

ECONOMIC EMPOWERMENT OF HOUSING BENEFICIARIES

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature

06 November 2002

ABSTRACT

A premise of this thesis is that too much emphasis is still placed on dealing with the crisis of *housing provision*, rather than planning for *housing development* in South Africa. Little consideration is given to the economic improvement of the housing beneficiaries. The following research question was posed: *What can and should be done in order for housing beneficiaries to become economically empowered?*

Government has the obligation to enhance and maintain the personal social welfare of its inhabitants. Housing is part of a package of social welfare services that includes physical health as well as the incorporeal element within a human being. Housing is also a process of how people came to be housed, starting at the moment when they first apply for a house.

Economic empowerment should be linked to the four dimensions of development, i.e. equity, capacity-building, participation, self-reliance. Equity leads to economic empowerment by providing equal access to economic opportunities. Capacity-building has aspects of developing skills, providing access to, and establishing supportive structures for economic empowerment. Participation is concerned with achieving power to influence decisions. Finally, self-reliance is linked to economic empowerment because it refers to the ability of people to produce most of its basic needs as well as producing surpluses with which to trade for those commodities and services which it does not produce efficiently itself (Burkey, 1993:51).

Economic empowerment of housing beneficiaries implies a micro, individual level focus of economic development. According to Gildenhuys (1993:26) economic welfare refers to the development of the economic and material welfare and prosperity of the individual. Apart from a micro focus, a multi-objective focus is required for sustainability. According to Dalal-Clayton and Bass (2000:12), sustainable development entails balancing economic, social and environmental objectives. Finally, there are two dimensions to economic empowerment, namely, empowerment of the housing beneficiaries, as well as empowerment of development facilitators.

Evidence of shortcomings of development projects relating to economic empowerment was provided in this thesis by means of applying the findings of an empirical research project in Wesbank to economic empowerment. The research explored the management processes that were implemented that eventually resulted in outcomes not being desirable. It was explained that the initial "scattering" of opportunities to emerging contractors was not part of a concerted approach for the primary beneficiaries to become economically empowered. This housing development project did not only fail to ensure economic empowerment, but also denied the housing beneficiaries what little economic activity they were involved in prior to the move. The Wesbank evidence was also linked to the views and findings of various authoritative sources that confirmed that government development projects in general, have an unfortunate track record when it comes to economic empowerment of so-called beneficiaries.

Two case studies from the United States were used to illustrate that integrated development provides the context for the economic empowerment of housing beneficiaries.

Four economic development foci then provided the framework within which solutions were formulated: residential dispersal and mobility, enhancing the capacity of housing beneficiaries, investing in economic empowerment of women, and changing the mindset of the developers. This framework embodies the **how** of economic empowerment of housing beneficiaries.

OPSOMMING

'n Aannee van hierdie tesis is dat te veel klem steeds geplaas word op die hantering van *krisisse* t.o.v behuisingsvoorsiening, eerder as beplanning vir behuisingsontwikkeling, met min inagneming vir ekonomiese bemagtiging van behuisingsbegunstigdes. Die volgende navorsingsvraag word gestel: *Wat kan en moet gedoen word ten einde ekonomiese bemagtiging vir behuisingsbegunstigdes te bewerkstellig?*

Regerings het 'n plig om die persoonlike sosiale welsyn van landsinwoners te bevorder en te handhaaf. Behuising is deel van 'n pakket van sosiale welsynsdienste wat fisiese gesondheid sowel as die psigiese element van mens wees insluit. Behuising is ook 'n proses wat begin die oomblik wanneer 'n persoon die eerste keer aansoek doen vir 'n huis.

Ekonomiese bemagtiging moet gekoppel word aan die vier dimensies van ontwikkeling, naamlik gelykheid, kapasiteitsbou, deelname, en onafhanklikheid. Gelykheid lei tot ekonomiese bemagtiging deurdat dit gelyke toegang tot ekonomiese geleenthede bevorder. Kapasiteitsbou sluit in ontwikkeling van vaardighede, verskaffing van toegang, en die oprig van ondersteunende strukture vir ekonomiese bemagtiging. Deelname bevorder die toename in mag om besluite te beïnvloed. Onafhanklikheid word gekoppel aan ekonomiese bemagtiging omdat dit verwys na die vermoë van mense om self in die meeste van hul basiese behoeftes te voorsien.

Ekonomiese bemagtiging van behuisingsbegunstigdes impliseer 'n mikro, individuele vlak fokus op ekonomiese ontwikkeling. Volgens Gildenhuys (1993:26) verwys ekonomiese welvaart na die ontwikkeling van die ekonomiese en materiële welvaart en vooruitstrewendheid van die individu. Behalwe 'n mikro fokus, is 'n multi-doelwit fokus ook noodsaaklik vir volhoubaarheid. Volhoubare ontwikkeling behels die balansering van ekonomiese, sosiale en omgewings doelwitte. Daar is twee dimensies van ekonomiese bemagtiging, naamlik bemagtiging van die behuisingsbegunstigdes, sowel as bemagtiging van ontwikkelingsfasiliteerders.

Bewyse van tekortkominge in ontwikkelingsprojekte aangaande ekonomiese bemagtiging word voorsien d.m.v die toepassing van bevindinge van 'n empiriese navorsingsprojek in Wesbank op ekonomiese bemagtiging. Die navorsing het die bestuursprosesse ondersoek wat gevolg was in die projek en uiteindelik ook veroorsaak het dat die uitkomste onwenslik was. Die aanvanklike verspreiding van geleenthede teenoor opkomende kontrakteurs was nie deel van 'n gefokusde plan vir die primêre begunstigdes om ekonomies bemagtig te word nie. Die behuisingsprojek het nie net daarin gefaal om ekonomiese bemagtiging te bewerkstellig nie, maar het ook die bietjie ekonomiese aktiwiteit waarin begunstigdes betrokke was voor die skuif na Wesbank, weggeneem. Die bewyse in Wesbank word ook gekoppel aan die sieninge en bevindinge van verskeie gesaghebbende bronne wat bevestig dat regeringsontwikkelingsprojekte oor die algemeen 'n swak rekord het wat betref ekonomiese bemagtiging van sogenaamde begunstigdes.

Twee gevallestudies van die VSA is na verwys om te illustreer dat geïntegreerde ontwikkeling die konteks verskaf vir ekonomiese bemagtiging van behuisings begunstigdes.

Vier ekonomiese bemagtiging fokus areas verskaf 'n raamwerk waarin oplossings geformuleer is.: verspreiding en mobiliteit, verbetering van kapasiteit van begunstigdes, ekonomiese bemagtiging van vroue, en verandering van die denkpatoon van ontwikkelingsfasiliteerders. Hierdie raamwerk stel voor die *hoe* van ekonomiese bemagtiging van behuisingsbegunstigdes.

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My family, for words of encouragement and neverending prayer. Thank you for being the constant pillar of strength in my life.

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DEDICATION

This thesis is dedicated to my eternal friend and soul mate, Gail Williams.
Till we meet again.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Developing countries in general suffer from numerous national problems such as struggling economies, high unemployment rates and extreme levels of poverty. Even though these conditions are common, many developing countries have a unique culture and/or history, which contributed (and might still be contributing) to the extent of these problems. South Africa is no different – with a diverse population and its unique characteristics, which were largely influenced by apartheid.

Before 1994, separation on the basis of race and class was the order of the day and created great economic disparity. Different methods were used to induce such separation, such as the Group Areas Act, 1950, Act 41 of 1950, and the Black Local Authorities Act, 1982, Act 102 of 1982, which forced black people¹ to live on the peripheries of towns. Another method was “job reservation” (issued in proclamations in terms of Section 10 of the Black Urban Areas Act, 1945, 25 of 1945, and the Physical Planning Act, 1967, 88 of 1967, which prevented the poor, who were already physically marginalised (on the peripheries of towns) because of the Group Areas Act, 1950 from climbing the corporate ladder in any organisation, thereby drastically reducing their chances of ever improving their financial situations, and increasing unemployment.

These factors, amongst others, led to a strong correlation between population group and income in South Africa. The population groups with the lowest levels of income constituted the largest section of society, which meant that the largest section of the total

¹ Coloureds, Asians and Blacks

South African population was poor. Needless to say, this widespread poverty had profound implications for the poor, but also for government.

One of the biggest problems resulting from this poverty, was the inability of the poor to afford proper housing. Many resorted to living in shacks in squatter settlements or became backyard dwellers. As the need for more houses for the poor became continuously more urgent, government had to supply more low-cost housing. However, the backlog in providing housing became progressively bigger.

The 1994 elections resulted in a new government, newfound democracy, and a constitution that promotes equity and equality. The Constitution of the Republic of South Africa, 1996, Act 108 of 1996, roleplayer consensus reached such as at the National Housing Summit in Botshabelo on 27 October 1994, other pieces of legislation (Housing Act, 1997, Act 107 of 1997) and policies (e.g. the White Paper on Housing, 1994, Notice 1376 of 1994), and programmes such as the Reconstruction and Development Programme (White Paper on Reconstruction and Development, 1994, Notice 1954 of 1994) also challenged government with the task of alleviating poverty, ensuring economic growth, and the provision of houses. Later legislation such as the Municipal Systems Act, 2000, Act 32 of 2000, also largely emphasise the necessity for authorities *to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all* (Headnote).

Since the operational research for this thesis has been completed, further government support for the poor, such as providing a first predetermined volume of water and electricity free to all households, was introduced to show a real commitment to upliftment. However, the initial post-1994 responses to social welfare services, such as housing, may have been characterized by several shortcomings caused by the urgency of delivering services in the new democracy.

1.2 PROBLEM STATEMENT

In order to address the issue of the housing backlog, and in an attempt to realise promises made during election campaigns, government promised to build 1 million houses so as to provide housing to the poorest of the poor in the country. This was to be

achieved within the first five years of this new government's rule. Initially many housing projects were attempted to make good on this promise, amongst others Wesbank in the area of Cape Town in the Western Cape.

Much emphasis was placed on building as many houses as possible in a very short period. Little consideration was given to the economic improvement of the people who had to move to these housing projects prior to the erection of the houses, or after the people had moved in. The focus was on dealing with the crisis of *housing provision*, rather than planning for *housing development*.

The houses that were promised during the election were intended for the poorest of the poor, i.e. people with an income of less than R1 500 per month, but nothing was done to help these people to increase their household income and to help them become economically stable. This resulted in people receiving new houses with new financial and other responsibilities, but no way of ensuring that they would be able to cope with these new responsibilities. It can be superficially observed that the lack of interest in the economic capacity of the beneficiaries of these houses was, and still is, the biggest shortcoming of these housing projects. Added to this shortcoming, is the reality that the physical location of the larger housing projects serves to isolate the poor even further, because the remoteness of the areas where the houses are built provides poor linkages with economic opportunities.

1.3 RESEARCH QUESTION

In the light of the background to the housing projects as explained above, the following question comes to mind: *What can and should be done in order for housing beneficiaries to become economically empowered?*

This study will explore the context of these issues and will also explore possible approaches, for addressing the issue of economic empowerment.

1.4 RESEARCH METHODOLOGY

In an attempt to provide an answer to the question above, a literature review will be undertaken, involving current literature on economic empowerment strategies to assess what has been done in the past and elsewhere. In order to gain insight into a housing project community and to illustrate the current South African reality, reference is made throughout this thesis to research undertaken in Wesbank as an example of such a housing project community. This thesis, however, endeavours to more specifically focus on economic empowerment, rather than merely beneficial outcomes in general, as was the case in the Wesbank research. The shortcomings of the Wesbank project is therefore further contextualized in terms of economic empowerment. This is done by means of further literature reviews.

On the basis of the literature study and the analysis of the current (2001) reality in South Africa, and particularly in the Western Cape, proposals will be formulated as an approach that can be followed to rectify the problem in existing townships and to prevent it in future projects.

1.5 OUTLINE OF CHAPTERS

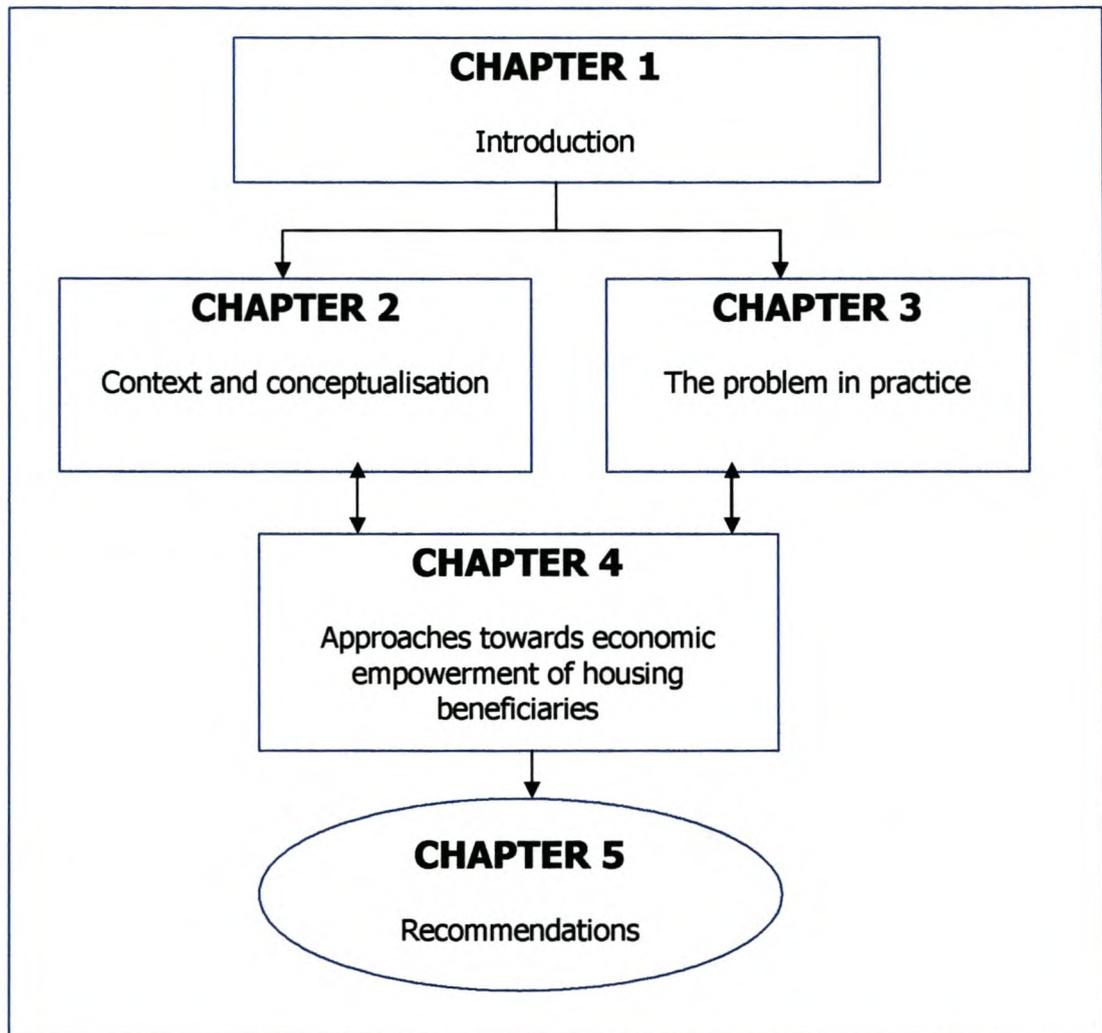
This research is divided into 5 chapters. Chapter 1 provides an introduction to this thesis, which includes the motivation for doing this research and the background and history to the problem.

In Chapter 2 the context of economic empowerment for housing beneficiaries is explained, and definitions of the relevant concepts are discussed, including that of economic empowerment and its role in development.

The case of the Wesbank Housing Development Project as an example of the current South African reality as far as the implementation of such projects is concerned, is discussed in Chapter 3. This chapter provides pragmatic and empirical evidence of the problem in practice.

Chapter 4 explores various housing and economic empowerment strategies that have been and can be employed to achieve economic empowerment particularly for housing beneficiaries. This chapter explores the **what** of the answer to achieving economic empowerment for housing beneficiaries.

Figure 1.1 Outline of chapters



Finally, Chapter 5 combines the strategies discussed in Chapter 4 in an attempt to provide specific steps to achieve the positive outcomes these strategies wish to achieve. This chapter provides the **how** of the solution.

A graphic illustration of how the chapters flow into each other is given in Figure 1.1.

CHAPTER 2

ECONOMIC EMPOWERMENT OF HOUSING BENEFICIARIES

2.1 INTRODUCTION

Many housing development practitioners, development agents, scholars of development practices, and specific role-players in government departments (to name but a few) insist on discussing economic empowerment as a logical consequence of housing provision. However, a premise of this thesis is that little can be observed in terms of indicators pointing at economic empowerment being realised. This premise will be tested by means of an analysis of a variety of theoretical and empirical sources in the following chapters.

