

**State-business partnership in poverty reduction:  
A case study of three public-private partnerships in Swaziland**

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## **DECLARATION**

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## ABSTRACT

The study asserts that Swaziland's socio-economic development challenges cannot be effectively tackled by the Government and civil society alone but requires the participation of the private sector. The study explores the prospects for collaboration between the state and business in the context of MDGs, PPPs and CSR. The study highlights the importance of the participation of beneficiaries in the design and implementation of development projects. The importance of beneficiary participation in the design and implementation of development initiatives is discussed in the context of "good governance" linked to the notion of sustainable human development.

The case studies are aimed at poverty reduction/alleviation. Linkages between the private sector and SMEs in advancing broad economic growth are explored in the case studies. It is argued that economic growth is a necessary condition for creating employment and fighting poverty underpinned by the MDGs. The Moneni upgrading project (section 3.2) explores the extent the initiative aims to improve the living standards of low-income and poor communities in line with the MDGs. The STH case study (section 3.3) is a spin off from government. The STH seeks to provide a market intermediary for the SME sector particularly rural based cultural "handicraft" industries in Swaziland as way to mitigate the effects of poverty for marginalised rural producers. The last case study (section 3.4) discusses the entrepreneur of the year awards (EYA), an initiative aimed at reducing poverty and promoting local economic empowerment and sustainable development in Swaziland.

The study recommended further research in view of the major constraints highlighted by the study. It was problematic to engage in critical and detailed discourse because the concepts explored by the study are new in the Swazi development context. The other dimension that compromised detailed analysis was posed by the unavailability of research data related to both the Swazi private sector and SME sectors. The majority of the SME sector operate at micro level and have insignificant economic turnover. Further studies are important to explore ways to promote linkages for growth of these sectors in the context of poverty reduction/alleviation.

## OPSOMMING

Hierdie studie verklaar dat Swaziland se sosio-ekonomiese ontwikkelingsuitdagings nie effektief deur die Regering en die burgerlike gemeenskap alleen gehanteer kan word nie, maar dat dit deelname van die privaat sektor sal vereis. Die studie ondersoek die moontlikhede vir samewerking tussen die staat en die sakesektor in die konteks van die millenniumontwikkelingsdoelwitte, openbare-private vennootskappe en korporatiewe maatskaplike verantwoordelikheid. Die ondersoek beklemtoon die belangrikheid van die deelname van begunstigdes in die ontwerp en implementering van ontwikkelingsprojekte. Die belangrikheid van begunstigde-deelname in die ontwerp en implementering van ontwikkelingsinisiatiewe word bespreek in die konteks van “goeie beheer en bestuur” verbonde aan die idee van volhoubare menslike ontwikkeling.

Die gevallestudies het betrekking op armoedevermindering. Koppelvlakke tussen die privaat sektor en klein en medium ondernemings in die bevordering van breë ekonomiese groei word in die gevallestudies verken. Daar word betoog dat ekonomiese groei ’n noodsaaklike voorwaarde vir werkskepping en armoedeverligting is. Die Moneni-opgraderingsprojek (afdeling 3.2) ondersoek die mate waarin hierdie inisiatief die lewenstandaard van lae-inkomste- en arm gemeenskappe probeer verbeter in ooreenstemming met die millenniumontwikkelingsdoelwitte. In die geval van die STH-inisiatief (afdeling 3.3) is armoedevermindering ’n byvoordeel van STH se markbemiddelingsaktiwiteite namens die klein en medium onderneming-sektor in Swaziland. Die laaste gevallestudie (afdeling 3.4) bespreek die Entrepreneur van die Jaar-toekennings (EYA), ’n inisiatief wat gerig is op die vermindering van armoede, plaaslike ekonomiese bemagtiging en die bevordering van volhoubare ontwikkeling in Swaziland.

Die verhandeling beveel aan dat verdere navorsing gedoen word met die oog op die groot beperkinge wat deur die ondersoek uitgewys is. Dit was problematies om ’n kritiese en uitvoerige relaas te lewer omdat die konsepte wat deur die ondersoek verken is nuut is in die Swazi-ontwikkelingskonteks. Die ander dimensie wat uitvoerige analise bemoeilik het, was dat daar nie navorsingsdata oor die Swazi- privaat sektor en die klein en medium

onderneming-sektor beskikbaar was nie. Die Swazi- privaat sektor is swak en die grootste deel van die klein en medium onderneming-sektor funksioneer ook op mikrovlak met 'n onbeduidende omset. Meer navorsing is belangrik om groter insig te verkry oor hoe om koppelvlakke vir die groei van hierdie sektore in die konteks van armoedevermindering te bevorder.

