traditional roles of mothers and homemakers often deprive women of an independent income and limit opportunities to engage in business outside the home
- generally lower wages for women than for men make it difficult to accumulate start-up capital or



Vivian Mbolekwa in her shop in Khayelitsha

assets that could serve as collateral for a loan.

With 30% of South African households headed by women and poverty rates 50% higher amongst women than men, there is a growing realisation in official circles of the need to encourage more entrepreneurship amongst women as a means to economic empowerment. For example, In 1998, the Department of Trade and Industry launched its Technology for Women in Business programme, aimed at increasing the access of women entrepreneurs to new technology. In June 2004, DTI established the South African Women Entrepreneurs Network to promote their access to business resources, information and opportunities.

The 1995 Beijing Platform of Action on Women and Enterprise listed specific strategies that it believed could readily be implemented by governments and NGOs to develop women entrepreneurs. These include:

- Training programmes for women in entrepreneurship, business management and technology, especially for low-income women in rural areas;
- Involvement of women in trade promotion programmes;
- Creation of investment funds for women enterprises;
- Publicising successful women entrepreneurs to provide role models and promote networking and the exchange of information
- Provision of affordable child-care services.

Experience internationally has shown that improving the economic status of women has a significant positive impact on the well-being of their families.

Vivian Mbolekwa is a case in point.

SSACI Under a Magnifying Glass

To ensure financial accountability and quality service-delivery, all projects funded by SSACI are subject to external monitoring and evaluation. It is only fair that SSACI itself should undergo similar scrutiny.

In the third quarter of 2004, the Swiss Agency for Development and Co-operation (SDC), commissioned a case study of SSACI as an example of public-private partnership in development. The study was conducted by a team of four researchers, two Swiss and two South Africans. None of the researchers had had any previous contact with SSACI. Their final report was released in November 2004, in time to be presented to sponsors at our annual consultative meetings in Johannesburg and Bern.

The researchers visited a range of SSACI-funded projects and consulted extensively with corporate sponsors, implementing partners, NGOs, individual beneficiaries, business initiatives, and various other stakeholders. Their report gives SSACI a strong endorsement, describing it as a “win-win strategy” for corporate sponsors and SDC that has produced “overwhelming impact [through] comprehensive skills training that integrates life skills and bridges over to real job placement, including assistance in establishing micro-enterprises”.

The report begins by reviewing the context of youth unemployment in South Africa. It highlights the low uptake of job-seeking school-leavers by the formal economy: of 820'000 new entrants into the job market each year, only about 300'000 ever find a job. This quantitative gap is accompanied by a qualitative mismatch between skills available and those in demand. The net result of these factors, along with Apartheid's neglect of education and training for the African majority, is that 25% of white school-leavers and 71% of African school-leavers remain unemployed. While important reforms have been initiated by government - such as an overhaul of the public education system and the introduction of a levy-grant scheme to promote industry-based, on-the-job training - these have yet to become fully operational. Their limited impact to date is partly due to their recentness and partly to limitations in the managerial capacity of the responsible agencies. Thus, there is still a need for well-managed private initiatives like SSACI to tackle youth unemployment.

Turning to the partnership between corporate sponsors and a Swiss government agency (SDC) that lies at the heart of SSACI, the researchers report that:

“It works! The main lesson of this partnership is that it succeeded in the beginning and that the partners are still (or even more) happy with it after four years. The

joint effort strengthens not only their visibility, but also leads to innovative projects that are highly appreciated in South Africa”.

The body of the report goes on to analyse SSACI's funding programme and identify four key features that have contributed towards its success:

- **Focus on a single issue of national importance**, namely youth unemployment, which “has provided to all partners a clear and positive profile”. It has also resulted in “clear-cut operational guidelines” that “facilitate trust-building and communication among the partners”. SSACI's funding strategy is described as “transparent and consistently applied; there is no hidden agenda”.
- **A results-driven approach**, in which success is measured by the number of youths trained *and* employed. “The outcome orientation of SSACI is quite unique”, says the report. “SSACI has gained its current reputation with a consistent track record of achieving results clearly above average.”
- **Being innovative**. The researchers note that “SSACI has shown the value of being truly innovative to differentiate itself from other, larger, ‘mainstream’ players... We refer particularly to SSACI's innovative training schemes that include additional measures to bridge the training/placement gap (usually lacking in government-supported schemes)”
- **Lean and efficient management**. “SSACI is very efficient, with reasonable administrative procedures... The small size of the SSACI organisation induces many benefits for both projects and sponsors. First, it keeps overhead and co-ordination costs minimal... Second, this allows for high flexibility and speedy processes, an important comparative advantage against larger organisations.”

The report includes illustrative examples of individual former trainees who have gone from unemployment to sustainable living and notes that: “The stories of the final beneficiaries of SSACI show that the cooperation initiative not only works between the public and the private sponsors but actually makes a real difference in the lives of the trainees”

All of this led the researchers to conclude that: “Overall, SSACI ranks clearly above average or even exceptional as a donor organisation (from the service-providers' point of view) and as a social investment fund (from the sponsors' point of view)”.

From unemployment to earning power: some SSACI women alumni at work...



*Left: In 2003, Novuso Jongile completed a course in business administration through the SSACI-funded Business Skills and Development Centre in Cape Town. She now works as a customer-service consultant at **Twiice International**, an international home décor design and production firm.*

After being unemployed for six years, Phyllis Serumia (seen below wearing the white hard-hat) enrolled for a life-skills and personal empowerment course through the SSACI-funded Youth Empowerment Network in Gauteng. Today, she is project manager for a government-supported wetlands rehabilitation project.



Upcoming Events

- Consultative meetings between SSACI and its sponsors will be held in Johannesburg on 26 May and Zurich on 2 June to review SSACI's achievements to date and consider options for the future.
- The final report of a second external evaluation of SSACI by Swiss and South African consultants, which will be tabled at these meetings, will then be available to any interested person.
- SSACI's **Activity Report 2003-4** will be released next month, to coincide with the sponsors' meetings.
- A new video entitled **"Working Capital"**, will be released at the same time. It focuses on how young former-trainees from SSACI-funded projects have successfully entered new careers or started their own businesses.
- SSACI and its project partners - the Swiss Business Council, I-Fundi Development Solutions and the Services SETA - will celebrate their successful "Learnerships for Employment" project at a gala function in Johannesburg to be attended by the national Minister of Labour. The date of the function will be announced soon.