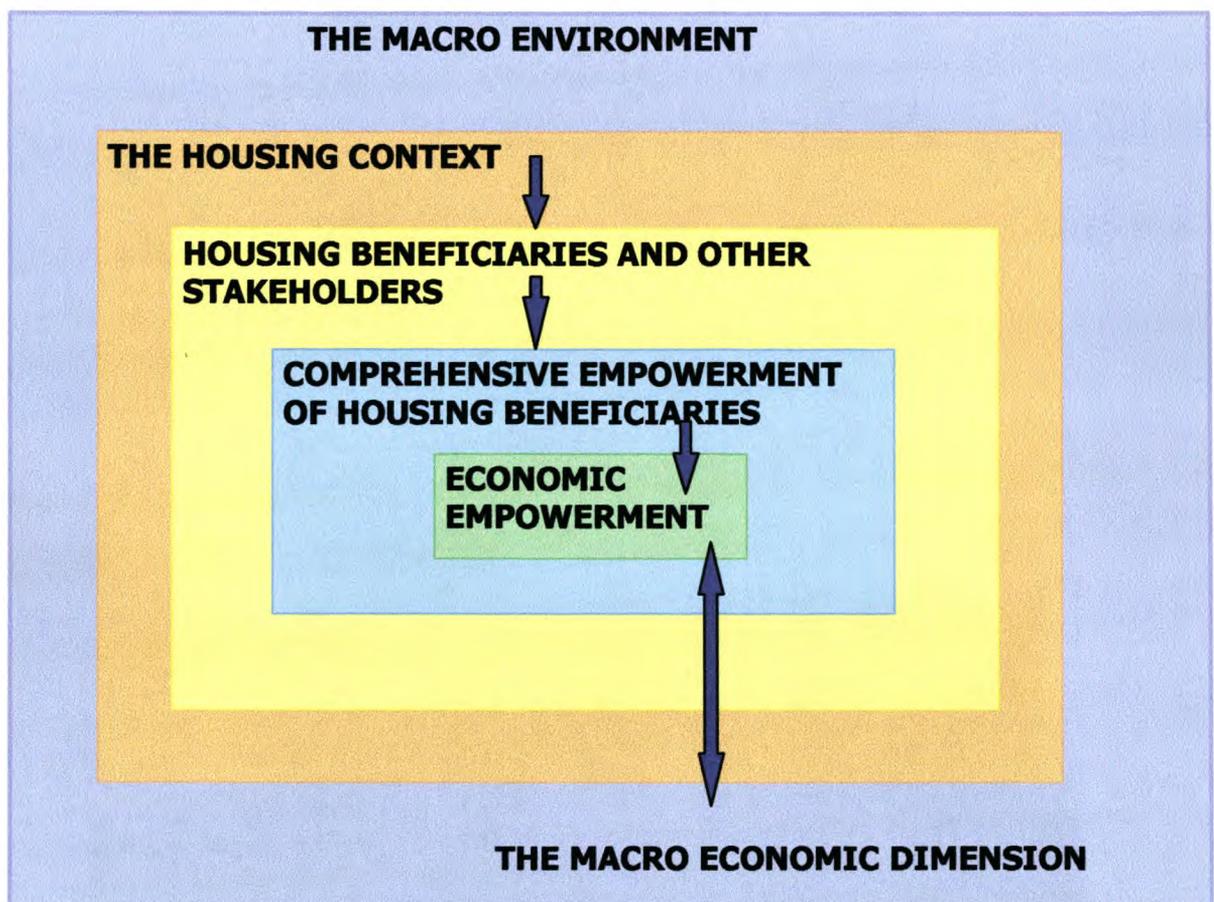
There appears to be severe shortcomings in the approaches that have been adopted and in projects that have been implemented in the past, especially shortcomings concerning economic development at the individual and household, i.e. micro, level. This has led to these efforts not achieving the desired development outcomes, such as social upliftment and economic empowerment. The argument is, therefore, that economic empowerment (specifically at the micro level, which is the focus of this study) is absent in development projects in general and housing projects in particular. The aim of this study is to substantiate the premise and to explore various approaches that could be followed in order to promote and, eventually, achieve economic empowerment amongst the poor. But in order to do so, a number of key concepts and constructs need to be clarified.

This chapter therefore aims to answer the following questions: What exactly is *empowerment* and *economic empowerment*, what is *housing*, who are the *housing beneficiaries*, and why do they need to become *economically empowered*?

Chapter 1 has already provided some background information and a brief conceptual declaration in answer to these questions. In Chapter 2 these concepts and issues surrounding them will be analyzed further. Consequently, the following sections, namely *housing, housing beneficiaries, empowerment, economic empowerment, and the need for economic empowerment of housing beneficiaries*, will be conceptualised in consecutive sections of this chapter.

Figure 2.1 illustrates the logical progression of the chapter.

Figure 2.1 The context of economic empowerment of housing beneficiaries



2.2 HOUSING

2.2.1 What is housing?

Any government has the obligation to enhance the personal social welfare of all its inhabitants and to maintain it above a certain level. This includes physical health as well

as the *incorporeal element within a human being which makes him [or her] a sensual, sentient and volitional person* (Gildenhuys, 1993:25). Such functions include *housing*, which must therefore be considered as part of a package of social welfare services. According to Bourne (1981:13), *housing*, in its most basic form, refers to shelter, but it is also more than mere shelter. In 1972 John Turner observed that in English the word housing is both a noun and a verb. When considered as a verb, the focus is no longer on the physical structure of the house, but on the processes of how people came to be housed (Spence, Wells & Dudley, 1993: 11) and how those people continue to sustain it.

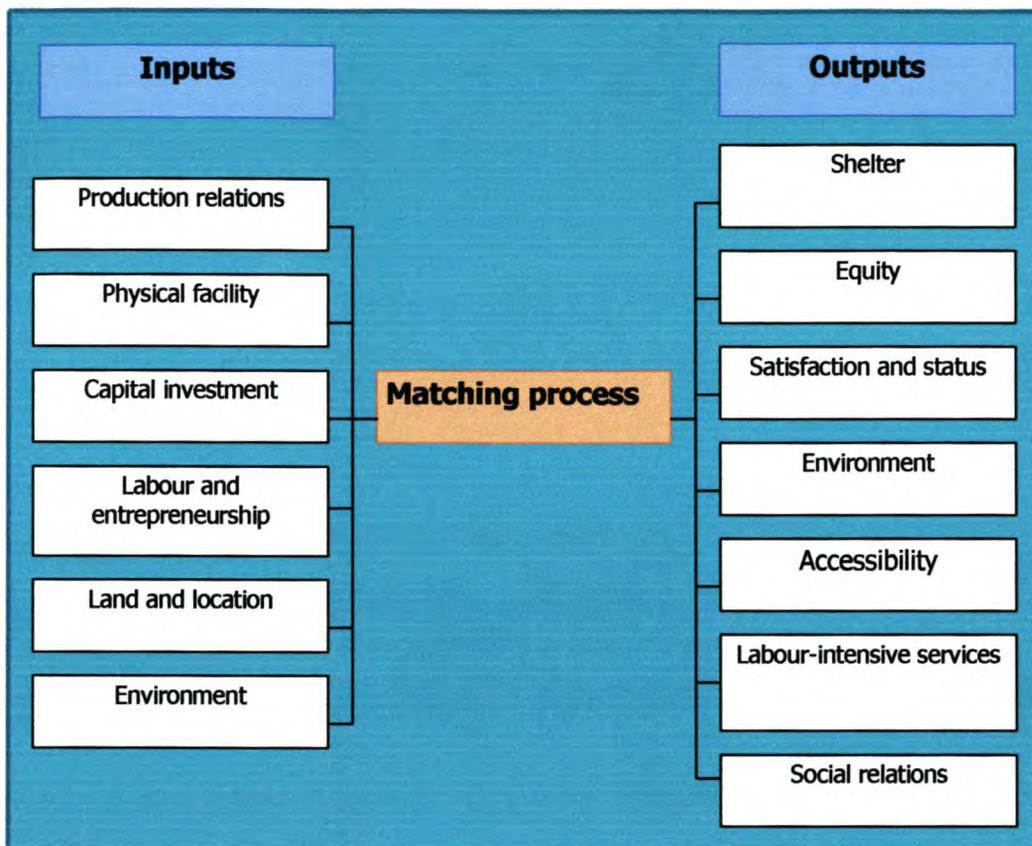
The Institute for Housing in Southern Africa defines housing as " ... the residential environment, neighbourhood, microdistrict or environs of that structure including all necessary services, facilities, equipment and devices needed for the physical health and social well-being of the family and the individual" (Arnizen, 1993). This definition also implies that housing is a multi-faceted concept that has many dimensions.

2.2.2 What can housing do?

Although it has been said that housing is indeed multi-faceted in nature and it has multiple functions, housing in the South African context has in fact proved to be merely a focus on providing shelter. No concern was shown for what it can do in the lives of people and how the lives of people can be improved beyond merely having shelter.

Bourne (1981:15) defines *housing* as a "flow of services" with inputs, a matching process and outputs, as illustrated in Figure 2.2. This conceptualisation agrees with Turner's second law of housing, namely that the important thing about housing is not what it is, but what it does in the lives of people (Spence et al, 1993: 11). Turner aptly explains that focusing on what housing can do is as important as clearly defining what housing is. More importantly though, is determining what housing has been doing, and what it can and should be doing.

Figure 2.2 The flow of Housing Services



The outputs illustrated in Figure 2.2 give an indication of exactly what housing should be doing and Bourne (1981:14) expanded on this in his identification of the 5 dimensions of housing, namely:

- *Housing as a physical facility.* In the first instance *housing* is used to describe the structure that provides shelter to its inhabitants. It also occupies land and requires provision of physical services such as water, as well as social services for households.
- *Housing as an economic commodity.* It is a consumers' item which can be exchanged or traded in a market and can serve as an investment for the owner. This is especially relevant for economic empowerment of housing beneficiaries.
- *Housing as a social product.* It represents an element in the social structure and in society's set of social relationships. Social relations which identify the position of a household in the social and spatial structure of the local community and city, and eventually influence the occupants' lifestyle, personal commitment to the neighbourhood and the social system in general (Bourne, 1981:15).

- *Housing as a combination of services.* It is recognised that housing implies the use of neighbourhood services, such as parks and schools, a level of accessibility to places of work, shopping, friends, as well as cultural and leisure pursuits (Burger and Cloete, 1998:523).
- *Housing as a sector of the economy.* It is a component of fixed capital, a means of creating wealth, and an instrument for government to regulate the economy.

Linn identifies five key housing attributes that are similar to Bourne's five dimensions (Spence *et al*, 1993: 8). They are:

Access	Accessibility of employment opportunities, off-site services such as health.
Space	The size of the piece of land available for building on
Tenure	Both security of tenure and ownership rights – ability to sublet or use the property for commercial activities
On-site services.	Water, crime prevention, drainage.
Shelter.	Protection from the elements, living space, privacy, comfort and opportunities for earning.

From the dimensions and attributes of housing as explained above, it can be concluded that the function of housing is not only to fulfil basic social needs (shelter, services, social products), but it also has an economic function (access, tenure, economic commodity, and sector of the economy). Housing in itself can contribute to economic empowerment of those who are supposed to benefit from it. It is a consumer item that can be sold or traded, it is an investment for its owner, and it provides space /a base from which economic activities can take place, a starting point for generation of wealth. This latter function has been sorely neglected in many housing development projects in the past (Umrabulo No 16, August 2002 and No 17, October 2002).

The South African government agrees with the multi-dimensional notion of housing and accepts the following definition of housing development according to the Housing Act, 1997, Act 107 of 1997:

Housing development means the establishment and maintenance of habitable, stable and sustainable public and private residential environments to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to

health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to-

- i. permanent residential structures with secure tenure, ensuring internal and external privacy and providing adequate protection against the elements; and*
- ii. potable water, adequate sanitary facilities and domestic energy supply;*

It can thus be concluded, in the words of the Housing Act, 1997, 107 of 1997, that:

- ... housing, as adequate shelter, fulfils a basic human need;*
- ... housing is both a product and a process;*
- ... housing is a product of human endeavour and enterprise;*
- ... housing is a vital part of integrated development planning;*
- ... housing is a key sector of the national economy;*
- ... housing is vital to the socio-economic well-being of the nation;”*

2.3 HOUSING BENEFICIARIES

2.3.1 Who are the housing beneficiaries?

Chapter 1 provided an introduction to the housing backlog that arose in South Africa and the urgency with which the government elected in 1994 wished to deal with this issue. This urgency gave rise to the promise by the government elected in 1994 that it would build 1 million houses within the first 5 years of its reign. This promise was supported by the tackling of numerous low-cost housing projects, and complemented with the drafting of new housing policies and budgets that supported the idea of government providing housing subsidies for the poorest of the poor.

All this resulted in thousands of houses being built to provide proper housing for backyard dwellers and especially people living in squatter camps. It was the intention that these housing projects should reduce the number of people on the housing waiting list, but eventually it also assisted with the problem of reducing the number of unsightly squatter camps that lie scattered all over the country. Houses included in these projects were almost entirely erected with the funds received from housing subsidies and in most cases

people received these houses free of charge. The *housing beneficiaries*, therefore, are those people who received houses from the South African government in order to reduce the housing backlog in the country.

However, housing is a process that starts with those who cannot afford to buy or rent their own homes and who stand a chance of benefiting from a government subsidised house. Housing beneficiaries are therefore not only those who have received houses from government in the past, but also those in the process starting with application. The creation of benefit should therefore be considered right from the start of the process. The focus of this thesis is on this primary beneficiary. However, it cannot be ignored that the housing industry also has other beneficiaries. It will be argued later that housing development facilitators, as secondary beneficiaries, need a change in their mindsets.

Where reference was made to housing **beneficiaries**, *benefit* was implied. In other words, those who are regarded as the subjects/beneficiaries of housing, must benefit from housing development actions. A more comprehensive positive change must take place. As explained in Section 2.2.2, housing can be a physical location from which to manage economic activities and also an economic commodity, which can be traded or sold. Housing is therefore more than just shelter. It has aspects with definite economic implications that can contribute to economic empowerment. Therefore it can be argued that a positive change should take place in terms of the economic empowerment of housing beneficiaries.

2.4 EMPOWERMENT

The term *empowerment* has been used in various contexts and many authors [such as Burkey (1993), Swanepoel (1998), and De Beer (2000)] have all given definitions of the concept. Because there are so many varying views concerning empowerment, it is important to have a clear understanding of the concept *empowerment*, before attempting to define the more specific term, *economic empowerment*.

The most basic of definitions would be that *empowerment* is the result of a process where people are somehow enabled, and/or given the power to do something, or the

authority to act (Oxford Dictionary). Empowerment is, however, a much more complex concept, especially in the context of development.

Although the views of authors regarding what *empowerment* entails vary to a certain degree, there is agreement that *empowerment* cannot be isolated from the other dimensions of development. In fact, the relationship between empowerment and development is so profound that finding a definition of empowerment alone, without linking it to other aspects of development, is a difficult task. The four dimensions most frequently connected to empowerment, are *equity, capacity building, participation* and *self-reliance*. These four concepts are regarded as the common denominators in most definitions of empowerment and in discussions regarding the role of empowerment in development [See Liebenberg & Stewart (1997), Bryant & White (1982), Korten (1990)].

Korten (1990:67) links all these dimensions with the definition of an empowerment of development:

" [Development is] a process by which the members of a society increase their potential and institutional capacities to mobilize and manage resources to produce sustainable and justly distributed improvements in their quality of life consistent with their own aspirations".

The following sections will explain how empowerment is linked to these four dimensions of development, with the aim of providing a clear understanding of the concept *empowerment*. The characteristics of empowerment will also be discussed.

2.4.1 Equity and Empowerment

According to Swanepoel and De Beer (2000:134), the poor do not have meaningful access to assets such as land and financial resources. They also have minimal access to health and educational facilities, which could enhance their social well-being. Because of this, they have an unfair disadvantage compared to others who have better access to such assets, in other words, others who are better off financially. This, then, implies that the poor will be empowered if they could have equal access to resources, i.e. if fair distribution of resources and opportunities takes place.

The above argument also has an implication in terms of economic empowerment – if the poor would be empowered if equity is achieved in terms of equal access to resources or assets, does this mean one can assume that once the poor has access to assets, they will no longer be as poor? Can it be assumed that once the poor have become empowered they will have the *power* to improve their own financial situations and have *access* to better job and other financial opportunities? If this assumption is true, equity does not only lead to empowerment, but can also, ultimately, lead to economic empowerment.

2.4.2 Capacity-building and empowerment

The process of capacity-building has three main components (Swanepoel & De Beer, 2000:134) which can be related to skills, accessibility, and support. The first component involves the disadvantaged acquiring the necessary knowledge, skills and abilities to produce goods and services, which will help them to satisfy their needs. The first component therefore, refers to the poor gaining the capacity to provide for themselves and to engage in and actively contribute to their own development.

The second component of capacity-building pertains to the necessity to make productive resources available or accessible to the poor. Unlike the first component, this aspect of capacity-building does not refer to physical or mental ability, but to availability and accessibility of resources or assets (See Figure 2.3). The issue of accessibility is directly related to the equity aspect of empowerment and development discussed earlier.

The third component has to do with the establishment of effective and efficient administrative and institutional structures. It also entails the improvement of communication and coordination between the different actors in development efforts. These steps help to strengthen the institutional capacity for self-sustainable development. The issue of self-sustainable development also relates to the issue of self-reliance, which will be discussed further on in this chapter.

2.4.3 Participation and empowerment

The most common aspect of development linked to empowerment, is public or community participation.

According to Liebenberg (2000:118), participation leads to empowerment and empowerment results in the "... ability of a social grouping to evaluate its situation and make decisions that could alter that specific situation ...". Burkey (1993:59) further explains that participation is concerned with achieving power, more specifically the power to influence the decisions that affect one's livelihood. In other words, participation leads to greater control by the poor over their own life situation. These arguments are based on the assumption that the poor do not have control over the situations in which they find themselves, and that participation can help to alter this situation.

Wisner (1988:14) distinguishes between two types of participation, namely one that is system-maintaining, and another which is system transforming. The first is a weaker interpretation, which equates participation with *involvement*, while the latter is a stronger, more radical interpretation of participation as *empowerment*. See also Dalal-Clayton and Bass, 2002:180).

According to Swanepoel and De Beer (1998:22), *involvement* is not necessarily synonymous with participation, but seems to refer rather to co-option. The concept of *involvement* often bears the meaning of making communities or groups aware of the benefits in becoming part of a development effort predetermined by an outside agency. In other words, it refers to mobilising people to action that was not initiated by them.

Empowerment as a radical expression is directly opposed to involvement (Swanepoel & De Beer, 1998:27). Empowerment is not involvement taken a step further; it has a totally different objective. Whereas involvement aims to bring relief to people in the poverty trap, empowerment aims to free them from this trap so that they can gradually improve the situation themselves as free and self-reliant people (Swanepoel & De Beer, 2000:273).