## **DEDICATION**

To my wife, Nester for love and support

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## ABBREVIATIONS AND ACRONYMS

AC	Allocation Committee
AGOA	Africa Growth Opportunity Act
AIDS	Acquired Immuno Deficiency Syndrome
BEE	Black Economic Empowerment
BOP	Base / Bottom of Pyramid
BOT	Build Operating Transfer
CPAP	Country Programme Action Plan
CBO	Community Based Organisation
CC	Corporate Citizenship
CDD	Community Driven Development
CG	Corporate Governance
CLEP	Community Liaison and Education Policy
CMA	Common Monetary Area
CPAP	Country Programme Action Plan
CSA	Corporate Social Accountability
CSO	Central Statistics Office
CSR	Corporate Social Responsibility
DBSA	Development Bank of Southern Africa
ESRA	Economic Social Reform Agenda
EU	European Union
EYA	Entrepreneur of the Year Awards
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
JSE	Johannesburg Stock Exchange
GDP	Growth Domestic Product
GHDR	Global Human Development Report
GRI	Global Reporting Initiative
HDI	Human Development Index
HIV	Human Immune Virus

ILO	International Labour Organisation
IPPR	Institute for Public Policy and Research
ISO	International Standard Organisation
LDC	Least Developed Country
LED	Local Economic Development
MDGs	Millennium Development Goals
MEE	Ministry of Enterprise and Employment
MHUD	Ministry of Housing and Urban Development
MEPD	Ministry of Economic Planning and Development
MNCs	Multi National Corporations
MNE	Multi National Enterprises
MOHSW	Ministry of Health and Social Welfare
MOU	Memorandum of Understanding
NDS	National Development Strategy
NEPAD	New Partnership for Africa's Development
NGO	Non Governmental Organisations
OECD	Organisation for Economic Cooperation and Development
PG	Priority Group
PLWA	People Living With Aids
PPCU	Public Policy Coordination Unit
PPP	Public Private Partnership
PR	Public Relations
PRSAP	Poverty Reduction Strategy and Action Programme
SD	Sustainable Development
SADC	Southern African Development Community
SDHS	Swaziland Demographic Health Survey
SEC	Swaziland Electricity Company
SHIES	Swaziland Household Income Expenditure Survey
SME	Small and Medium Enterprises
SNHB	Swaziland National Housing Board
SPEED	Smart Programme Economic Empowerment and Development

STH	Swaziland Trading House
SWSC	Swaziland Water Services Corporation
TBL	Triple Bottom Line
UNP	Urban Development Project
UN	United Nations
UNGC	United Nations Global Compact
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
WBCSD	World Business Council for Sustainable Development
WIETA	Wine Industry Ethical Trade Association
WSSD	World Summit on Sustainable Development

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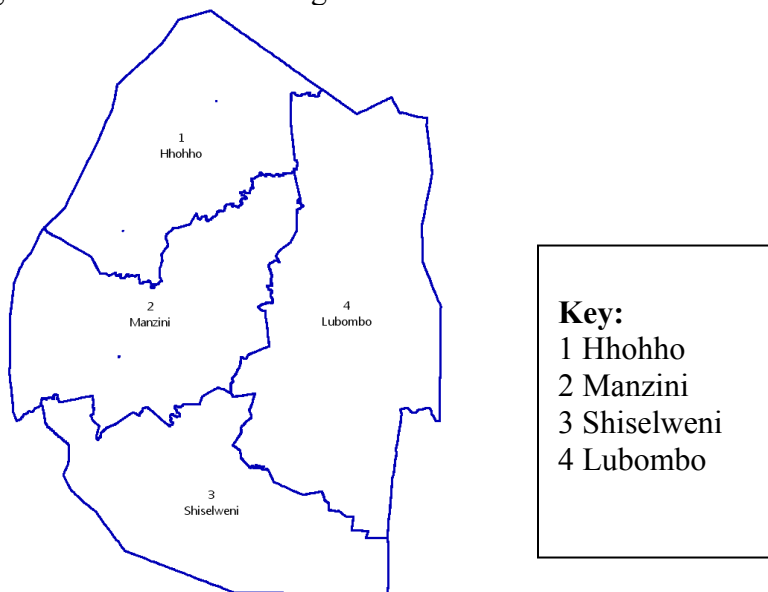
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## CHAPTER 1: INTRODUCTION

### 1.1 Swaziland Development Context

Swaziland is a small country sandwiched between South Africa and Mozambique. It covers an area of approximately 17,364km<sup>2</sup>. The country is divided into four administrative/political and geographic regions namely Hhohho, Manzini, Lubombo and Shiselweni (see figure 1). According to the Central Statistical Office (CSO, 2008:14) preliminary results of the population and housing census, Swaziland has 1.018,449 million people. About 78.9% of the population reside in rural areas and 43% of this group live in extreme poverty (Ibid). The annual population growth rate is 2.9% (Ibid). Like other countries in the Southern Africa region, Swaziland faces several socio-economic challenges, which continue to threaten sustainable human development<sup>1</sup> in the country and region. The main threats to sustainable human development in Swaziland are HIV and Aids, climate change induced food insecurity, worsening poverty and weak governance capacity for service delivery.

Figure 1: Administrative regions of Swaziland



<sup>1</sup> Sustainable human development expounded by the UNDP (1994:1-13) seeks to create space for humanity in order to expand their (humanity) choice base especially of the poor and vulnerable. This entails promotion of five aspects namely; empowerment; co-operation; equity; sustainability; and security (see also UNDP, 1996).

This chapter posits the need for collaboration across sectors aligned to addressing the socio-economic challenges mentioned in the preceding section above. It argues in favour of partnership initiatives involving state/government and business/private sectors under the premise that partnerships have the potential to accelerate development (UNDP, 1998: 2004). The chapter highlights the major socio-economic development challenges in Swaziland that formed the basis for the argument that supports the notion for state/government and the business/private sector partnership in poverty reduction in Swaziland. The arguments for state/government and business/private partnerships are placed within the context of notions around corporate social responsibility (CSR) (see section 2.2), public-private partnership (PPP) (see section 2.3) and the Millennium Development Goals (MDGs) (see Box 1).

**Box 1: The MDGs**

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

Source: UN, 2005

Swaziland is a signatory to the MDGs, a global commitment under the auspices of the United Nations (UN) aimed at fighting poverty and promoting people-centred development<sup>2</sup>. The MDGs have eight goals each with specific numerical targets, which have to be achieved by 2015. The country faces several human development challenges such as poverty; economic stagnation; unemployment; linking cultural practices, traditions and values to “modernity”; inadequate education and health; gender inequalities; environmental degradation; and poor governance capacity for service delivery. This is further compounded by a humanitarian crisis emanating from unrelenting onslaught of HIV and Aids; and the increase in natural disasters such as

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<sup>2</sup> For the purpose of this thesis, the concept “people-centred development” and “human development” implies the same as “sustainable human development” defined above (see UNDP, 1994, 1996, and 2008). See also Roodt (2001:474)

recurring droughts, hailstorms, strong winds and wild bushfires. The magnitude of MDGs agenda is immense such that it requires an approach, which involves both the Government and private sector if a positive impact on development is to be made.

### **1.1.1 Swaziland Human development**

Swaziland experienced a decrease in human development (UNDP, 2008:23-27). Human development according to the Human Development Index (HDI) reached 0,623 in 1990 before declining to 0.500 in 2004 (Ministry of Economic Planning and Development (MEPD), 2007:12). Further decline in human development estimated at 0.471 was recorded in 2006 (UNDP, 2008:25). According to the MEPD (2007:12), the high HIV and Aids prevalence is the single most determining factor behind the decline in social indicators and human development in the country. The decline in human development status of Swaziland is a major concern for policy makers and development planners. The major reason being that a large proportion of the population is prone to deprivations, a reality which is inconsistent with the lower middle-income status of the country. In view of the rate of decline in human development status of the country, it is a mammoth task to take the country to the top 10% bracket of middle human development status by 2022 (Ibid). The UNDP (2008:27) contends that robust policy actions are required to reverse the declining trends in human development in three main areas viz, the economy; reversing the falling life expectancy; and protecting achievements scored in the education sector.