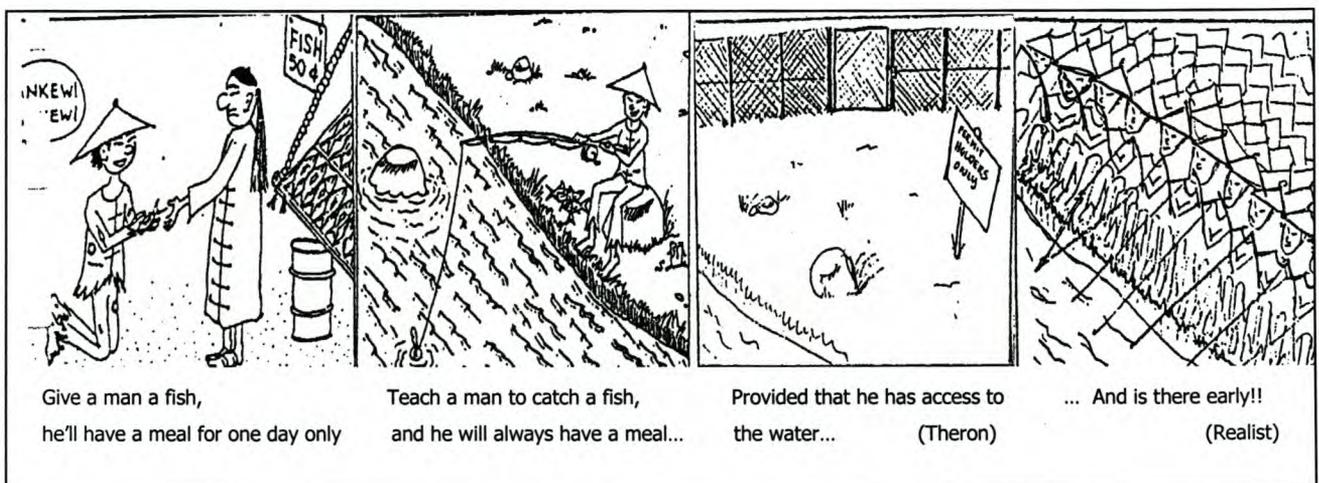
Rahman (1993:150) defines participation as "... an active process in which the participant takes initiative and takes action that is stimulated by their own thinking and deliberation and over which they can exert effective control ...". This definition leans to the more radical perception of participation. Nevertheless, participation is a vital component of the empowerment process. People must be involved in those decisions that affect their lives, thus gaining confidence, self-esteem and knowledge, and developing new skills (Onyx & Benton, 2000:51).

2.4.4 Self-reliance and empowerment

According to Burkey (1993:31), development should be self-reliant, implying that each society should rely primarily on its own strength and resources. There are many people within the different levels of government and development agencies who act under the misconception that development means building houses and streets, rather than supporting self-reliance as a form of empowerment. Development efforts should focus on helping the poor to attain the abilities and capacity to rely on and believe in themselves, instead of relying on others to better their quality of life.

Self-reliance is not only an aspect of empowerment in general, but also of *economic empowerment*. Self-reliance in the economic sense is the ability of a family or community to produce some or all of its basic needs as well as producing surpluses with which to trade for those commodities and services which it does not produce efficiently itself (Burkey, 1993:51).

Figure 2.3 Animated illustration of the 4 dimensions of empowerment.



(Source: Burger, 1990:4)

The concept of self-reliance can be explained by means of the ancient Chinese proverb "Give a man a fish, and he'll eat for a day. Teach a man to fish, and he'll have food for a lifetime". The first part of this proverb, giving a man a fish implies short-term relief, i.e. – the person will remain dependent on others to provide him with food. Teaching a man to fish implies that the person will have the skills to become self-reliant. Although, this

principle applies as much today as it has in the past, and as it will in the future, there is another dimension to empowerment. Empowerment has to do with more than merely being taught how to fish (capacity-building), but also includes having permanent access to the water (enhancing and sustaining accessibility to infrastructure and resources) and being in a position to decide when and where to fish (power and liberty). Figure 2.3 is a depiction of how this idea can be summarized.

Roseland (1998:161) provides another explanation of local self-reliance, stating it means diversification of local economies to support local needs, encourage cohesiveness, reduce waste and enable more sustainable trade practices with other communities. Local self-reliance fosters greater responsibility because the costs and benefits of decisions are directly borne by the community in which they are made. The goal of a self-reliant community is to enhance local wealth by developing the community's existing resource base. The four basic tools that can be used to achieve this will be discussed in Chapter 5. However, a discussion on empowerment will be incomplete without exploring its characteristics.

2.4.5 Characteristics of empowerment

The concept of empowerment has four dimensions (as discussed in Sections 2.4.1, 2.4.2, 2.4.3 and 2.4.4), but equally important in terms of understanding what the concept of empowerment entails, are the characteristics of empowerment. Davids and Theron (2002) highlight the following characteristics of empowerment:

- Empowerment is a *process* that involves some degree of personal development, and takes place within the context of social learning. Burkey (1993:206) emphasises this idea by saying, ... *it is a process because people must begin from what they know and from where they are; from this modest start they can gradually increase their knowledge and control over their lives through personal experience* Empowerment is therefore a process because it involves causal linkages and relationships.
- The process of empowerment cannot be imposed by outsiders. Taliaferro (1990) points out that true empowerment cannot be bestowed: it comes from within. It is more than simply bringing people who are outside the decision-making process into it

("power to"), but also includes processes that lead people to perceive themselves as able and entitled to occupy the decision-making space ("power from within"). Although empowerment comes from within, appropriate support and intervention should, however, facilitate the process of empowerment.

- Empowerment involves moving from *insight* (inner awareness of one's human abilities and potential) to *action* (doing).
- Empowerment is not a *zero-sum*. An increase in one person, organisation or group's power does not necessarily diminish that of another. However, if the so-called core-periphery model of development (Wallerstein, 1974:350 and 1979:23) is applied, empowerment is indeed a *zero-sum*. The dominant developed "core" would keep the underdeveloped on the periphery, away from opportunities. In the South African context, apartheid legislation created a situation of marginalisation and the contemporary provision of housing on the periphery of cities provides a physical manifestation of the same issue. The fourth picture of the cartoon depicts a situation where a *zero-sum* applies. Empowerment may then be seen as giving the underdeveloped the muscle to create space for themselves, and in the process take away space from somebody else. However, empowerment is not a *zero-sum* if it is argued that empowerment is increasing the space at the river bank (to use the same metaphor). This then once again brings empowerment into the arena of local economic development and macro economic development.
- Empowerment is *collective action* in the sense that individuals work together to achieve a more extensive impact than each could have done alone. According to Clark (1991: 102), collective action may lead to small successes: ... *but such minor success can instill great confidence in the poor, confidence which, if skillfully channeled, quickly leads to ambitions of tackling much bigger problems through their new-found weapon of collective action*

Swanepoel (1997: 16) adds two more characteristics, namely:

- Empowerment creates self-awareness, which in turn emphasises abstract development needs, like building a positive self-image.

- Empowerment releases people from the poverty trap. Release does not come through conformation, but from transformation.

The dimensions and characteristics of empowerment provides a clearer understanding of what exactly the concept entails. The issue which is of much more importance for the purposes of this research, is not merely empowerment, but economic empowerment in particular. The next section will discuss the importance of economic empowerment specifically, within the context of economic development.

2.5 ECONOMIC EMPOWERMENT

Section 2.2 above provided an explanation regarding the link between empowerment and the four dimensions of development, namely *equity, participation, capacity-building* and *self-reliance*. Empowerment and development are therefore closely related and share many common objectives. This close relation implies that a strong link also exists between economic development and economic empowerment. This section will discuss economic empowerment in the context of economic development.

According to Meier (1995:7), the following definition of economic development is one that has gained the widest approval: ... economic development [is] the *process* whereby the *real per capita income* of a country increases over a *long period of time* – subject to the *stipulations* that the number of people below an “absolute poverty line” does not increase, and the distribution of income does not become more unequal”.

Economic development, as is the case with all spheres of development, takes place on a macro and/or micro level. The above definition gives rise to a few further points of clarification which will be discussed in the following sections, namely: (1) that economic development has a macro focus; (2) its main concern is that the situation does not worsen, and; (3) the role of empowerment.

2.5.1 The macro vs. the micro focus

The first point that needs clarification is that the above definition has a *macro focus*. According to the definition by Meier, the only indicator of economic development is real

per capita income of a *country*. It, therefore, focuses on the national economy, which would require development efforts targeting, for example, national policies and national poverty alleviation and other strategies. A micro-level approach to economic development is also needed at grassroots level. The focus would be on the individual and not merely on national objectives, which would serve the country as a whole. Such strategies would have the income per household or individual as an indicator of economic development. This focus is supported by Gildenhuys (1993:26) where he states that the economic welfare obligation of a government refers to the development of the economic and material welfare and prosperity of the individual. Economic welfare functions include stimulating economic development in order to create more general welfare and prosperity of each individual to share in according to his or her own contribution, including removing obstacles in the way of individuals in gaining access to economic opportunities.

Hyden's (1990:45) "shifts in development paradigm model" illustrates this aspect of development and empowerment. The model has four dimensions, which can each represent an aspect of economic development and empowerment. They are (as discussed by Burger & Theron, 1997):

- *Trickle down* – Signifies a reliance on top-down decentralized and government-managed development initiatives. This paradigm argues that macro scale initiatives to stimulate growth would eventually trickle down to grassroots level. This dimension of the development paradigm is directly related to the macro vs micro debate of economic empowerment.
- *Integrated development* – This paradigm rejects "trickle-down" as being effective, and the focus shifts to less centralisation and more emphasis on the poorer section of the population. Governments still control development but reform initiatives include more delegation to ensure more effective and rapid delivery. Structures and formal arrangements still take precedence over informal practices. Although Hyden refers to "integrated development", this paradigm is still characterised by functionally isolated or sector-based delivery of services by government. The current housing delivery system has characteristics of such an approach, which is one of the problems addressed in this thesis.
- *Small is beautiful* – This dimension is based on the idea that people should be involved in the making of decisions that will affect their lives. Community activation and participation is the guiding principle. There are large-scale benefits in such an approach to the economic empowerment of housing beneficiaries, but if this occurs in

isolation, it means that the poor must pick themselves up by their own shoestrings. The enabling support systems and structures provided by government are absent in this paradigm.

- *Enabling environment* – Dependence is avoided and new and unconventional ways of learning are promoted. Intermediate organisations, usually non-governmental organizations, are key institutional actors.

None of the above paradigms provides one best answer for achieving economic empowerment. All of them can make a contribution to economic empowerment of housing beneficiaries, and it is in the combination of these dimensions that the opportunity for successful implementation of projects lies.

2.5.2 Ensuring that the situation does not worsen

In addition to the macro focus of economic development, the definition states that the main concern of economic development is that the situation ... *should not worsen* ... than it already is (*stipulations that the number of people below ... poverty line does not increase, and ... distribution of income does not become more unequal*). This entails ensuring that the *status quo* does not worsen, instead of rather making sure that the situation improves. This way of thinking could not possibly lead to development, and especially not at micro level. Meier, therefore, continues by stating that poverty alleviation and development can only be achieved if a rise in *per capita* real income is emphasised ... rather than simply an increase in the economy's real national income, *uncorrected for population change* ... (1995:7). The focus should therefore also include an element of beneficial change in the individual, instead of achieving national economic development while the micro-level stays stagnant.

2.5.3 The role of empowerment

This leads to the third aspect, namely *the role of empowerment*. The need for development to effect change was discussed in Item 2.5.2. Change alone can be positive or negative and is, therefore, not an outcome that should stand on its own. Change should be accompanied by growth. In other words, positive change should take place in order for a development effort to be meaningful, on an individual and collective level. But where does economic empowerment fit into the equation?

Coming back to the initial objective of this section, namely defining economic empowerment in terms of economic development: it can be argued that the change and growth needed for economic development to take place can be achieved by emphasising the four dimensions of development, as discussed earlier. Empowerment is linked to these four dimensions and therefore related to development. As a result, it could be argued that *growth + change + empowerment = development*. Growth and change could also lead to empowerment, and vice versa. It must then also be assumed that economic growth and change combined with economic empowerment are requirements for economic development, but may also be interdependent variables.

2.5.4 Sustainability of economic empowerment

Sustainability refers to ensuring long-term continuation of an acceptable state of development and it includes innovating and adapting to changing circumstances, maintaining support, and recruiting required resources (Burger & Cloete, 1998; Esman, 1991:159). Sustainability can be regarded as the time dimension of economic empowerment and also of development and empowerment in general. The CSIR (2000a) also refers to sustainability as the “timeless” quality of development and empowerment initiatives. Without ensuring that development and empowerment efforts can be maintained and even improved in the long term, improved standards of living will diminish and such initiatives will be futile.

Another opinion regarding sustainability is offered by the CSIR (2000b:149), namely that all other definitions boil down to what is termed “inter-generational fairness”. The idea is that the growth and development needed to improve citizens’ quality of life should not, through undue depletion of resources, compromise the ability of future generations to likewise improve their circumstances. It is recognised that factors that look beyond the “bottom-line” need to be introduced into a holistic calculus of costs versus benefits.

Each of the four dimensions of empowerment as discussed in Section 2.2 involves an aspect of sustainability. The sustainability factor is particularly applicable to economic empowerment of housing beneficiaries in the following way:

- *Sustainability and housing* – Physical housing structures and infrastructure (as the foundation for economic empowerment in the context of housing beneficiaries) are assets, which should be able to resist the test of time and they should not gradually

become liabilities that once again trap residents in a degenerating environment (Burger & Cloete, 1998). The natural environment as an important aspect of the physical environment of housing, should also be sustained to ensure long-term continuance. The concept of sustainability in construction (CSIR, 2000b: 149) also coincides with the notion of the need for sustainable structures and services in housing.

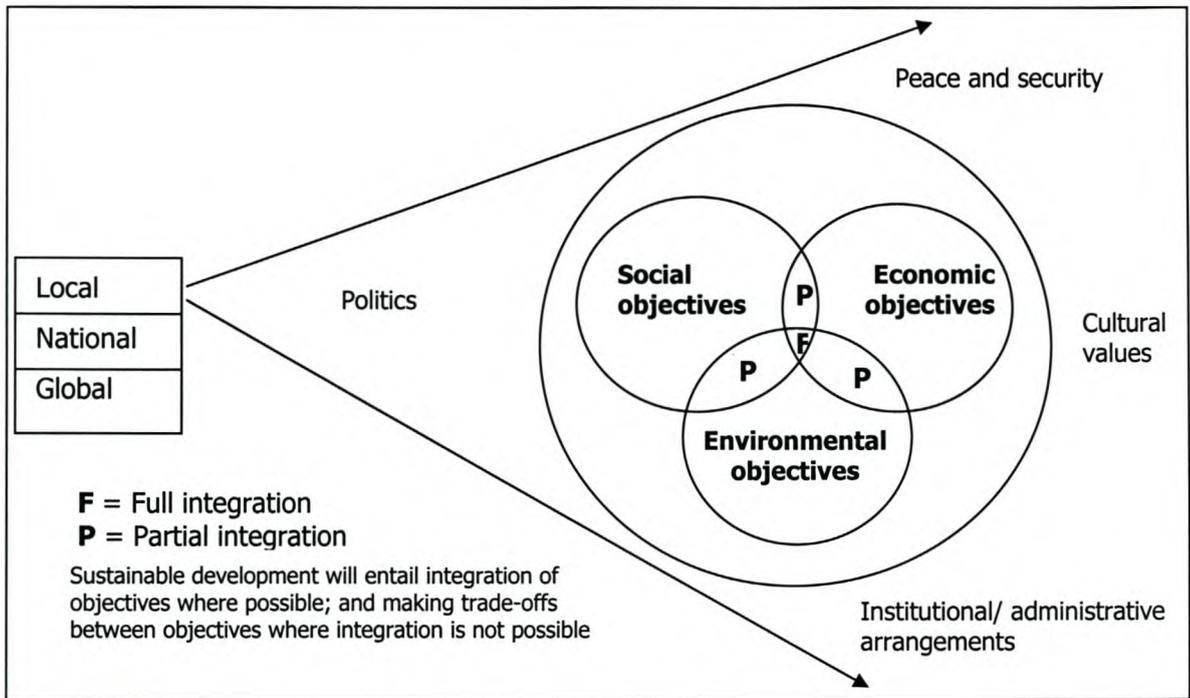
- *Sustainability and housing beneficiaries* - Housing beneficiaries need to be in a position to be able to maintain these physical assets in a continued manner. These beneficiaries are also the people responsible for maintaining their achieved levels of economic empowerment.
- *Sustainability and economic empowerment* – *Empowerment* is achieved through equity in terms of equal access to opportunities, participation in decision-making, capacity-building, and self-reliance. Economic empowerment is achieved through access to economic and income-generating opportunities, participation in decisions affecting improvement in economic positions, capacity in terms of skills needed to be economically active, and self-reliance in terms of independence regarding economic activities. Achieving all this, only to have it last for a short while, will lead to a “cycle of deprivation”. Being able to sustain positive outcomes of development efforts, are crucial for continued economic empowerment.

Sustainability of economic empowerment of housing beneficiaries can also be explained in terms of integrating the divergent viewpoints of the following three disciplines (Serageldin, 1993):

- That of the *ecologists*, who emphasize the preservation of the natural environment as the natural life-support systems. This perspective coincides with the idea of sustainability and housing, as explained above.
- That of the *sociologists*, who argue that people are the main actors in ensuring their own sustained development. Patterns of socialisation are therefore crucial for formulating viable solutions to achieving sustainability. This perspective corresponds with the notion of sustainability and housing beneficiaries, as explained above.
- That of the *economists*, who accentuate maximising human welfare, and economic welfare and empowerment in particular, within the constraints of the existing capital.

According to Dalal-Clayton and Bass (2000:12), sustainable development entails balancing the economic, social and environmental objectives of society – the three pillars of sustainable development – integrating them wherever possible, through mutually supportive policies and practices, and making trade-offs where it is not (see Figure 2.4).

Figure 2.4 Integrating economic, social and environmental objectives for sustainable development



According to Roseland (1998:214), sustainable communities are the next steps in suggesting an alternative vision of the future that is not just a bitter necessity, but a promise of a genuinely better life. Once again, the idea is confirmed that sustainability implies that empowerment is not merely a once-off effort but a continuous process of improvement as time progresses.

Section 2.5 explained the various aspects of economic empowerment and its relevance in terms of development and economic development. This leads to the next issue of specific relevance to this research: the people who need to become economically empowered, namely the housing beneficiaries. Of equal importance, is how this can be done. The next section will discuss these issues.

2.6 THE NEED FOR ECONOMIC EMPOWERMENT OF HOUSING BENEFICIARIES

In the introduction to this Chapter the following questions were posed:

What is economic empowerment?