### **1.1.2 Swaziland Economic Dilemma**

Economic and development commentators have decried the heavy reliance of the Swazi economy on South Africa, which absorbs about 60% of the country's exports and 80% imports (UNDP, 2008:29). The Swazi-South African marriage strengthened by membership to the common monetary area (CMA) has resulted in the fixing of the lilangeni at par with the Rand. Swaziland's relationship with South African economy is not sustainable in view of the regional shifts in economic outlook and trends. It is argued that the Southern African Development Community (SADC) efforts to foster regional economic integration under the SADC Trade Protocol will erode the country's benefits



from SACU<sup>3</sup> receipts. Further, tariff reforms under the World Trade Organisation will exacerbate the country's revenue base, as receipts from SACU are likely to decline. Swaziland finds herself in an economic quagmire, as she does not have control over monetary policy matters to drive macro-economic variables. The Swazi economic misfortunes are further compounded by the high HIV prevalence rate (see section 1.1.3).

### **1.1.3 Poverty, unemployment and the MDGs**

This section provides general background about poverty, unemployment and the MDGs including perceptions about the role of business in development “success” aligned to the MDGs. About 69% of the Swazi population live below the poverty line<sup>4</sup> (MEPD, 2007:5). The Swazi government aims to reduce the incidence of poverty from 69% as of 2001 to 35% by 2015<sup>5</sup>. The country is experiencing an economic decline with latest estimates showing that economic growth slowed down to around two percent in 2006 from a growth of 2.3 percent recorded in 2006 (Hlatshwayo, 2007:15). According to the MEPD (2007:15), more than 70% of the Swazi population live in the rural areas and predominantly depend on subsistence agriculture and this is where poverty levels are also very high. Over the years, the country has never achieved food self-reliance and depends on imports estimated at approximately 60% in a normal production year (Ibid). Successive droughts exacerbated by HIV and Aids including retrenchments leading to declining off-farm incomes are causing a large proportion of households to depend on food aid.

The unemployment rate was officially estimated at 22% in the 1990s. It is now estimated to be 29% and the figure undoubtedly continues to rise as job creation fails to keep pace with population and labour force growth (Swaziland Household Income and Expenditure

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<sup>3</sup> 71% of the Swazi national budget is financed from Southern Africa Customs Union (SACU) (Sithole, 2007; UNDP, 2008:30).

<sup>4</sup> This means that they lack basic income to access food and good nutrition for active life (UNDP, 2008:30)

<sup>5</sup> The MDG poverty reduction target is to reduce by half the proportion of people living in extreme poverty by 2015. The Swazi Government MDG's target on poverty reduction is to reduce by 50% the proportion of the population (estimated to be 69% as of 2001) below the Human Poverty Line (HPI) by 2015. Other MDG targets are to halve the proportion of people who suffer from extreme hunger by 2015; to half the proportion of people whose income are less than the total consumption Poverty Line; reduce mortality proportion of children under five by two-thirds between 2000 and 2015.

Survey (SHIES), 2001/2). It is predicted that results from the forthcoming SHIES will indicate an upward trend in unemployment because of the absence of robust economic programmes. According to Swaziland's Demographic and Health Survey (SDHS) of 2006/2007, HIV and Aids remains one of the major challenges to Swaziland's socio-economic development with estimated HIV prevalence rate of 31% among women and 20% among men aged 15-49 respectively. The HIV prevalence rate for both men and women aged between 15-49 years is (estimated at 26%) is arguably high considering the country's population (CSO, 2008:14).

Swaziland has highly skewed income distribution that compromise national efforts to foster human development (MEPD, 2006:26). According to MEPD (Ibid), 20% of the country own 56.4% of national income while the poorest 20% own less than 4.3%. According to SHIES of 2001, cited in Country Programme Action Plan (CPAP) (2006-2010:4), Swaziland has one of the world's highest Gini Coefficients. The top 10% of the population controls 40% of wealth, while the bottom 40% of the population controls 14% of the wealth. Poverty is a crosscutting issue, which the Swazi government seeks to address in:

a three-prong strategy for rapid acceleration of economic growth based on broad-based participation, empowering the poor to generate income and equitable distribution of the benefits through pro-poor public expenditure (MEPD, 2005:4).

The MEPD (2003) contends that lack of capacity for policy coordination and implementation on the part of the Public Policy Coordination Unit (PPCU) is one of the major challenges for meeting the MDGs in Swaziland. The MEPD argues that the PPCU has failed to undertake effective monitoring and evaluation of the MDGs.