Who are the housing beneficiaries?

Why is there a need for economic empowerment for housing beneficiaries?

Following on this last question, another question now needs to be asked:

How can these housing beneficiaries become economically empowered?

In Sections 2.2 and 2.3 the concepts of *empowerment* and *economic empowerment* were discussed, and this section will focus on providing answers to the last two questions.

2.6.1 The need for economic empowerment

Why is there a need for housing beneficiaries specifically, to be empowered? As was said before, empowerment strategies that have been implemented in the past have had serious shortcomings. This is even more so when it comes to economic empowerment. In some cases, such as those of the housing beneficiaries, the development projects were focused on one output, namely providing houses, and economic empowerment neglected. Some reasons for these shortcomings could include the lack of micro-level development efforts, the focus on social welfare and neglecting the economic empowerment aspect of development (lack of integrated development efforts), and the study of the "underdeveloped" as objects to be developed instead of subjects of their own development.

One explanation for this could be the fact that there exists a definite need for development experts to realise that something other than the old approach to provision of housing needs to take place (Umrabulo No 17, October 2002). Their inability to understand the need for something new makes them part of the reason why economic empowerment remains unaddressed. It could therefore be argued that there are two dimensions to economic empowerment, namely, empowerment of those who have to facilitate empowerment, as well as empowerment of the housing beneficiaries.

What has been implemented in the past, has not achieved the desired outcomes (Meyer *et al*, 2001; Umrabulo No 17, October 2002)). Economic empowerment therefore needs a new perspective and new focus. More importantly, the facilitators of development efforts need to realise this. This realisation must occur within the minds of development practitioners before they will truly be able to make a valuable contribution to the empowerment of others. They must bridge the gap between what they think should be done and what is really needed.

Swanepoel and De Beer (1997:xi-xiii) and Edwards (1989:116) argue that this gap results in development “experts” becoming part of the problem of underdevelopment instead of being part of the solution to these problems. According to Edwards (1989:127), such “experts” ... *do not understand the real problems at hand and do not bother to question people on their own perceptions* In order for those involved in the development field to make a real contribution and to add value to the field of economic empowerment, “a change in mindset” is required (See Chambers, 1993 and 1997). This statement by Chambers affirms the notion that in order to help others take the leap from maintaining the *status quo* to becoming innovative, those involved in development have to take the leap first.

What has been the *status quo* or accepted practice in the past couple of years also reaffirms the fact that there really is a “gap”. Government institutions have been keeping themselves busy with the provision of houses (social welfare), with no or not enough concern for how these people will provide for themselves or what the effect of being moved to a new area will have on their lives.

2.6.2 How do we implement economic empowerment?

It has already been argued that a paradigm shift and a change in mindset of the development facilitators have to take place. The aforementioned use of phrases such as “a leap must be taken” and “a gap must be bridged” imply a paradigm shift in the practice of development facilitation. The question that however remains is how this can be achieved in housing to ensure economic empowerment of housing beneficiaries.

Once the facilitators of development have accepted the idea, the first step would be to concentrate on the micro focus of development, and more specifically, on economic

development and empowerment. Economic development and empowerment at a micro level requires a focus on the individual level, instead of on a regional, provincial or national strategy. A new approach is required and the aim of this study is to provide an approach that would link social and economic development, and specifically an approach that would link the provision of houses with economic empowerment. In other words, a more integrated approach to development and empowerment should be followed. This approach will be discussed in more detail in Chapter 4.

2.7 CONCLUSION

This chapter served to explore the meaning of the key concepts and constructs of the thesis. It was argued that housing is a much broader concept than mere shelter. The definition of housing includes the environs of the structure with services, facilities and equipment and devices needed for the physical health and social well-being of the family and the individual. The implication of this broader conceptualisation of housing is that the mere provision of dwellings must be considered a reductionistic approach to housing delivery. Housing beneficiaries, in turn, must therefore receive broader benefit than structures. Empowerment, similarly, contains a broader understanding than the narrow provision of services. Empowerment implies equity, capacity-building, participation, and the development of self-reliance. These elements should therefore become obvious in the lives and circumstances of housing beneficiaries. Flowing from that, economic empowerment, with a micro focus, implies beneficial change in the economic circumstances of the housing beneficiaries. This change must also be sustainable. Implementation of economic empowerment for housing beneficiaries requires that provision of houses is somehow linked to the means that will bring about economic empowerment. The purpose of this study is to help define that *somehow*.

Before it is endeavoured to identify the means of bringing about economic empowerment, it is necessary to explore the extent to which a reductionistic approach is evident in practice. This will be done in Chapter 3.

CHAPTER 3

THE PROBLEM IN PRACTICE

3. 1 INTRODUCTION

Chapter 2 introduced the notion that economic empowerment of housing beneficiaries has not yet taken effect and is therefore not an existing phenomenon. Another idea that was introduced is that a gap exists between the mindsets and paradigms within which developers operate resulting in what is implemented in practice, and what is really needed to improve the quality of life for the poor) in a visible manner. This premise is derived from observing the reductionistic provision of numerous townships where the focus was on the rapid provision of as much houses as possible, rather than on the improvement of the quality of life of the poor, which would have resulted in much more comprehensive services to the poor. This premise will be further expanded on in the following section.

This chapter has as its purpose to provide and discuss some of the empirical evidence supporting the above premise in more detail, in an attempt to paint a clearer picture as to what exactly the *status quo* is in terms of the reductionist perceptions of developers as well as the nature of previous development projects. This insight into reality will be illustrated by exploring the findings of research undertaken in a housing development project by a research team of the School of Public Management and Planning of the University of Stellenbosch. These findings will be further interpreted by means of a wider literature and case study analysis.

The contents of this chapter will be the following:

- A discussion of the problem in practice from the perspectives of the housing beneficiaries as well as the perspectives of the facilitators of development.
- An application of the issues discussed on the case of Wesbank.

3.2 THE PROBLEM IN PRACTICE

The abovementioned research and this thesis is part of an ongoing project to assess outcomes-based governance in the South African housing sector².

The research *inter alia* had as an objective to identify and analyse problems regarding implementing the outcomes-based housing policy in South Africa. This was done by investigating and examining the extent to which government puts development philosophy into practice by means of a quantitative and empirical study of, initially, the Wesbank housing development project (Meyer *et al*, 2001), and subsequently of other projects in the Cape Town Metropolitan area as well.

The following research areas were explored, namely:

- (a) the outcomes of the project;
- (b) the extent to which integrated development management was practiced in the project;
- (c) the impediments preventing integrated development management, and;
- (d) possible action to eliminate impediments and rectify the problems.

3.2.1 The problem from the perspectives of the beneficiaries

According to Pollitt and Bouckaert (2000:111) the ... *search for a rationally-defensible notion of "results" continues – indeed appears to have intensified They inter alia identify using citizens as final arbiters and asking them how good or bad particular services are. In the Wesbank research project, a representative sample of housing beneficiaries was used as "arbiters".*

The research, therefore, examined firstly the extent to which the desired outcomes of integrated development management was and still is manifested in Wesbank, and secondly the correlation with the appropriateness of the management process. It was

² Two interim reports – Meyer et al and Burger et al – as well as two reports on the Fisantekraal and Eureka housing projects for the Tygerberg Administration of the City of Cape Town were released during 2001. The author of this thesis is a member of the research team of this ongoing project.

found that respondents experienced the development management process as overwhelmingly lacking in what was conceptualised as appropriate for ensuring positive outcomes and also lacking in an integrated development management approach (Meyer et al, 2001).

The purpose of this chapter is therefore more specifically to provide evidence of shortcomings of development projects relating to economic empowerment. The initial findings of the Wesbank study provided such evidence in the measurement of two aspects of integrated development, namely:

- (a) desired outcomes, and
- (b) process of delivery.

These two focus areas correspond with the two-fold problem associated with the lack of empowerment in Chapter 2, namely:

- a) the need to empower the subjects of development (which is reflected in the extent to which **desired outcomes** have been achieved), as well as,
- b) the need to “empower” development practitioners (the *process of delivery* followed by practitioners reflects their own level of empowerment, as caused by their mindset, as explained in Chapter 2, item 2.6.1).

3.2.1.1 Desired outcomes

The indicators that were used to measure the degree to which desired outcomes were achieved in the Wesbank project include *equity, capacity, empowerment, sustainability, and interdependence*. These indicators are directly related to the definition of development provided by Burger and Cloete (1998:520), namely:

"Development is increasing the capacity and power of an individual or group to deal with the challenges of the dynamic environment and to utilize its opportunities in a responsible manner".

It was argued that a development effort, which results in improvement of the named indicators, would also result in an improvement in the quality of life of beneficiaries. The measuring of the desired outcomes can therefore be directly linked the degree of empowerment of the *subjects of development*. These indicators and the above definition

by Burger and Cloete also reflect the characteristics of empowerment as discussed in Chapter 2, namely *equity*, *capacity building*, *participation*, and *self-reliance*.

The *participation* construct can be related to the *interdependence* indicator, where participation is an outcome, i.e. where housing beneficiaries become enmeshed in civil society activities. In doing so, a social fabric is formed, i.e. a network of relationships between individuals, groups and organisations (Burger & Theron, 1997). In Chapter 2 it was stated that participation as empowerment is a much stronger concept than participation as involvement because the former relates to transforming the system and the latter to maintaining the system. Where participation as “transforming” is related to outcomes, it supports a continuous process of improvement after developers have completed the initial process.

The Wesbank research is a longitudinal study. The first survey undertaken in Wesbank during April 2001 was aimed at measuring outcomes soon after completion of the initial process. These outcomes can be referred to as the *proximal* or *immediate* outcomes (Rossi, Freemant & Lipsey, 1999:105), or effects (Cusworth and Franks, 1993:16). The second round of surveys scheduled to take place towards the end of 2002 or beginning 2003, will determine whether such an ongoing process of improvement has already taken place over time, i.e. whether the system has merely been maintained, or whether it has been transformed. Rossi *et al* (1999:105) refers to these as *ultimate* outcomes and Cusworth and Franks (1993:16) as *impacts*.

In terms of participation as outcome, ultimate outcomes or effects would occur where beneficiaries are empowered to the extent that they start contributing to the well-being of their neighbourhood, rather than merely benefiting from it. The difference is a relationship of interdependence, rather than perpetuated dependence.

Self-reliance as indicator of an empowerment outcome has a *sustainability* dimension. Both these terms emphasise continuous independence. With reference to the previous paragraph, independence should not be seen excluding interdependence.

Equity and *capacity* are common indicators to both the development and empowerment constructs. However, both these indicators have an outcome and an initial process dimension. Where equity as outcomes is concerned, it implies equal (unimpeded) access

to resources or assets, therefore it refers to these as being economically empowered. The same applies to capacity. In item 2.2.2, capacity-building referred to the process, while as an outcome it referred to the continuous utilisation of knowledge, skills and abilities to satisfy their needs.

More importantly, the indicators of development and the characteristics of empowerment have something else in common, i.e. they emphasise empowerment as a much desired outcome of all development initiatives. The definition of the concept of empowerment, both as an indicator and as a characteristic of development emphasizes leverage, power of choice, access to information and personal development (Meyer et al, 2001 Swanepoel & De Beer, 1998, and Burkey, 1993).

The questionnaires used to determine the extent to which desired outcomes were achieved in Wesbank, had to measure the indicators mentioned above. Because these indicators of desired outcomes so closely resemble the characteristics of empowerment, the questionnaires also measured the extent to which empowerment and specifically economic empowerment were achieved with the housing development project.

The questionnaires examined respondents' access to jobs, schools (education), shopping facilities, and opportunities in general (*equity*). Respondents' feelings regarding their new responsibilities as tax payers and homeowners were also measured (once *equity* is ensured, responsibility to being morally answerable can be expected). It had to be determined whether respondents invested in their own future in ways that reflect freedom of choice, e.g. by attending public meetings or taking part in the elections (*capacity*), as well as the extent to which respondents were involved in community organisations, and whether they provided services that could benefit the community (*interdependence*).

3.2.1.2 Process of delivery

Public officials and their agents are responsible for executing development initiatives and are held accountable for acceptable performance regarding the delivery of outputs (Public Finance Management Act, 1999, Act 1 of 1999). They are therefore also responsible for ensuring delivery processes for projects that will enhance the principles of integrated development.

Based on this, certain indicators were used by Meyer et al (2001) to determine whether a successful delivery process was implemented in the Wesbank development project. These indicators are *partnerships, process-related participation by all potential role-players, skills transfer, fairness, economic empowerment, process choices, quality, affordability, innovation, transparency, accountability, monitoring, and sustainability.*

The extent to which these indicators have been present throughout the planning, implementation and monitoring of the project, reflects the level of empowerment and the mindset of those responsible for facilitating the development effort.

As in the case of the indicators used to determine the extent to which desired outcomes were achieved with the project, the indicators used to examine the delivery process also accentuate the concept of empowerment, and in this case specifically economic empowerment. Empowerment and economic empowerment therefore becomes a specific focus area of the study by Meyer *et al* (2001).

Some of the questions in the questionnaire aimed at determining the presence of the process delivery indicators were:

- questions regarding choice about where in the Cape people wanted to stay, who their neighbours would be, and where on their plots their houses would be situated (*process choices*);
- a question to determine whether people are aware of arrangements to get them involved in decision-making processes (*process participation*);
- questions regarding the quality of the houses (physical structures), and services and facilities in the area (*product quality*);
- questions regarding being made aware of any funds or support available for pursuing business opportunities, and the creation of awareness of job opportunities at the local council or other service providers (*economic empowerment as provided for in the process*);
- a specific question asking respondents whether or not they thought that they were treated unfairly, compared to others in their position (*fairness*);

- and a question regarding respondents' awareness of Integrated Development Planning (IDP) for their area (*economic empowerment, participation and partnerships*).

On evaluating the information gathered during this empirical investigation into the Wesbank project, it was found that most (if not all) of these indicators were neglected throughout the course of the project (Meyer *et al*, 2001). The findings of this investigation will be discussed in greater detail in item 3.2.4.

3.2.2 The problem from the perspective of the facilitators

Pollitt and Bouckaert (2000:115) found that improving *process* is frequently an important step towards achieving improved outputs and outcomes. Changes in process may *inter alia* signal a shift in administrative cultures, i.e. changing the mindset of the facilitators (see item in Chapter 2, item 2.6.1). "The assumption is that , by paying more attention to clients, public service organizations will learn to deliver better results and that clients will notice the change and experience increased satisfaction" (Pollitt & Bouckaert, 2000: 116; see also Rossi *et al*, 1999:30 and the White Paper on Transforming Public Service delivery (Batho Pele White Paper)).

The Wesbank research also included focus group discussions, expert interviews, and comparisons with other housing projects in the City of Cape Town area (Burger *et al*, 2001).

The information so generated is crucial to this chapter because it provides vital information regarding the process of delivery and the mindsets of the facilitators. This information was obtained by means of interviews, in the form of focus group sessions with the project managers and the Oostenberg Municipality, which acted as developer. Whereas the questionnaires used for the first interim report provided information from the viewpoint of the subjects of development, the focus group discussions, amongst others, used to compile the second interim report, provided information from the viewpoints of the facilitators themselves. This information is necessary to determine the level of empowerment in terms of the mindsets of the developers (see item 2.6.1).

The Wesbank research therefore explored the management processes that were implemented, or *not* implemented, that eventually resulted in outcomes of the project not

being appropriate for ensuring desirable outcomes. The conclusions of this part of the research will be discussed in item 3.2.4.

3.2.3 Wesbank: Background to the housing project

3.2.3.1 Background

After 1994, Government named provision of housing as a high priority that needed immediate attention to address the dire need that existed in order to cater for the unemployed, squatters and backyard dwellers. Large tracks of land and amounts of money were set aside for large-scale housing development projects throughout the country. Amongst others, the Wesbank area was identified as suitable land for the development of a low-cost housing project in 1995. In 1997, the Western Cape Housing Development Board approved this project. It was meant to be a flagship project of affordable housing in the Western Cape at the time, making more than 5 000 housing opportunities available to the poorest of the poor (Meyer *et al*, 2001).

3.2.3.2 Location

Wesbank is situated in the area of jurisdiction of the Oostenberg Administration of the City of Cape Town, in the Province of the Western Cape. Oostenberg Administration accepted official responsibility as the developer of this area. The area borders the neighbouring areas of Delft (on the west), Kuils River (on the north), and Eerste River (on the south and Eastern side). It is a "greenfields" project, in other words, a new township on previously undeveloped and vacant land, consisting of approximately 5 000 dwelling units in an area of approximately 5km² (Meyer *et al*, 2001).

The total development area amounts to 204 ha, of which 130 ha are developed for residential and associated purposes. The balance of 70 ha falls below the 1:50 flood line of the Kuils River and contains mainly protected dunes in their natural state and the floodplains of the river (Meyer *et al*, 2001).

3.2.3.3 Development

The project was developed in five phases. The earthworks, bulk infrastructure and internal infrastructure were completed between 1997 and 1999. Special attention was given to protect natural endangered plant species. The first houses were occupied during April 1999 and all houses had been completed and occupied by December 2000. Three types of houses were built, namely a so-called "simplex" house, a duplex house, and a fourplex house. The three types were provided for the same price, but the difference in size was a variable weighed against the disadvantage of attached units. *Simplex units* are freestanding, while *duplexes* are two single-storey attached units. The *fourplexes* are four single storey attached units. At least 10% of the project work was subcontracted to emerging contractors and local labour was used as far as possible (Meyer *et al*, 2001).

The first temporary school building opened in January 2001 only, accommodating only the first three grades. The first permanent primary school was scheduled to be completed in 2001. Until December 2000, 17 churches and 9 day-care sites have been sold to private individuals, but none were developed (Meyer *et al*, 2001).

3.2.4 Interim findings of the Wesbank research

It was found that the respondents experienced the development management process as overwhelmingly lacking in what was conceptualised as appropriate for ensuring positive outcomes. In other words, the process that was followed throughout the project was negative and therefore resulted in negative outcomes. This is well illustrated in Figure 3.1 (Meyer *et al*, 2001).

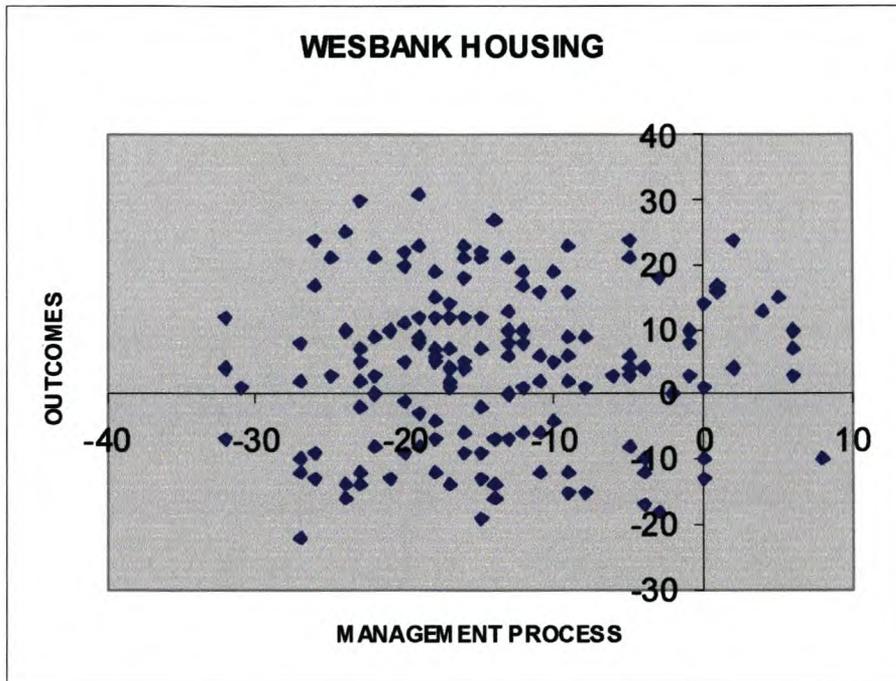
As can be seen from Figure 3.1, the immediate outcomes are closely distributed around the x-axis or 0-line. In other words, the outcomes are either outright negative or only marginally positive. On the other hand, most beneficiaries experienced the management process as outright negative.

More specifically, the preliminary findings of the study can be summarised as follows:

- a) Over 80% of respondents regarded themselves as *marginally better off* than in their previous situation. It must be taken into account that 95% did not own a house

before and are simply thankful that they could get a starter house. However, does this necessarily imply that they were also economically empowered?

Figure 3.1 Operationalisation of variables on the Wesbank research



- b) An *unemployment rate* of 40% exists in the area, which directly affects the respondents' capacity to pay for services. What is even more significant is the fact that almost 80% of the unemployed population in the area has been unemployed for less than 3 years. Considering that the first houses were occupied 3 years prior to the start of the Wesbank research, the length of unemployment means that these people became unemployed since moving to Wesbank. How has the move to Wesbank influenced the economic status and empowerment of the housing beneficiaries?
- c) *Social exclusion*. Residents of Wesbank are far removed from their jobs, shopping facilities, schools, and medical and other facilities, with no public transport system in place. How does this affect access to economic empowerment opportunities?
- d) *Absence of civil society structures*. Postal services are poor and there are no municipal structures close by.

- e) The majority of residents have no meaningful *participation in decision-making processes*. What does this reveal about their state of empowerment?
- f) *Lack of infrastructure*. There was only one school in Wesbank: a temporary primary school up to Grade 3. Roughly 80% of children attending school do so in neighbouring areas. There was no permanent medical facility, or any other supporting infrastructure in the area. Will this affect the economic empowerment of the residents of the area?
- g) A significant number of respondents experienced the *outcomes as negative*. The majority of respondents (about 57%) viewed the house, i.e. the actual structure, as either bad or very bad. Also, 55% of respondents feel that they do not have access to more opportunities since moving to Wesbank. How does this reflect on the economic empowerment of housing beneficiaries?
- h) Homeowners had no choice about *location*. Nearly 95% of respondents had no choice as to where in the Cape they wanted to live, 98% had no choice regarding who their neighbours would be, and 100% of respondents claimed that they had no choice in terms of which plot they would get or where on the plot the house would be situated. What does this reflect about the role the respondents played in their own empowerment?
- i) No innovative approaches were applied during the development process to find creative solutions for developing appropriate services. How does this impact on economic empowerment?
- j) Management practices did not adhere to integrated development planning and management. During focus group discussions, developers expressed their awareness that Wesbank was merely a project for provision of houses with no initial provision for integration with other services to make the project more sustainable. There were also no concerted intergovernmental and public-private partnership attempts at an integrated development process (Burger *et al*, 2001). How does this reflect on the mindsets of the facilitators and their own level of empowerment (see

Chapter 2)? How does this reflect on their attitude towards facilitating beneficiary empowerment?

Most (if not all) of the requirements for empowerment in general, and economic empowerment in particular, i.e. equity, capacity-building, participation, process choices, and sustainability are absent.

In summary, the first investigation into the Wesbank project found that the outcome of the Wesbank Housing Development Project was unfavourable for holistic and integrated development due to a lack of integrated development management.

3.3 INTERPRETATION OF THE FINDINGS IN THE CONTEXT OF THIS THESIS

It was argued in Chapter 2 that housing does not only fulfil basic social needs, but it also has an economic function. The economic function has been sorely neglected in many housing development projects in the past. It was also argued that housing should bring about a positive change in the economic circumstances of beneficiaries. It will be argued in this section that as inappropriate management practices in Wesbank have resulted in negative outcomes, there is also comprehensive evidence beyond Wesbank that such inappropriate management has led to numerous lost opportunities for economic empowerment of development beneficiaries elsewhere.

In Section 3.2, evidence was explored to determine whether a reductionistic approach to housing in Wesbank has caused unfavourable outcomes. Based on Figure 3.1, Meyer *et al* (2001) found that a correlation coefficient of 0,65 indicated a moderate to strong positive correlation between the two variables, i.e. outcomes and management process, even though the outcomes, as measured with the survey indicated a modest improvement for approximately two thirds of the respondents. This correlation means that the lacking management process that was implemented, caused the outcomes to be negative. Had the developers been "empowered" in terms of their attitudes and approach towards development, and had they consequently followed a more integrative approach towards development and empowerment, the outcomes of the housing project

would have been much more positive. Bryant & White (1982:23) fully agree with this notion and states that the fact that development often does not happen, is partially rooted in management and organizational processes. They also argue that administrative incapacity can deepen underdevelopment in communities. This emphasizes the idea that management processes undertaken in projects, can lead to undesirable outcomes.

Therefore, although the immediate results showed a marginal improvement in the case of two thirds of respondents, they were not necessarily empowered, and specifically not sustainably empowered. The initial *improvement* of receiving a house in Wesbank, may over time be negated by the inherent disadvantages of the reductionistic approach. This is confirmed by Rondinelli (1993:1) who writes that disparities between rich and poor continue to widen, despite progress in some aspects of development. The trickle-down and spread effect that was and still is expected to follow this small initial state of progress, did and continues to do little to alleviate widespread poverty and therefore does *nothing to establish a base for sustained growth and human development*. Burkey (1993:8), agrees with the notion that although initial improvements occur, "bureaucratic heavy-handedness" can stifle sustainable development. He argues that *decisions and programmes are not only unrelated but also detrimental to the real interests of the people: " where government programmes are temporarily successful in reaching the rural poor, such programmes are often based on the provision of subsidised inputs. And as Paolo Freire has pointed out, they create even greater degrees of dependency and domination. When such programmes inevitably collapse, the people tend to sit back and say, "when is the government coming back to develop us?"*(see also Giloth, 1998: 42).

This is even truer when it comes to economic empowerment. In the previous section it was mentioned that some of the initial physical development work was allocated to emerging contractors. This could have provided some economic opportunities for emerging developers, but did not benefit the primary housing beneficiaries at the start of the benefit creating process (see Section 2.3.1). The initial "scattering" of opportunities was therefore not part of an orchestrated plan for the primary beneficiaries to become economically empowered. According to the 2002 ANC draft resolution on infrastructure development, infrastructure such as basic social and municipal services must ensure maximum job creation and skills development (Umrabulo No 17, October 2002). According to the ANC the principles of the government's housing programme include skills transfer and economic empowerment, fairness and equity, choice, quality and

affordability, and innovation. Yet, nothing was done to create jobs in Wesbank or to equip residents with skills that could help them earn a living. Since moving to the area, residents have not been informed of any available job opportunities. In addition to this, Wesbank actually took many employees further away from their places of work, because 80% of the unemployed in Wesbank became unemployed after moving to the area. One can go as far as claiming that the development project did not only fail to ensure economic empowerment and to improve the economic status of residents, but also denied them what little economic activity they were involved in prior to the move. Instead of being economically empowered, they were economically disempowered because they could not find new jobs due to their physical isolation and lack of proper public transport system, amongst other things. Social exclusion from and lack of access to schools could give rise to a new generation of uneducated and poorly skilled people. This will further increase the unemployment situation in the area, contributing even more to the decrease in economic empowerment of people.

These issues also gave rise to the fact that about 70% of respondents admitted to being in arrears with payments for services and taxes. Because of the lack of economic empowerment initiatives in the project, residents do not have the capacity to pay for services. Nor do they have the economic capacity to extend their homes or renovate their houses in order to become proud homeowners. The lack of economic empowerment therefore also influences the human and social development of these residents.

The implication of economic empowerment, as stated in the above paragraphs, is emphasised by Todaro (1989:89): *a basic function of all economic activity is to provide as many people as possible with the means of overcoming the helplessness and misery arising from a lack of [basic needs]. To this extent it can be claimed that economic development is a necessary condition for the "quality of life" that is "development". Without sustained and continuous economic progress at the individual as well as the societal level, the realisation of the human potential would not be possible. One clearly has to "have enough in order to have more".* Rondinelli (1993:1) agrees that economic empowerment should be regarded as an important aspect of development initiatives and states that *an economic environment, conducive to development, should be created.*

Over and above the empowerment of respondents, the empowerment of the facilitators can also be explained in terms of the findings as explained above. The developers admitted that they were making no efforts for integration and the forming of partnerships, and that their only concern was providing houses (Burger *et al*, 2001). It has already been stated that nothing was done to create jobs or to equip residents with the necessary skills to help them earn a living. All this reveals that the developers had no intention or mandate for facilitating economic empowerment for the people in the area and reflects the approach and the attitudes of the developers towards economic empowerment. This is a manifestation of a "heavy-handed" approach as referred to above.

Another question that needs to be answered is: would the facilitators have had the *ability* to facilitate economic empowerment even if their approach and attitudes were geared towards facilitating economic empowerment?

"Wesbank – a residential neighbourhood the size of a town such as Worcester – meant a sudden 10% addition to the municipal service workload without any meaningful additional revenue, because of the poverty of its residents. Even before the development of Wesbank, Oostenberg was by far the poorest of the six municipal substructures in the Cape metropolitan area and was understaffed due to a lack of funds. The addition of Wesbank worsened the situation by increasing the burden on the municipality and the ratepayers of Oostenberg. The municipality was therefore also late in implementing the processing of service accounts for the new residents and, in the absence of postal services, had to make its own arrangements for the delivery of accounts."

(Burger *et al*, 2001:7-8)

The facilitators also expressed their helplessness in ensuring sustainable, integrated development, because they could control only isolated components of what is required for sustainability. This means, that even if the facilitators wanted to adopt a more integrative approach to development and be more focused on economic empowerment, they would not have had the financial (poorest municipality) or human (understaffed) capacity, been able to participate in the initial decision-making and planning processes, or control over components crucial for sustainability. These constraints should, however, not have

stopped them from attempting innovative solutions or alternatives in the face of such constraints.

3.4 Conclusion

This chapter firstly explored the empirical evidence of a comprehensive research project undertaken in Wesbank, Cape Metropolitan area, with a view of determining the outcomes and the management practices. It was found that these two variables as operationalised in Wesbank, had a mentionable positive correlation and that the inappropriateness of management has contributed significantly to undesired outcomes in Wesbank.

Secondly, the Wesbank evidence was applied to the expressed view in this thesis that one of the outcomes of housing should be economic empowerment of housing beneficiaries. In Wesbank this did not occur. The Wesbank evidence was also linked to the views and findings of various authoritative sources that confirmed that government development projects in general, have an unfortunate track record when it comes to beneficial outcomes, and specifically economic empowerment of so-called beneficiaries.

The only way to address these constraints and the issues that hamper the facilitation of economic empowerment and empowerment in general, is to have a more integrative approach. This will be explored in Chapter 4.



CHAPTER 4

APPROACHES TOWARDS ECONOMIC EMPOWERMENT OF HOUSING BENEFICIARIES

4.1 INTRODUCTION

Chapters 1 and 2 argued that recent development efforts have lacked greatly in integrated development and the promotion of empowerment. Specific reference was made to economic empowerment of housing beneficiaries. These chapters also identified development facilitators as being disempowered in their approach to development facilitation.

Chapter 3 continued to introduce pragmatic evidence of the shortcomings of such “development” projects by discussing ongoing research into the case of the Wesbank Housing Development project in the Western Cape. The current research proved the initial argument introduced by Chapters 1 & 2 to be true, that is, that most so-called development initiatives do not result in positive outcomes for the people who are supposed to benefit from such initiatives. Reasons include a serious lack of integration, failure to focus on economic empowerment activities, and lack of empowerment as far as developers are concerned. Arguments beyond that of the Wesbank study were then introduced to further substantiate the above view. It was argued that government development projects in general, have an unfortunate track record when it comes to beneficial outcomes, and specifically economic empowerment of so-called beneficiaries.

The deficiencies of previous development projects have been discussed extensively and not only as part of this research, but by various others as well. The question, however, remains: *how can these shortcomings be addressed to ensure positive, empowering outcomes for future development initiatives?* In Chapter 3 it was concluded that only an

integrated approach can be offered as remedy. *But what does an integrated approach entail?*

The aim of Chapter 4 is to formulate a framework on how economic empowerment of housing beneficiaries could be attained. Before this is done, the encompassing requirement of an integrated approach is explored in order to further expose the shortcomings of the practices observed in the Wesbank project and substantiated by other authors.

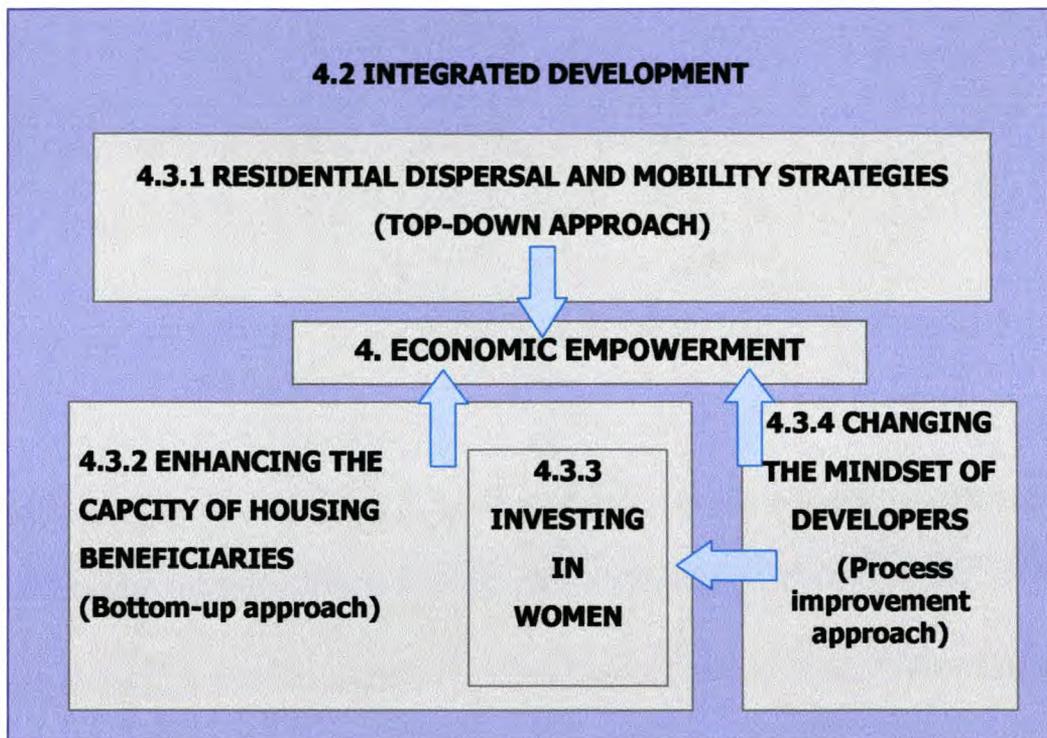
In seeking solutions, the economic empowerment and development strategies that will be discussed are based on the idea that securing employment and income generation is the cornerstone of economic empowerment and development. These strategies will be discussed under the heading of **Housing and economic development strategies** and are divided into 4 categories, namely:

- (a) Residential dispersal and mobility strategies (Taking the people to work)
- (b) Enhancing the capacity of housing beneficiaries (Taking the work to the people)
- (c) Investing in economic empowerment of women
- (d) Changing the mindset of the developers regarding their approach to the process of housing delivery

The relationship between these components is illustrated in Figure 4.1.

The four approaches mentioned above can be linked to the paradigms contemplated by Hyden (1990:45). The *trickle down paradigm* can be linked to the residential dispersal and mobility strategy because both refer to top-down approaches to empowerment. The *small is beautiful* paradigm relates to enhancing the capacity of housing beneficiaries because both are in favour of bottom-up approaches to economic empowerment, starting with the people who the empowerment initiatives are aimed at. Hyden's (1990:46) *integrated development* paradigm can be linked to changing the mindset of the developers. Both approaches favour delegation to ensure more effective service delivery and require improvements within the processes of delivery. Finally, the *enabling environment* paradigm can be related to the integrated development approach as was defined for the purposes of this research. These two approaches are in essence a combination of the preceding approaches.