Meeting the MDGs goals is a daunting task that cannot be accomplished by governments on their own, but will require cross-sector stakeholder participation (UN Economic Commission for Africa, 2005). The business sector is considered to be an essential

partner in development “success”<sup>6</sup> and that without its role, the task of raising living standards of billions of humans worldwide would be difficult to achieve (UN Economic Commission for Africa, 2005). The MDGs themselves explicitly call for business involvement in ‘global partnerships for development’ (Ibid).

The process of involvement has to be implemented in a way that will enable the partners to have collective ownership of the entire process based on mutual trust and respect. A process that does not have a sense of ownership by the participating parties is bound to fail before it even commences. Furthermore, it is argued that identification of clear methods and mechanisms for cooperation and dialogue among sectors is imperative to the realisation of the MDGs. Initiatives involving business such as those promoted by the UN’s Global Compact are viewed by many actors to have the potential to make significant contributions to the realisation of the MDGs (United Nations Economic Commission for Africa (UNECA), 2005). The Anglo American’s ‘comprehensive small business outreach programme’ and the South African National Business Initiative’s support for government schools are examples of initiatives in Southern Africa that have a bearing on meeting the MDGs (Nelson and Prescott, 2003 cited in Hamann, 2005:4).

It is argued that synergies across MDGs are important in order to facilitate the choice of policy instruments and that attaining the MDGs is underpinned by commitment to act (UN Economic Commission for Africa, 2005). Businesses ranging from micro-enterprises to multinational corporations are considered to have the potential to contribute positively towards improving living standards (UN Economic Commission for Africa, 2005). Other views contrary to the UN’s perspectives on the role of business in meeting the MDGs are discussed in later sections.

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<sup>6</sup> Development “success” implies development that does not only seek to promote economic growth but that also seeks to create opportunities/means to access and/or increase income capacity to meet basic needs (see Bhagwati, 1998 cited in Pieter 2002:1031). This concept is the same notion implied in the definition of “sustainable development” and “human development” discussed in the preceding section (see section 1.1). The ability of humanity (especially the poor and vulnerable) to make livelihood choices is very important.

## 1.2 Conceptual framework

Corporate Social Responsibility (CSR)<sup>7</sup> is about stakeholders, i.e. civil society, the state and business helping to build better social and economic environments (McIntosh, 2003:29). According to Lantos (2001 cited in Viviers 2007:20), CSR generally refers to:

...a commitment by business to contribute to sustainable development and to improve the quality of life in the workplace and in society at large” (see also World Business Council for Sustainable Development (WBCSD) 2002).

It is argued that business can and will make a significant contribution to development “success” under the banner of CSR or related terms (Hamann, 2005:2). It is also imperative to realise that CSR results from ‘good corporate governance’<sup>8</sup>. ‘Good corporate governance’ is a key virtue in promoting private sector contribution to development.

The Monterrey Consensus of 2002 recognised the role of the private sector as partners in development, specifically in terms of poverty reduction (see Box 2). It is argued that increased business engagement with initiatives in the poverty reduction sphere has potential benefits to business (UN, 2008). Boyle and Boguslaw (2007) argue that it is in the best interest of business to get involved in poverty alleviation. Business involvement in poverty alleviation has been fragmented and not part of mainstream business operation and practice (Ibid). According to the UN (2008), the success of business depends on many factors such as the education, health, security and development of communities. The political and socio-economic policies being adopted and implemented in any country also have a significant bearing on the level of development in any country. Boyle and Boguslaw (2007) assert that greater business involvement in poverty alleviation should be systematic, more direct and linked to government and civil society efforts.

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<sup>7</sup> Key issues behind the CSR notion are maintaining workplace ethics; corporate governance; human rights; ethical social and environmental practice; and community involvement (McIntosh, 2007). This notion is and its related terms are discussed in detail in see section 2.2.

<sup>8</sup> “Good corporate governance” has notions such as ethical conduct, fairness, transparency, accountability and responsibility (see Sullivan, 2000:3; McIntosh, 2007).

Government and business partnerships with reference to meeting the MDGs are a recent phenomenon, which this thesis explores using three case studies in Swaziland namely: Moneni Upgrading Project, Swaziland Trading House (STH) and Entrepreneur of the Year Awards (EYA).