Figure 4.1 Approaches towards economic empowerment of housing beneficiaries



4.2 THE RELEVANCE OF INTEGRATED DEVELOPMENT MANAGEMENT

In order for development to be sustainable, the overall quality of life of the poor has to be improved and their basic needs have to be satisfied. Provision of housing serves one aspect of the objective of social development. Attempting individual development efforts, aimed at achieving singular goals, will not improve the quality of life of people to the extent that positive and sustainable development outcomes are achieved. The objectives of social development should be integrated with those of economic and personal development and each should not be regarded as a problem on its own. Without integrating the various areas of development, such as social (provision of housing structures), economic (job-creation activities), and personal (fostering self-reliance) development (Burkey, 1993:35-39), positive outcomes such as economic empowerment, sustainability, equity, capacity-building and interdependence will not be achieved (see Dalal-Clayton and Bass as referred to in Section 2.5.4 and Umrabulo No 16, August 2002).

This integration is reflected in and dependent on the delivery process implemented throughout the various stages of development projects. Viewing individual projects in isolation without incorporating all facets of development, will ensure a futile exercise with all but desired outcomes. An example would be regarding the purpose of a housing development project as merely to provide housing structures and not realising the full development potential such a project could have, should it be viewed as part of a holistic and integrated development strategy. Provision of houses alone does not constitute development!

According to Burkey (1993:49), people's lives are composed of many inter-related parts, which form an integral whole. A transformation or change in one sector cannot be achieved without simultaneous changes in other sectors. This viewpoint confirms government's social welfare obligation as defined by Gildenhuys (1993:25), as explained in Section 2.2.1. Such an obligation entails enhancing personal social welfare to the extent that human beings can reach their potential. However, facilitators of development should not mistake addressing various sectors at the same time for integrated development. Burkey then also states that many so-called integrated development projects are more multi-sectorial than truly integrated (1993:49). Each sector is usually planned by sectoral experts who are primarily interested in seeing the people organise to implement "their" activities. Multi-sectorial projects are therefore not enough to ensure positive outcomes and true integration requires that goals and activities of various sectors need to be interlinked and interrelated.

The delivery process reflects the attitudes of developers, i.e. their mindsets in terms of what really must be done to satisfy the development needs in the poor communities. Support to development activities has in many cases been limited by developers' own sectoral thinking (Burkey, 1993:49). This element of multi-sectorialism is very common in development projects and supports the earlier argument in Chapters 3 and 4, that the facilitators of development should also become empowered. Once again a need for a paradigm shift in such developers is emphasised.

Two benchmark examples can be quoted where integration is regarded as the most important element of housing and housing development projects. These are those of the US Federal Department of Housing and Urban Development (HUD), and New Community Corporation.

4.2.1. Housing and urban development strategy (HUD)

HUD's mission is to "promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination" (Burger et al, 2001: 9). As such, the mission gives testimony to aspects of integrated development management and beneficial outcomes beyond the provision of housing. Flowing from this mission, the strategic goals of HUD as derived from the mission are to increase the availability of decent, safe, and affordable housing; ensure equal opportunity in housing; promote housing stability, self-sufficiency and asset development of families; improve quality of life and economic vitality; and ensure public trust in HUD.

The following are some of the strategies employed to obtain these goals, namely employment creation, integrated development, partnership with key role-players, creating pride in home-ownership, providing a support base, and financial viability.

HUD has implemented various exemplary programmes in adherence to the provisions of the Quality Housing and Work responsibility Act of 1998 to ensure sustainable living. One such programme is the Residents' Opportunities and Self Sufficiency Programme (ROSS). The purpose of this programme is to link housing with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient (Burger *et al*, 2001: 10).

The HUD project has proven just how far an integrated approach for housing has to be taken to ensure success. The project embodies the characteristics of comprehensiveness, innovation, and heavy reliance on leadership, partnerships and participation (Burger *et al*, 2001: 22).

4.2.2 New Community Corporation (NCC)

The NCC is a community development corporation that derives its energy from the power of religious experience. Its mission is to encourage residents of poor communities to improve the quality of their lives, to reflect God-given dignity and personal achievement (Burger *et al*, 2001: 11).

NCC combines the following: dignified and affordable housing; safe and secure neighbourhoods; quality health and day care; creative education programmes; and job creation opportunities. Much emphasis is placed on integrated community housing; the value of job creation in development; the importance of morality in community development; and the importance of constructive partnerships.

It must however be acknowledged that these strategies were specifically designed to the United States and have been implemented in situations where the unemployment rate was low. In the South African context, where the unemployment rate is much higher, such strategies will only be able to address a small part of the problem. They will therefore have to be combined with other economic empowerment strategies to ensure a holistic and integrated approach toward economic development and empowerment.

The South African government has embarked on an initiative that has elements resembling some of the aspects contained in the HUD and NCC initiatives, i.e. the *People's Housing Process*. Typically, this is where individuals, families or groups take the initiative to organise the planning, design and the building of their own houses (<http://www.polity.org.za/html/govdocs/reports/nation.html>). People's housing processes require a commitment of own resources by individual savings by the poorest of the poor to add to government subsidy, thereby adding value to the whole process. However, it does not necessarily contain the intrinsic elements whereby housing is derived from deeper convictions such as religion.

4.3 HOUSING AND ECONOMIC DEVELOPMENT STRATEGIES

"Mainstream practice in the field of 'local economic development' has yielded disappointing results for residents in low-income communities. On the whole [it can be found that] current practice, and the bulk of available public resources, is directed toward strategies that fail for residents of low-income communities" (Giloith, 1998:42). The people in such communities are precisely those who are most in need of assistance, yet economic development and empowerment never seem to reach them where they are at the most micro level.

Giloth (1998:42) continues to identify two broad strategies that are normally used when considering economic empowerment of low-income community settlements, i.e. strategies aimed at employers, and strategies that are focused on workers (workers here also includes those seeking employment).

- ***Strategies aimed at employers*** – These are strategies where development incentives are given to employers to motivate them to support economic development of residents of low-income areas, e.g. in the form of giving employment. Examples of such development incentives include tax abatements and/or lowering the costs of land, labour and capital.
- ***Strategies aimed at workers*** – access and skills through employment training, and housing- and transportation based strategies. Such strategies are more applicable to the topic of micro-economic empowerment, with housing- and transportation-based strategies very much of relevance to the situation in South Africa, and specifically the Western Cape. These two will be discussed in more detail in the next two subsections.

4.3.1 Residential dispersal and mobility

The housing- and transportation-based approach has two related strategies, which aim to link residents of low-income communities with suburban employment opportunities. This link is to be achieved by taking residents to where the jobs are, either by means of dispersal or by means of mobility strategies (Giloth, 1998:54).

4.3.1.1 Residential dispersal strategies

Through residential dispersal residents of poor communities are helped to overcome the institutional and economic barriers that deny them access to suburban housing and the opportunities for education and employment such housing has to offer. Overcoming these barriers increases the accessibility of suburban areas to the marginalised through means such as scattered-site public housing and elimination of regulating barriers to affordable housing. As an economic empowerment strategy for low-cost housing residents, a dispersal plan assumes that residential proximity to jobs will help formerly unemployed residents to secure employment (Giloth, 1998: 54-55). Stated in easier

terms, residential dispersal strategies locate or relocate people to "job-richer" areas, like the suburbs, in the hope that they can find employment easier.

There is no evidence of this strategy being considered in Wesbank, as discussed in Chapter 3. In actual fact, the Wesbank project is isolated, removed from the economically active centres of the surrounding suburbs. Many residents were even further isolated and removed from their places of work, and subsequently they lost their jobs for reasons such as transport becoming too expensive. Burger et al (2001) reinforce this idea by describing Wesbank as an "*isolated island of concentrated poverty*".

An example of a housing project where a dispersal strategy is evident, is the Eureka housing project. Eureka, situated between the Parow and Epping industrial areas, was a 400-house, locally initiated infill project aimed at providing homes to the backyard dwellers of surrounding neighbourhoods. It is therefore an infill development surrounded by a variety of existing communities, social-welfare and economic services and activities (Burger *et al*, 2001: 13).

This strategy of residential dispersal represents an ideal solution, which has proved its value in countries such as the United States, but the rate of poverty is low enough for such "absorption" to take place. However, in developing countries such as South Africa, the incidence of poverty is too high for total absorption.

4.3.1.2 Mobility strategies

Mobility strategies potentially offer a more direct way of connecting people and jobs. Rather than relocating people or erecting a number of houses close to suburbs and hoping they find jobs, mobility strategies aim to connect people with jobs through transportation improvements and other support services (Giloith, 1998: 56).

Mobility strategies, therefore, try to give people easier access to jobs by ensuring that they have transport (public) to get to work or to go and search for employment. Whereas residential dispersal strategies aim to place the person's entire home and household closer to the place of work on a permanent basis, mobility strategies aim to move only the person on a daily basis. Mobility strategies have one advantage over residential dispersal in that it ... *sidesteps the protracted and bitter opposition that often*

forms in reaction to efforts to 'open the suburbs' to low-income families that sometimes hinder residential dispersal strategies ... (Giloith, 1998: 54).

During the first phase of research in Wesbank there was no evidence of contemplating such a strategy in that area and there was no form of structured public transport to and from the surrounding areas either. This is evident from the feedback received from respondents to the empirical research in Wesbank (Meyer *et al*, 2001), as well as the focus group session held with municipal officials who were involved in the implementation of housing project (Burger *et al*, 2001).

There are, however, reasons to question whether mobility alone will enable residents to escape poverty through employment, e.g.:

- It is based on the assumption that there is a labour shortage in areas where people can be transported to.
- Logistical issues are reversed where business establishments are small in scale, widely scattered or both, therefore commuting programmes would be less feasible in suburban areas with low employment density.

In summary, residential dispersal and mobility basically try to connect people to jobs in the suburbs because that is where most of the country's employment growth takes place. However, these strategies cannot on its own ensure/ promote economic empowerment. They focus too exclusively on particular aspects of the employment problem and economic empowerment in low-income communities and a more holistic and integrated approach is therefore needed.

4.3.2 Enhancing the capacity of housing beneficiaries

The implementation of dispersal and mobility strategies raises a new issue, namely whether physically taking people to where jobs are, is the only solution. Would it then not also be imperative to explore the option of taking the jobs to where the people are, instead of the other way round? One way of doing this would be to develop the skills of housing beneficiaries who are unemployed at the time of receiving a house in order to help them become marketable in terms of finding a job or skilled in terms of becoming self-employed, and getting access to financial support.

4.3.2.1 Skills development strategies

These strategies attempt to address economic empowerment of the poor by going into such communities and developing the skills of locals. An example of such a strategy, the SHEP (Safe, High Employment, and Prosperous) Community Partnership Plan has been implemented in Du Noon, a disadvantaged community near Table View. The plan focuses on the development of strong business and entrepreneurial skills within the community with the aim of developing young men and women to become local business leaders (Die TygerBurger, 2002). Efforts have specific goals that develop, mentor and coach the trainees towards successful business ownership.

SHEP attempts to generate income within the community and then works towards ensuring that a large percentage of the money is spent within the community. Their reasoning behind this is that communities will never stand a chance of developing its prosperity and sustain the desperately needed employment opportunities if the money is spent outside of the community.

4.3.2.2 Self-employment

"What economists call the informal sector consists of countless tiny enterprises begun by the poor in the cities, towns, and villages of the developing world. Hawkers shout their wares on the street corners, mechanics patch vehicles in their tumble-down shops, and 'micro-entrepreneurs weld iron grillwork, recycle used bedsprings into mattresses, make candy, or sew skirts and shorts in their homes or in small 'factories' tucked away in back alleys and shantytowns. These informal-sector activities employ from 30-70% of the labour force in the developing world" (ACCION, 1988:2).

The late 1970s gave rise to many studies that investigated the informal sector and it was predicted that it might hold the answer to stagnation and unemployment. They were followed in the 1980s by a wave of policy-thinking which argued for deregulation and the active support of the informal sector as a means of boosting productivity and employment (Preston-Whyte & Rogerson, 1991: 243).

The new millennium has brought about an emphasis on the development and promotion of small and medium enterprises, with support for the informal sector being neglected to a large extent. It is important for Government and developers to understand the need for

development of both the formal and the informal sectors. Local economies can benefit through a connection between the sectors, and by recognising and building upon these connections, the small business sector as a whole will enjoy new opportunities for growth (White, 1997: viii). According to ACCION (1988:3), informal-sector activities are important to local economies for two main reasons, namely:

- They will generate a majority of the jobs required in the developing world;
- They will provide a large percentage of the jobs needed for women, the uneducated, the youth, and the very poor.

In most developing countries where the informal business sector is thriving, this is the case. In addition, these businesses supply goods and services, teach skills and provide entrepreneurial training. They also represent the most economical mix of capital, labour, and energy in a poor society.

The truth of the matter is that economic activity is alive and well in the informal sector and very common in the poor areas of the developing world. If this is the case, then why should people be taken away from their homes to seek jobs in other areas, instead of supporting the economic activities where the people live and helping these people to become part of it, maybe even developing it to such an extent that these activities can become part of the formal sector? Supporting and promoting the informal sector will have a positive impact on local economies, but more importantly, it will increase the economic empowerment of residents of poor communities and ultimately improve their quality of life.

McIntosh(1991:245) duly states that incomes derived from local rural informal-sector activities tend to be low. Understandably so, but surely low income is better than no income? Informal economic activities can provide the desperately needed start for many of the poor. The challenge will lie in finding ways to fund informal economic activities, in order to make such activities sustainable in terms of continuous improvement in the economic empowerment of individuals, as well as continuous improvement in the contribution it can make to local economies.

The importance of fostering local economic activities at the most basic micro level is further emphasised by White (1997:29):

"Government will never be able to address development problems of all communities; they will never have the financial resources to do this. It is important that local communities understand that they cannot wait for outside solutions to their problems. Instead, action must be taken from within. Development [and economic empowerment] must be locally inspired. This is what local economic development is about: finding ways in which local communities can take charge in creating new development opportunities. It involves local residents designing and implementing strategies and initiatives which centre on a range of simple but important activities."

The importance of local economic empowerment initiatives is clear and development agents will need to assist in facilitating this. Skills development and self-employment strategies could therefore play a vital role in the promotion of economic empowerment of housing beneficiaries. Such strategies would not aim to facilitate economic empowerment by taking the people to work, but rather bringing the work to the people, by focusing on economic empowerment and economic self-sufficiency within the community unit, and by building it into housing projects.

4.3.2.3 Microfinance

It has been mentioned before that finding ways to fund economic development initiatives is one of the greatest challenges in terms of embarking on such projects. A method that could be used to address this issue is microfinance.

(a) What is Microfinance?

Microfinance, or *microcredit*, refers to programmes that extend small loans to people too poor to qualify for traditional bank loans, in order for them to embark on self-employment projects that generate income, thereby allowing them to care for themselves and their families (<http://www.grameen-info.org/mcredit/definit.html>).

Another definition of microfinance is that it provides credit and savings services to the self-employed poor, to enable them to start-up or expand small income-generating activities (<http://www.lifeinafrica.com/microfinance/microfinance.html>). This definition adds two dimensions to the previous definition, namely that:

- (i). microfinance should not only focus on provision of credit, but also the provision of savings services, and
- (ii). credit should be provided for both start-up and expansion of self-employment activities.

Christopher Dunford (1998) goes one step further and describes *microfinance* as more than merely provision of loans, but as providing credit for *investment in small-scale self-employment activities chosen by the poor themselves*. The use of the word *investment* suggests and implies a positive outcome for such investment.

(b) Background and importance

The poor in the developing world are, and have always been on the peripheries of economies. Most of the poor operate on a cash-only basis, which means that their financial transactions go unrecorded and therefore they normally do not have a credit history. The hard work they put into their attempts at self-employment is classified as *informal* and because this means that they have no official business history or collateral to lend against, so they do not have bankable worth. They can therefore not turn to commercial banks to get access to resources that might help them start or expand their sources of income, the informal economic activities they engage in (<http://lifeinafrica.com/microfinance/microfinance.htm>).

Added to the difficulty in building proof of bankable worth, is the reality of high incidences of failure where individuals were given access to credit in spite of a lack of bankable worth. This is exactly why microfinance institutions and the availability of credit services can play such an important role: to prove to the poor that there is assistance to help them build on their hard work in order for them to be able to create a more stable financial base for their families and eventually become economically empowered, provided that a viable alternative to bankable worth is created. The so-called *solidarity groups* and *chattel items* are examples of such alternatives to be discussed later.

Microfinancing is also of particular importance to the poor because of its savings aspect. The poor rarely have money to save because their incomes are normally just enough to provide basic needs, such as food and clothing. If they do have spare cash to save, it is normally small amounts and it is not in their best interest to place it in savings accounts

at commercial banks where they have to pay bank charges and service fees. The savings requirements of many microfinance institutions serves not only as a form of insurance against risk (savings serve as guarantee), but as an end in itself, because it fosters a culture of saving amongst the poor, which is one of the shortcomings of the commercial banking system.

(c) Characteristics of microfinance

It has been mentioned that microfinancing could play a very important role in helping the poor become economically empowered and that one of the reasons for this is because microfinance institutions lend against alternative forms of collateral. This characteristic, as well as a few others need to be mentioned:

- (i). **Alternative collateral.** Because the poor do not have collateral of significant value, microfinance institutions lend against alternative forms of collateral / credit guarantees. The first form is called *social collateral*. This form extends credit to solidarity groups of typically 3-10 people, in some cases more, who guarantee each other's loans. It therefore relies on peer pressure to ensure that loans are paid back. The second form of collateral is called *chattel collateral*. In order for credit to be extended, it is required of borrowers to put up "chattel items" against the loan. These items "are normally not of high value in terms of money, but have a high personal value to the individual in the context of his/her economic activity... [e.g.] a tailor's sewing machine" (<http://lifeinafrica.com/microfinance/microfinance.htm>).
- (ii). The word **micro** applies specifically to the size of loans (which are very small up to R1000), the repayment periods, which are short (about 1 year), and the target users who are low-income households and micro entrepreneurs.
- (iii). Funds are used for income generation and enterprise development, but also for community use such as for health, social services and education (<http://www.gdrc.org/icm/what-is-ms.html>)
- (iv). There are various credit lending models which include community associations e.g. youth associations, credit unions, NGOs, rotating savings and credit associations,

solidarity groups and village banking (<http://www.grameen-info.org.mcredit/cmodel.html>).