**Box 2: The role of the private sector in development: the Monterrey Consensus**

The 2002 Monterrey Consensus includes specific reference to the private sector as partners in poverty reduction:

“23. While Governments provide the framework for their operation, businesses, for their part, are expected to engage as reliable and consistent partners in the development process. We urge businesses to take into account not only the economic and financial but also the developmental, social, gender and environmental implications of their undertakings. In that spirit, we invite banks and other financial institutions, in developing countries as well as developed countries, to foster innovative developmental financing approaches. We welcome all efforts to encourage good corporate citizenship and note the initiative undertaken in the United Nations to promote global partnerships.”

“24. We will support new public-private sector financing mechanisms, both debt and equity, for developing countries and countries with economies in transition, to benefit in particular small entrepreneurs and small and medium-size enterprises and infrastructure. Those public-private initiatives could include the development of consultation mechanisms between international and regional financial organisations and national Governments with the private sector in both source and recipient countries as a means of creating business-enabling environments.”

Source: UN 2002a

The thesis explores opportunities where the Government of Swaziland and the business sector can work together using CSR as a ladder to meet the MDGs’ poverty reduction goals/targets. The presence and growth of business is considered by many actors, practitioners and commentators to be vital to long-term development “success” (see Boyle and Boguslaw, 2007; UN, 2008; WBCSD, 2008). The Government of Swaziland

views the private sector as the engine for economic growth, employment generation and poverty reduction. According to Sithole (2007), the Government of Swaziland strives to increase economic growth and work opportunities, modernise the public services and infrastructure, fight poverty and inequalities. The importance of creating an enabling environment for SME and private sector growth through provision of services such as physical infrastructure, registration of informal businesses, and promotion of entrepreneurship culture among SMEs has been promoted (see UNDP, 2004; UNECA, 2005; MEPD, 2006).

It is in view of this background that the thesis explored the potential for state-private sector partnership in the poverty reduction sphere. It is argued that there is a significant body of knowledge in the developed world context with reference to CSR, PPPs (see section 2.3) and MDGs. Various authors have argued that MDGs, PPPs and CSR are recent developments with reference to the Southern African context (Fig, 2005; Hamann, 2005; Hamann et al., 2005; Kloppers and Kloppers, 2006; McIntosh, 2003; Visser, 2004; 2005). The authors suggest that analysis of the value and linkages between CSR, PPPs and MDGs in terms of how they can or will contribute to development “success” should be explored. The thesis thus explored the perceptions and extent to which notions of CSR, PPPs and MDGs have been/are being adopted in Swaziland using the three case studies mentioned above. The underlying premise of the thesis was that development “success” hinge on the participation of beneficiaries in the design and implementation of development initiatives. It is argued that participatory approaches were effective in the attainment of development goals and objectives as it gave an important dimension of ownership of development projects to the beneficiaries (Pretty, 1995; Emmet, 2000; Khanya, 2001; Chambers, 2007). Authors such as (Davidson, 1998; Arnstein, 1969; and Roodt, 2001) stressed the importance of participation of all stakeholders (project planners and beneficiaries alike) in decision making in development interventions/projects.

### **1.3 Aim of study and motivation**

Bless and Higson-Smith (2000:16) concurs with the assertion that social conditions can influence research topics. The focus of this thesis was greatly influenced by poverty

conditions in Swaziland. Poverty eradication is inarguably dominant on the international development agenda and is entrenched in the MDG discourse (see Asunción, 2006; Black and White, 2004; Pingali, Stamoulis and Stringer, 2006; UNDP, 2004; UN Economic Commission for Africa, 2005; UNDP, 2008). It is argued that Swaziland's development challenges cannot be effectively tackled by the government and civil society alone but would require the participation of the private sector. Globally, there is growing recognition by the private sector of their role in improving societal conditions beyond 'corporate philanthropy' by addressing development concerns especially those targeted at poverty reduction within the framework of CSR, PPPs and MDGs.

Despite the challenges posed by PPPs (see section 2.3), they are considered to be a vital vehicle towards addressing development concerns in the country as evidenced in the government's call for broad based collaboration in the fight against poverty. Some actors and commentators have argued that there is literature gap with specific reference to PPPs aimed at meeting the MDGs' poverty goals/targets in Swaziland. The study was motivated by the interest to contribute to body of knowledge aimed at finding solutions to Swaziland's development challenges with specific reference to poverty alleviation. The researcher has been working and living in Swaziland since 2002 during which he has accumulated field based observations of the development challenges in the country. The researcher has commensurate working relationships with government bodies, private sector organisations and civic society organisations that played an important role in this study.