(d) Requirements for implementation of a microfinance system

ACCION (1998: 4) suggests a few requirements that need to be fulfilled in order to secure successful implementation of a microfinancing system in a community. These requirements include working directly in the community, extending credit quickly, non-requirement of complex business plans, focusing on the local market and existing small businesses, and allowing loan recipients to assume a major role in promoting the programme.

It is important for microfinance agencies to *work directly in the community*. This includes working through local organisations and forums to explain the programme's services, checking references, holding meetings in the community, and visiting borrowers to explain requirements. It is also important to simplify application procedures, because it is more important to spend time with borrowers after they have received their loans when their business' growth begins to strain their management capacity, than it is to fill out extensive application forms.

Credit must be extended quickly, because loan applicants become discouraged if they have to wait months before receiving services. They are accustomed to moneylenders who dispense money on the spot. First credit should ideally be extended within a month. Not only should credit be extended quickly, loans should also be paid repaid within a short period after it was extended. Small short-term loans should be extended, primarily for working capital. Small short term loans not only "test" the borrower's commitment to repay, but also allow the borrower to see whether or not a loan will, in fact, help the business grow.

It is not necessary to initially require books and complex business plans. Since only a small percentage of businesses at this level keep written records, only the simplest record system is appropriate. An interest in better planning, management, and record-keeping tends to emerge as businesses grow. Project staff should, therefore, not insist that tiny businesses have the organisation and working style of larger firms. It may also be advisable for microfinance institutions to provide services for assisting people with business management training, as their businesses grow.

It is important not to require guarantees that would eliminate most potential candidates. One of the principle characteristics of microfinance is that it makes access to credit easier for the poor by lending against alternative forms of collateral. It is therefore important to make use of substitutes for conventional guarantees such as solidarity groups and chattel collateral, as described earlier.

Microfinance institutions should work with existing micro businesses or help start others that are appropriate for the community. It is important to focus on smaller aspiring or existing businesses in the community because they require less extensive capital inputs over shorter periods than larger enterprises would require. It is also important to ensure that these businesses are appropriate for the specific community to ensure long-term sustainability. Businesses that address a specific need in the community may have a better chance of survival.

The focus of microfinancing should be on the local market. Local entrepreneurs know the needs and interests of the community and often find "niches" where an outside expert may have thought none existed. Efforts to locate new markets for these micro entrepreneurs can become very costly and more difficult than expected.

The final requirement mentioned is that loan recipients should be allowed to assume a major role in promoting the programme. Borrowers, with their network of friendships and their relationships within the community, form their own groups and provide one another with advice and assistance, which significantly reduces operational costs.

These requirements reiterate the fact the microfinancing should really be "micro", that efforts should focus on the community itself, and that members of the community should participate in such programmes. By doing this, the community members are more aware of what is being done and can have a sense of ownership of the programme and identify with it. This will better the chances of these small businesses succeeding.

4.3.3 Investing in economic empowerment of women

It is a common fact that women are the poorest of the poor in all countries (Umrabulo No 17, October 2002). Large numbers of women in developing countries still suffer under

conditions of severe poverty, and even larger numbers lag behind men in all social indicators. It is true that much of the severe deprivation of women is found in poor communities, and where massive poverty exists, it weighs especially heavily on women.

Although progress has been made in improving the condition of women, there is still a long way to go. While considerable gains have been made over the past 20 years, unacceptable disparities in the well being of women persist and even less has been achieved with regards to women's participation in economic and political life (Buvinic *et al*, 1996: vii). This is especially true when it comes to economic empowerment.

Buvinic *et al* (1996:6,12) provide more reasons to invest in women, i.e. "...projects that target women...often yield best results" and "underinvestment in women [affects] not only their own well-being, but also the well-being of their families, communities, and countries". Therefore, projects need to be better linked with broader efforts aimed at improving women's access to essential productive inputs and rural infrastructure and, especially at reducing the barriers to women's full economic participation and empowerment.

4.3.3.1 Need for focusing on empowerment of women

Microfinance agencies have increased access by targeting female clients both directly and indirectly. Some institutions explicitly target women by having credit lines only or mostly for women, providing staff incentives to reach women, or hiring female credit extensionists. Such institutions have on average performed admirably well. They provide women with access to a critical resource in order to increase their productivity reliably and at low cost, both in terms of direct and opportunity costs.

This stands in contrast to the traditional income generation project for poor women that demand considerable volunteer time and limited autonomy from project participants. The benefits to women producers and entrepreneurs can be both direct and indirect. Women firstly build a credit history and secondly evidence for programmes in Latin America and the Caribbean shows that credit can increase the profits of women-based enterprises, ranging between 25% in some programmes and 50-100% in others (Buvinic *et al*, 1996: 53).

But microcredit is no panacea for low-income women and the enterprises that they operate. The small size and low technology that characterises most women-operated or –owned enterprises and, therefore, the small amounts that women borrow and save, make it difficult for microfinance to graduate women clients to the formal financial sector; thus it is hard for credit alone to upgrade or transform women enterprises and the economic empowerment of women as whole.

Faith in the view of how microfinance can positively affect the economic empowerment of women is increasing. Recent World Bank initiatives in the broad area of financial sector reform have tried to open up opportunities to significantly increase benefits to women. These initiatives include a growing internal movement to bring into the institution the best practices of microfinance lending programmes and expand the Bank's financial lending portfolio in this area.

4.3.3.2 Impact of microfinance for women

According to Mayoux (1997), microfinance for women can be promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Such a strategy could then also have the potential positive impacts.

The first positive impact mentioned is that women's income levels and control over income could be greatly increased because they are creating this income themselves. This in turn could lead to greater levels of independence for such women. Secondly, it would provide women with opportunities for accessing networks and markets, which would give them wider experience of the world outside the home. This could also provide access to information and possibilities for development of other social and political roles, not just the role of being a mother and care-giver.

A third positive impact for microfinance on women could be that the perception of women's contribution to household income and family welfare will be enhanced. A more positive perception on women's contribution to household income could then also lead to increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare.

Finally, more general improvements in attitudes to women's role in the household and community will be promoted.

4.3.4 Changing the mindset of the developer

"Changing the mindset" refers to the empowerment of development facilitators. As was stated in Chapter 2, it is not merely the poor (the subjects of empowerment) who need to become empowered, but also those who are responsible for ensuring such empowerment. The fact that so many development efforts fail to succeed in achieving positive development outcomes, is proof of that. It has been argued in Chapter 3 that management processes can lead to negative outcomes in housing projects, and in development projects in general. Bryant & White (1982:24) supports this argument and even go as far as saying that, more often than not, *facilitators appear to be part of the problem rather than part of the solution.*

The management processes followed during project planning and implementation, reflect the authority of facilitators to make strategic decisions regarding the project, as well as the attitudes of facilitators toward development. Therefore, development facilitators can become empowered by addressing two key issues, namely:

- a) increasing their authority and ability(power) to make decisions, as well as
- b) changing their attitudes and behaviour regarding what the most important elements of development are, and how development should be managed.

4.3.4.1 Increased authority to empower

Empowerment [in an organisational context] is, in essence the transfer of power ... from top management to middle management and so on all the way to the front line employees. Control is entrusted to the people who need it most to get the job done. In the process, challenge is created, initiative released, and self-confidence grows (Clutterbuck, 1994: inside flap of cover).

Local governments are tasked with the responsibility of planning and implementing various development initiatives. The above description of employee empowerment can therefore apply to local government officials, and other development facilitators who can be regarded as the front line "employees" of functional sectors of national and provincial

spheres of government (who are ultimately responsible for development at strategic level).

"Prior to the physical development at Wesbank, a social plan was prepared by the project managers, but they had no mandate to execute any part of it, or negotiate for other community services or facilities with any institutions or organisations besides their immediate client, which was initially the Department of Planning, Local Government and Housing of the Province of the Western Cape, and later the Oostenberg Municipality" (Meyer *et al*, 2001:6). Interviews held with the municipal officials who were involved in the project also showed that the project team had little authority when it came to making important decisions that would affect the ultimate outcomes of the project.

This is a classic example of the *employees* at the "front line" not having enough control, power and/or authority to make the decisions to get the "job" called *development* done. Bryant & White (1982:24) refer to "political powerlessness" as one of the main reasons for facilitators of development not having the necessary authority to make key decisions regarding project implementation. According to them, political leaders are easily threatened by skilled administrators, and thus wary of expanding administrative resources and authority to make decisions. This political powerlessness leads to "administrative incapacity" i.e., *the inability to respond to needs conveyed by citizens*. Another author, Esman (1991:20), strongly emphasises the point that the actions of development facilitators or "public administrators", are expressions of the sovereignty of the state. He also agrees with the idea of political powerlessness of facilitators regarding decision-making authority due to *centralised bureaucratic hierarchies that enforce accountability upward*, away from those who are directly involved in the mechanics of implementing development and housing development projects.

According to Clutterbuck, such *employees* (in this case housing development facilitators) can only be empowered once this situation changes, in other words, if the circumstances are created where people can use their faculties and abilities to the maximum (1994:13). The question is then, how can these circumstances be created? The first aspect of effecting their empowerment would be increasing the degree of discretion. For this aspect, some of the issues that will need to be addressed are (Clutterbuck 1994: 38):

- (i). *The scope of their knowledge and skills base* – this includes ensuring that facilitators have and believe that they have the necessary skills to do a job, expanding people's knowledge base, and ensuring that they have access to information relevant to their tasks.
- (ii). *The scope of discretion over what tasks are done* – deciding on what should be done has remained a strategic function, but lower level managers/employees may have valuable inputs.
- (iii). *The scope of discretion over when tasks are done* – clear guidelines should be given regarding prioritising and sequencing, even project management principles relating to project and personal time management could be implemented to increase more effective prioritising.
- (iv). *The scope of discretion over how tasks are done* – There is a hierarchy of discretion ranging from fully prescriptive to self-defining.

The outcomes of facilitator empowerment are quality, innovation, loyalty and retention, productivity, survival, and a learning organisation. The importance of a learning organisation is described by Senge as to provide a vital dimension to building organisations that can learn, continually enhance their capacity to realise their highest aspirations (1990). Also emphasised is the issue of self-development as an integral part of development of facilitators, which includes them having knowledge of their own attitudes and orientation. Facilitators have to develop as they implement development efforts. Sustainable management development necessitates them to be trusted with the responsibility for their own learning.

Once facilitators have taken up the responsibility for their own learning and have the necessary authority to make decisions, they will be one step closer to having the power to assist with the empowerment of others. However, what use is having the power to make the decision, if your perception about what is right or wrong is construed? The next section will address this issue.

4.3.4.2 Changing attitudes and behaviour (paradigm shift)

Not only do development facilitators need to have the power to make decisions regarding empowerment (as discussed in 4.2.4.1), they also have to change their attitudes

regarding what empowerment entails and how it can be achieved. Therefore, the mindsets of facilitators need to change and these issues will be discussed under the following headings:

- (a) their perception of what constitutes development
- (b) the lack of development-oriented management

(a) Perception of what constitutes development

This subsection is concerned with the necessity of closing the gap between what development practitioners/facilitators have grown to believe to be important for development, and what is really needed to achieve the results necessary in order to say that development has occurred. Facilitators have become accustomed to providing a specific type of product and service in attempting to address the development needs in underdeveloped areas. Very little innovation has been used in terms of trying to look at each case and its merits and coming up with a tailor made plan to address those particular needs. This needs to change.

One of the great failures of development has been the specific emphasis on the execution of "greenfields" projects, one of the types of projects developers have become accustomed to. Wesbank is a greenfields project, in other words, an area of available land was identified and "developed" and the people had to follow the project. An inherent part of greenfields projects is the upheaval of the communities and the breaking of social bonds and networks with which they identify (Burger & Theron, 1997:7). This is due to the fact that members of "established communities" become separated from each other, because those in need of housing have to follow the housing project. Would it not be better to have the housing project follow the people rather than the other way around? This can only be achieved by providing smaller but more dispersed developments closer to where the people are staying.

The importance of having the "project follow the people" becomes evident when the difference in impact of two housing projects, Wesbank and Fisantekraal, was explored. (Burger *et al*, 2001). Fisantekraal is a 600-house development, remotely situated on the north-eastern edge of the Cape Metropolitan Area. The development is extremely isolated and, apart from a secondary school, does not provide easy access to any services. Whereas Wesbank was a greenfields project and beneficiaries came from

various areas in Cape Town to receive housing, Fisantekraal was the exact opposite. Many of the beneficiaries in Fisantekraal were already residing in the area in an informal settlement, and the housing development "followed" them. The community also has residents who moved there from the surrounding farms.

While Wesbank residents had grievances about the fact that they did not know their neighbours and other people that were part of the new community they found themselves part of, most of the residents of Fisantekraal knew each other before they moved in and social bonds and networks that were part of the informal settlement community remained intact. The fact that the Wesbank residents were uprooted from the areas they were residing at and that their social bonds were broken might contribute to them experiencing a much higher rate of dissatisfaction regarding access to facilities and opportunities than the residents of Fisantekraal, especially since Fisantekraal is much more physically isolated from facilities and services. There is significantly more negative response in Wesbank concerning their own investment in living conditions, both financially and in terms of community involvement.

According to Burger et al (2001: 22) it is concluded that the absence of a *sense of community* is creating insecurity and negative activities in Wesbank. They also concur that the removal of people from their social fabric and survival systems to resettle in Wesbank amongst strangers that they could not choose to live among has resulted in this feeling of abandonment and created the ideal opportunity where negative survival networks such as gangsterism can be established. All this indicate that taking the housing projects to the people and not the other way round, provides much more positive development outcomes than greenfields projects. It cannot be expected that economic empowerment of so-called beneficiaries can take place under such negative circumstances.

One way of preventing damage to the social fabric of a community with greenfields projects is ensuring that people are not necessarily *separated* (from each other), even though they might be *removed* (from their original place of dwelling). The traditional "waiting list" method of distributing houses prevent people who receive houses from choosing who their neighbours must be and they end up living next to people they do not know and may not even want to live next door to. This process should be changed, and it is currently the biggest shortcoming of the delivery system. The waiting list should

accommodate groups of people and not only individuals in order to extend choices of beneficiaries to being able to choose amongst whom they live. People should be involved in the process from the outset. Microfinance would then also work better, as it can then be based on the idea of group collateral and peer pressure (Serageldin, 1993).

(b) The need for development-oriented management

Development facilitators are faced with overwhelming development problems, such as the enormous backlog in the provision of housing. It is therefore no surprise that they have been solely focussing on provision of houses and neglected the other aspects of development, in the light of all the problems they have to face. With the housing backlog growing daily and funds for addressing development issues shrinking at the same time, it is understandable that at some stage some aspects of development were going to be neglected. Projects to provide housing structures were eventually regarded as "development" projects. Facilitators have therefore started to focus on the sponsor and not on other role-players, especially not on the economic empowerment needs of housing beneficiaries. The concern for development and aspects of empowerment of the people has given way to a "make do with what we've got" attitude. Development facilitators must be orientated towards focussing on the real important needs of the poor, rather than on the immediate crises, so that their actions can be geared towards facilitating actual development and empowerment. Proper prioritising and time management is important, because it allows facilitators to *plan* for economic empowerment, and not just to deal with housing development *crises*.

4.4 CONCLUSION

This chapter had as its aim to explore various approaches that can be adopted when attempting to facilitate economic empowerment in general, but specifically for housing beneficiaries. These approaches range from assessing the geographic locality of housing projects, to addressing economic empowerment of women in particular. The relationships between the approaches were illustrated in Figure 4,1 and were linked to Hyden's development paradigms.

These approaches - residential dispersal and mobility, enhancing the capacity of housing beneficiaries, changing the mindset of the developer, investing in economic empowerment of women, and the relevance of integrated development - were explored in fairly broad terms and attempted to explain the **what** of economic empowerment. It is also necessary to say **how** this can be implemented. This will be discussed in Chapter 5. The 5 strategies discussed in this Chapter will be used as one dimension of a framework for economic empowerment; the other dimension will be that of existing projects and those that are envisaged for the future.

CHAPTER 5

RECOMMENDATIONS

5.1 INTRODUCTION

In Chapters 2, 3 and 4 it was deduced that economic empowerment of housing beneficiaries can only be attained through integrated development which involves a variety of top-down and bottom-up approaches. The approaches for economic empowerment discussed in Chapter 4 were:

- (a) Residential dispersal and mobility strategies (taking the people to work)
- (b) Enhancing the capacity of housing beneficiaries (taking the work to the people)
- (c) Changing the mindset of the developers
- (d) Investing in economic empowerment of women

By adopting the above approaches to economic empowerment, certain actions will have to be implemented to achieve the desired outcomes. This is not only applicable as far as future development projects are concerned, but it also involves previously attempted efforts. This Chapter will discuss these "steps" not only in terms of how to increase economic empowerment in future projects, but also how to address the lack of economic empowerment in existing housing development projects. However, in order to link the steps to the normative requirements of empowerment and the shortcomings in practice, a summary of the logical flow of arguments in previous chapters are first provided.

5.2 SUMMARY

5.2.1 Problem statement and research question

In Chapter 1 it was stated that too much emphasis was placed on building as many houses as possible in a very short period since 1994. Little consideration was given to the economic improvement of the housing beneficiaries. The focus was on dealing with the crisis of *housing provision*, rather than planning for *housing development*. Nothing was done to help these people to increase their household income and to help them become economically stable. This resulted in people receiving new houses with new financial and other responsibilities. Added to this shortcoming, is the reality that the physical location of the larger housing projects serves to isolate the poor even further, because the remoteness of the areas where the houses are built provides poor linkages with economic opportunities.

The research question therefore was posed as follows: *What can and should be done in order for housing beneficiaries to become economically empowered?*

5.2.2 Defining housing and economic empowerment

Any government has the obligation to enhance the personal social welfare of all its inhabitants and to maintain it above a certain level. Housing is part of a package of social welfare services that includes physical health as well as the *incorporeal element within a human being which makes him [or her] a sensual, sentient and volitional person* (Gildenhuys, 1993:25). Housing is also a process of how people came to be housed which starts from the moment a potential beneficiary fills in an application form. The focus of housing projects should not be on what housing is in terms of its physical qualities, but what it should be doing to the lives of people, starting at the moment when they first apply for a house.