### **1.3.1 Aims and Objectives of the study**

The study hopes to contribute to the understanding of practical success factors for building capacities and resource mobilisation between government and business in fighting poverty. It also hopes to contribute to the body of knowledge on state-private sector partnership within the framework of CSR, PPPs and MDGs. The specific aims and objectives of the study are:

- Identification of the nature and types of partnerships between state and business in the poverty reduction realm;

- Analysis of the partnerships between the state and business in poverty alleviation;
- Exploration of the preconditions for/of partnership formation in poverty reduction; and
- Contributing to the body of knowledge on CSR and PPPs in MDGs' poverty reduction realm.

#### **1.4 Research Problem**

It is argued that beneficiary participation in the design and implementation of development initiatives is imperative to development “success”. Based on the notion that support beneficiaries participation in development initiatives, the research problem is stated thus:

Will state-private sector (PPPs) collaboration, underpinned by beneficiary participation in the design and implementation of the partnership initiatives, positively contribute towards meeting the MDGs' poverty reduction goal/targets in Swaziland?

##### **1.4.1 Research Hypotheses**

According to Mouton and Marais (1990:137) and Guy et al. (1987 cited by Garbers 1996:289) a hypothesis is a statement that specifies an assumed relationship between two or more phenomena or variables. The study assumes that Swaziland's development challenges require PPPs approaches that embrace CSR and the MDGs. The hypothesis is stated thus:

Swaziland's development challenges require cross-sector collaboration that puts poverty at the centre of the development agenda. Participation of beneficiaries in the design and implementation of the partnership initiatives has the potential to contribute positively towards meeting the MDGs' poverty reduction goal/targets in Swaziland.



## **1.5 Research questions**

The following research questions are critical to the study:

1. What is the nature and types of relationship between government and business in the poverty reduction realm?
2. Can CSR and PPP lead to delivery of positive poverty alleviation objective on an ongoing basis?
3. What are the incentives for business to engage in poverty reduction?
4. What kind of partnerships with business does the government envisage?
5. What is the process for forming effective government-business partnership towards poverty reduction?
6. What are the institutional requirements/demands on the part of government/state and business in order to focus on poverty reduction?
7. What incentives do businesses expect from government in order to support poverty alleviate objectives?
8. How is communication being undertaken between government and business in poverty reduction strategies and programmes?

## **1.6 Methodology and Methods**

According to Holliday (2002:6):

...qualitative research looks deep into the quality of social life and locates the study within particular social settings which provide opportunities for exploring all possible social variables...

Based on the above view, the research is empirical and involves a combination of collection of primary data based on the three case studies<sup>9</sup>. As the research is based on case studies, it is ideal to follow qualitative research approach. This involves content

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<sup>9</sup> Moneni upgrading project, STH and EYA were identified and are used as the primary data sources in the thesis.

analysis of existing (secondary) data on CSR, PPPs and MDGs including analysis of relevant government documents (reports, strategies, policies, programmes), conducting of interviews with government, private sector and civic groups officials etc) that have a bearing on the study. Analysis of these documents entails critical assessment of adoptions of CSR, PPPs and MDGs in activities of the identified case studies.

### **1.6.1 Methodology**

The research is qualitative-descriptive and includes in-depth analysis of the identified cases. Firstly, it provides a comprehensive literature review on issues/challenges on CSR, PPPs and MDGs with reference to poverty reduction. Perceptions about CSR and the extent to which CSR practice in Swaziland has been adopted are discussed based on perceptions documented in reports, strategy documents, reviews/evaluations and other articles in the public domain. Investigation of literature on the PPPs entails notions such as the motivation for forming PPPs, the approach used and challenges encountered. Issues relating to the MDGs are considered in terms of specifically the extent to which activities targeted at contributing to meeting the MDGs' poverty reduction goal/targets have been/are being implemented.

Secondly, criteria were developed for the identification of suitable/appropriate case studies. Each of the case studies includes document research, semi-structured interviews, and focus groups as key components of the methodology. Semi-structured interviews were done with decision-makers i.e. the people who directly influence/d the formation of PPPs, including making decisions about adoption of CSR and MDGs issues in the programming and implementation of activities. In addition, PPPs beneficiaries were interviewed. These were chosen based on the role the beneficiaries<sup>10</sup> play and/ or are playing in the PPPs. Focus groups discussions (FGDs) were done to ensure that all perspectives were identified. The qualitative approach method was chosen because it arguably allows for more flexibility in terms of the collection of non-numeric information and its analysis in many formats as possible (see Blaxter et al. 1996:60).