Bourne (1981:14) expanded on what housing should be doing in his five dimensions of housing. These dimensions are housing as a physical facility, housing as an economic commodity, housing as a social product, housing as a combination of services, and housing as a sector of the economy. These dimensions and should be considered in the context of economic empowerment, where the house should be considered a starting

point for generation of wealth.

However, housing is a process that starts with those who cannot afford to buy or rent their own homes and who stand a chance of benefiting from a government subsidised house. Housing beneficiaries are therefore not only those who have received houses from government in the past, but also those in the process starting with application. The creation of benefit should therefore be considered right from the start of the process.

Economic empowerment should also be linked to four dimensions of development. The first dimension, equity, leads to economic empowerment by providing equal access to economic opportunities. Capacity building as the second dimension has aspects of developing skills, providing access to, and establishing supportive structures for economic empowerment. Participation as the third dimension is concerned with achieving power to influence the decisions that affect one's livelihood. This should already start early in the housing process. Finally, self-reliance as fourth dimension is linked to economic empowerment because it refers to the ability of a family or community to produce some or all of its basic needs as well as producing surpluses with which to trade for those commodities and services which it does not produce efficiently itself (Burkey, 1993:51).

Economic empowerment of housing beneficiaries implies a micro, individual level focus of economic development. This focus is supported by Gildenhuys (1993:26) where he states that the economic welfare obligation of a government refers to the development of the economic and material welfare and prosperity of the individual. Apart from a micro focus, a multi-objective focus is required for sustainability. According to Dalal-Clayton and Bass (2000:12), sustainable development entails balancing economic, social and environmental objectives. Reasons for possible shortcomings included the lack of micro-level development efforts, the focus on housing as social welfare while neglecting the economic empowerment aspect of development.

Finally, there are two dimensions to economic empowerment, namely, empowerment of the housing beneficiaries, as well as empowerment of those who have to facilitate beneficiary empowerment. This needs a new perspective by facilitators and their realisation that such a new perspective is required. This implies a paradigm shift in the practice of development facilitation.

5.2.3 Determining the shortcomings in practice

The premise to this thesis was that economic empowerment of housing beneficiaries was largely absent from practice, and that it was due to the mindsets of the developers. This premise is derived from observing the reductionistic provision of numerous townships where the focus was on the rapid provision of as much houses as possible, rather than on the improvement of the quality of life of the poor, which would have resulted in much more comprehensive services to the poor.

In Chapter 3, evidence of shortcomings of development projects relating to economic empowerment was provided. This was done by means of applying the findings of an empirical research project in Wesbank to economic empowerment. The Wesbank research explored the management processes that were implemented, or *not* implemented, that eventually resulted in outcomes of the project not being appropriate for ensuring desirable outcomes. It was found that the respondents experienced the development management process as overwhelmingly lacking in what was conceptualised as appropriate for ensuring positive outcomes. In other words, the process that was followed throughout the project was negative and therefore resulted in negative outcomes. The initial *improvement* of receiving a house in Wesbank, was expected to, over time, be negated by the inherent disadvantages of the reductionistic approach. The trickle-down and spread effect that was and still is expected to follow this small initial state of progress, did and continues to do little to alleviate widespread poverty and therefore does *nothing to establish a base for sustained growth and human development*.

It was explained that the initial "scattering" of opportunities to emerging contractors was not part of a concerted approach for the primary beneficiaries to become economically empowered. Nothing was done to create jobs in Wesbank or to equip residents with skills that could help them earn a living. In addition to this, Wesbank actually took many employees further away from their places of work, because 80% of the unemployed in Wesbank became unemployed after moving to the area. This housing development project did not only fail to ensure economic empowerment and to improve the economic status of residents, but also denied them what little economic activity they were involved in prior to the move. Instead of being economically empowered, they were economically disempowered because they could not find new jobs due to their physical isolation and lack of proper public transport system, amongst other things. Social exclusion from and

lack of access to schools could give rise to a new generation of uneducated and poorly skilled people. This will further increase the unemployment situation in the area, contributing even more to the decrease in economic empowerment of people.

Because of the lack of economic empowerment initiatives in Wesbank, residents do not have the capacity to pay for services. Nor do they have the economic capacity to extend their homes or renovate their houses in order to become proud homeowners. The developers admitted that they were making no efforts for integration and the forming of partnerships, and that their only concern was providing houses (Burger *et al*, 2001). It has already been stated that nothing was done to create jobs or to equip residents with the necessary skills to help them earn a living. All this reveals that the developers had either no intention or mandate or the ability to facilitate economic empowerment of the people in the area. The Wesbank evidence was also linked to the views and findings of various authoritative sources that confirmed that government development projects in general, have an unfortunate track record when it comes to beneficial outcomes, and specifically economic empowerment of so-called beneficiaries.

5.2.4 Approaches towards economic empowerment

Two case studies from the United States was used to illustrate that integrated development provides the context for the economic empowerment of housing beneficiaries. The HUD project has proven just how far an integrated approach for housing has to be taken to ensure success. The project embodies the characteristics of comprehensiveness, innovation, and heavy reliance on leadership, partnerships and participation (Burger *et al*, 2001: 22).

In the NCC project emphasis is placed on integrated community housing; the value of job creation in development; the importance of morality in community development; and the importance of constructive partnerships.

In Chapter 4, four economic development foci were explored: residential dispersal and mobility, enhancing the capacity of housing beneficiaries, investing in economic empowerment of women, and changing the mindset of the developers. Through residential dispersal, residents of poor communities are helped to overcome the institutional and economic barriers that deny them access to suburban housing and the

opportunities for education and employment such housing has to offer. Mobility strategies potentially offer a more direct way of connecting people and jobs through transportation improvements and other support services (Gilo, 1998: 56). It gives people easier access to jobs by ensuring that they have transport (public) to get to work or to go and search for employment.

However, residential dispersal and mobility strategies cannot on its own ensure economic empowerment. They focus too exclusively on particular aspects of the employment problem and economic empowerment in low-income communities and a more holistic and integrated approach is therefore needed. One way of extending the options and thereby ensuring a more holistic and integrated approach would be to develop the skills of housing beneficiaries who are unemployed at the time of receiving a house in order to help them become marketable in terms of finding a job or skilled in terms of becoming self-employed, and giving access to financial support.

A special focus on women is required because they are the poorest of the poor. Therefore, projects need to be better linked with broader efforts aimed at improving women's access to essential productive inputs and rural infrastructure and, especially at reducing the barriers to women's full economic participation and empowerment.

Finally, it was found that the mindset of development facilitators is part of the problem of the absence of economic empowerment. Therefore, they themselves need to be empowered by addressing two key issues, namely:

- a) increasing their authority and ability(power) to make decisions, as well as
- b) changing their attitudes and behaviour regarding what the most important elements of development are, and how development should be managed.

An increase in authority and ability implies more discretion. Some of the issues relating to an increase in discretion has to do with the scope of their knowledge and skills base; the scope of discretion over what tasks are done; the scope of discretion over when tasks are done and the scope of discretion over how tasks are done. The outcomes of facilitator empowerment are quality, innovation, loyalty and retention, productivity, survival, and a learning organization. However, not only do development facilitators need to have the discretion to make decisions regarding empowerment, they also have to change their attitudes regarding what empowerment of housing beneficiaries entails and

how it can be achieved. This attitude change relates to their perception of what constitutes development, and their lack of development-oriented management.

5.3 ECONOMIC EMPOWERMENT: THE WAY AHEAD

Table 5.1 provides a coherent framework containing a number of proposed actions that are linked to the four strategies as explored in Chapter 4. These are derived from a variety of sources to embody the **how** of economic empowerment of housing beneficiaries. A distinction is made between actions to rectify existing projects such as Wesbank and actions for promoting economic empowerment in future housing projects.

5.3.1 Residential dispersal and mobility

Residential dispersal and mobility strategies was explored in Section 3.2.1 as one of four foci of an approach to economic empowerment. Such strategies promote the idea of placing housing beneficiaries in close proximity with economically active areas by means of either physical location or appropriate transport networks. Neither of these two strategies were visible in Wesbank.

Actions to be taken to achieve the outcomes of economic empowerment through residential dispersal and mobility strategies: For future projects, it is imperative that development facilitators fully understand the shortcomings of "greenfields" projects. The first action for this strategy is therefore for facilitators to plan projects that will "follow people", and not the other way round, as explained in Subsection 4.3.4. This will contribute to the accomplishment of the second action to be taken, namely, attempting to maintain social networks of informal settlements when planning and implementing housing development efforts. This is possible, even with greenfields projects. Social networks can support the job search activities of unemployed people, to help fill job vacancies more quickly, to discover hidden job opportunities, to improve information flows regarding job creation assistance and to help counter attitudinal reasons for some employers who are not increasing their workforce (White, 1997: 31).

People's proximity to jobs can also be increased by taking specific action to improve public transport networks, as mentioned before, and by actively promoting and

supporting self-employment. These two actions are not only applicable to future housing development projects, but are also the two areas where existing projects can still be improved. Existing housing development projects can also support economic empowerment by maximizing the use of existing resources, skills and abilities within the community and by assisting local businesses to enhance the economic activities and empowerment of individuals as well as the community as a whole.

5.3.2 Enhancing beneficiary capacity

Enhancing beneficiary capacity emphasizes the promotion of skills development for the purpose of self-employment in poor communities. It was stated in Chapters 3 and 4 that nothing was done in Wesbank to equip residents with the necessary skills that could help them earn a living. Enhancing the capacity of housing beneficiaries entails engaging in activities to provide skills training to support self-employment. Action that follow on the discovering and development of the skills of the poor, include maximizing the use of those skills and “fostering new business”. This refers to actions that will encourage and support the creation of new business to add value to existing products, to meet changing consumer demands, or to capture sales that may otherwise go to other communities or regions (White, 1997:31), and also applies to future projects. Once this has been achieved, the next step would be to act to enhance the appeal and image of the community to potential visitors and new settlers.

The actions mentioned in the above paragraph may be as applicable to existing projects as they are to future projects. However, there are actions that can be applied specifically in the cases of existing projects. The first action would be making concerted attempts to retain and expand local business. This means acting to assist local businesses to improve productivity and market share. A second activity is plugging the leaks in the local economy (White, 1997:31). This refers to actions to encourage loyalty in terms of purchasing by local residents and businesses. This activity corresponds with Roseland’s *circulating money within the community* (1998:161) notion. McIntosh (1989:250), also suggests *maintaining a foot in the formal wage sector*. This strategy is regarded as the second basis for success, and refers to the respondents being able to call on

Table 5.1 Framework for economic empowerment

	Future	Existing
Dispersal and mobility	<ul style="list-style-type: none"> ○ Allow projects to “follow people” ○ Recognise the shortcomings of “greenfields” projects ○ Attempt to maintain social networks of informal settlements ○ Improve access to areas where economic activities take place by means of public transport networks ○ Increase people’s proximity to jobs by supporting self-employment 	<ul style="list-style-type: none"> ○ Increase people’s proximity to economically active areas e.g. improve access to areas where economic activities take place by means of public transport networks. ○ Increase people’s proximity to jobs by supporting self-employment ○ Maximise the use of existing resources
Enhancing beneficiary capacity	<ul style="list-style-type: none"> ○ Enhance the job linking capacity of the community ○ Market the community ○ Foster new business (create new products) ○ Maximise the use of existing resources ○ Provide skills training to support self-employment 	<ul style="list-style-type: none"> ○ Fostering new business ○ Retaining and expanding local business (replace imports with local products) ○ Plugging the leaks in the local economy (circulate money within the community) ○ Marketing the community ○ Maintaining a foot in the formal wage sector ○ Maximise the use of existing resources

<p>Mindset of developers</p>	<ul style="list-style-type: none"> ○ Recognise the need for economic empowerment for housing beneficiaries ○ Be prepared to provide business advice and access to credit to local entrepreneurs ○ Train facilitators of development to become integrated development orientated. ○ Plan for economic empowerment and integrated development, do not focus on only addressing crises ○ Recognize the need for access to finance, particularly microfinancing and choose a credit model to implement ○ Designate staff for economic empowerment ○ Formalise national policies to support integrated development for economic empowerment 	<ul style="list-style-type: none"> ○ Recognise past mistakes. ○ Recognise the need for economic empowerment in both existing and future housing development projects. ○ Train facilitators of development to become integrated development orientated. ○ Recognise the need for access to finance, particularly microfinancing and choose a credit model to implement ○ Designate staff for economic empowerment ○ Create incentives for businesses to invest in employment
<p>Economic empowerment of women</p>	<ul style="list-style-type: none"> ○ Target specific groups, such as women and youth ○ Use women to operate microfinance institutions 	<ul style="list-style-type: none"> ○ Target specific groups, such as women and youth ○ Use women to operate microfinance institutions
<p>Integrated development</p>	<ul style="list-style-type: none"> ○ Combine various informal activities ○ Build consensus among all stakeholders ○ Designate staff for economic empowerment 	<ul style="list-style-type: none"> ○ Build consensus among all stakeholders ○ Designate staff for economic empowerment ○ Find and sustain partnerships for economic empowerment

money from outside the informal sector as a back-up for costs of buying equipment. Here McIntosh refers to people involved in the informal sector also having jobs in the formal sector in nearby towns or villages, making the best of both economic worlds. This activity refers to literal and direct enhancement of economic capacity for increased economic empowerment.

5.3.3 Mindset of the developers

It was argued in Chapter 4 that the processes undertaken during the implementation of housing development projects can often be the cause of negative outcomes for such projects. These processes are manifestations of the mindsets of the development facilitators engaging in the processes. The mindsets of the facilitators, in turn, are the result of lack of authority to make decisions, limited ability to implement those decisions, and inappropriate attitudes and behaviour regarding what development entails. It was also stated in Chapter 3 that the above issues were evident in the case of Wesbank and that even the development facilitators admitted their own disempowered disposition during implementation of the Wesbank project.

The first activity that must be engaged in when addressing the issue of the mindsets of the development facilitators, is recognizing the need for economic empowerment for housing beneficiaries. The second activity for development facilitators is to recognize the need for access to finance, which is provided by promoting finance and investment networks, giving greater access to bank finance, establishing alternative finance schemes or promoting the use of broader national finance schemes, particularly microfinancing (White, 1997:33). They must also be prepared to provide business advice and training, in that timely advice and training can be of great value in development of local business, and access to credit to local entrepreneurs. These actions address the issue concerning the attitudes of the facilitators.

To address the issue of authority and ability of facilitators, appropriate actions would be: designating staff specifically for economic empowerment, planning for economic empowerment and integrated development (not just managing crises), training facilitators to become integrated development orientated, and finally, formalizing national policies to support integrated development for economic empowerment. National policies that support the objectives and activities of economic empowerment will set the stage for such

projects or strategies to be implemented successfully (Garber, 2001. See also the ANC's draft resolution for promoting community-based development programme, Umrabulo No17, October 2002). Young and Lemos (1997:105) recommends that "building communities" should, along with meeting the housing need, be a central policy purpose of housing. Therefore, support for integrated housing development should be given at a national level by means of housing policy reflecting the need to build communities, which include economically empowered residents, rather than just houses. This would be the first and most important step in ensuring sustainable and effective economic empowerment strategies and coincides with Garber's step four, as explained above.

For existing projects, it is imperative that development facilitators recognize the mistakes that were made in such projects. Development facilitators must also recognize the need for economic empowerment in both existing as well as future projects. Training of facilitators to become integrated development orientated is as important an activity for existing projects as it is for future development projects. An activity that specifically addresses the attitude of facilitators in terms of existing projects, is acting to create incentives for business to invest in employment (see Chapter 4, Section 4.3, strategies for employers).

5.3.4 Economic empowerment of women

It was argued for various reasons throughout Chapters 4 that women need to be a priority focus when engaging in economic empowerment activities. This idea is supported by and White (1997:33) who suggests that women (and other specific groups such as youth) should be targeted during development projects, in that communities can focus their attention on specific groups of residents (e.g. women, young people) and provide a range of support measures tailored to suit the needs and opportunities of these groups. Buvinic (1996:12) also supports the idea of targeting women, specifically also to operate microfinance institutions. These activities remain applicable to both existing and future housing development projects.

5.3.5 Integrated development

In Chapter 4, Section 4.2 discussed the merits of integrated development as the approach to follow in order to secure economic empowerment of housing beneficiaries during

housing development projects. This conclusion was based on the evidence explored in Chapter 3, that integrated development management was absent during implementation of the Wesbank project. For future projects, combining various informal activities can play an important role in integration. The various informal activities should feed into each other, e.g. a vehicle bought by a trader to transport stock is soon in demand by neighbours to transport furniture and may be hired by families needing to travel away from home (McIntosh, 1989:250). In general, capital invested in one enterprise leads to spiraling opportunities in other fields, which may be capitalised on where there is money available to invest in equipment.

There are important activities for ensuring integrated development for both future and existing projects. One such activity is building consensus among all stakeholders (Garber, 2001). Stakeholders include project team members, the target community, suppliers, regulators, and all other individuals or organisations that may have a stake in the project. This is critical in the challenge of adjusting their roles and values as partnerships are formed and changes occur. Designating staff for economic empowerment is as important for integrated development as it is for the other focus areas. According to Garber (2001), project staff members specifically designated to oversee development and implementation of activities, play a critical role in facilitating understanding and awareness, and in transferring lessons that have been learnt.

A final activity, that could be considered as important for all five focus areas, is finding and sustaining partnerships for economic empowerment. It includes assessing and choosing partner institutions, creating agreements with partners, and managing partnership agreements. Dynamic partnership models are necessary to successfully promote sustainable economic empowerment. Partners can take up many of the activities of providing services to the poor and may also monitor service delivery and socio-economic impact. As a result, both parties can enhance their understanding of effective development and become stronger organizations (Garber, 2001).

5.4 CONCLUSION

The **how** of economic empowerment of housing beneficiaries as discussed above implies the deliberate integration of economic empowerment activities with other housing development processes.

The framework provides actions that can be taken to address the issue of economic empowerment for both existing and future projects, but each community poses its own unique set of opportunities and constraints, which requires a “customized” approach.

Achieving positive development outcomes such as economic empowerment of housing beneficiaries is a mammoth task that will need significant change in structures, attitudes, increased capacity, shifts in mindsets, and changed processes. The challenge ahead is to explore new images of housing development and to build sustainable communities characterized by sustainable developments and economically empowered residents.



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