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<sup>10</sup> In most case beneficiaries had organised groups with established leadership. Interviewees were identified from these groups.

### **1.6.2 Data collection techniques**

The following combinations of data collection techniques were used:

a). Comprehensive literature review and document review of PPPs, in Southern Africa informs the development of thematic issues analysed in the case studies. Electronic secondary sources of information such as video were reviewed. General themes are preconditions for/of partnership formation, how they are led, legitimised, resourced, managed and evaluated. CSR and MDGs issues/factors are pertinent and are considered as highlighted in (b) below.

b). Criteria were developed to determine the suitability of the case studies. Generally, a suitable case study was an organisation/programme/project involving government and the private sector in a partnership (PPPs) arrangement that involves addressing issues in the poverty reduction realm. This entailed conducting one-on-one discussions/interviews with contact persons from the identified organisations. This strategy was complemented by review of relevant background literature/documents in order to assist in ascertaining the suitability of the case studies. Other important criteria used were based on CSR i.e. looking at the perceptions of the business organisation towards contributing to societal improvements in the context of meeting the MDGs' poverty reduction goals/targets. An exercise to observe the various projects representing government and private sector partnership was undertaken.

c). In-depth semi-structured interviews were conducted with relevant stakeholders drawn from government, private sector and the PPPs beneficiaries. Section 1.5 above provides broad guidelines to the type of questions that were asked in the interviews.

d). Triangulated Focus group discussions (FGD) of representatives from all relevant stakeholder groups, including business, government and PPPs beneficiaries were initially planned for but were not conducted as per initial protocol. The major reason was the lack of co-operation on the part of the target representatives including logistical challenges to

bring triangulated groups to a central venue. Another challenge was with regards to language constraints on the part of the researcher especially in view of the English literacy levels of some of the targeted FGD interviewees. The FGD conducted were thus limited to discussions involving two or more targeted representatives. The FGDs were conducted in combination with the above stated semi-structured interviews and towards the end of the data collection stage. Triangulating FGD is critical in overcoming bias that might creep into a study on the part of the researcher and/ or respondent. Follow up interviews through a combination of one-on-one and/or telephone interviews were used re-evaluate/ validate specific data collected through FGDs. This technique was important in order to overcome bias which might have crept into the study.

### **1.7 Data Analysis and Interpretation**

Data was analysed while interviews were underway. This preliminary analysis as Rubin and Rubin (1995:226-227) argues, allows the researcher to redesign questions to focus on the central themes. Data was analysed according to themes (see 1.6.2 (a) and (b)) above. More detailed and refined analysis of the interviewees' responses followed preliminary analysis in order to factor additional themes and/ or concepts where it was necessary. Subsequently, this led to the overall explanation that cross-sector collaboration (involving PPPs) that puts poverty at the centre of the development agenda can positively contribute towards meeting of the MDGs' poverty reduction goal/targets in Swaziland. The role that beneficiaries play, or can play, in the design and implementation of the partnership initiatives was paramount in the analysis. Findings are also presented with the aid of boxes, tables and using other illustrations.

### **1.8 Limitations to the study**

The major constraint to the study was the broadness of MDGs and CSR concepts explored by the study. In terms of the MDGs, the study focused on goal one, which is "poverty and hunger eradication" (see box 1) as way to narrow the focus. While various aspects of CSR were discussed (see section 2.2), the main thrust of the thesis was to explore the link between CSR and development. There are a plethora of related concepts of 'governance' (see section 2.3.3) which may be defined and discussed in context, for

example, ‘political governance’, ‘economic governance’, ‘social governance’, ‘good governance’ and ‘good enough governance’. Section 2.3.3 mentions other forms of governance namely, ‘international governance’, ‘national governance’, and ‘local governance’. It is argued that the notion ‘good governance’ is a contentious concept to be used as a compass to direct development. Grindle (2002:1) argues that achieving ‘good governance’ (see UNDP, 1994) is a daunting task because it may require overhaul of aspects of public sector life such as institutional and administrative arrangements, albeit very difficult to achieve. In the context of the study, ‘good enough governance’ is the recommended concept because it implies doing actions that are development-oriented. Thus study discussed the ‘good enough governance’ concept in the context of a development arena involving project beneficiaries. Discussions were limited to the issue of participation in decision making process in planning and implementation of development projects.

### **1.9 Ethical implications of research**

The researcher took all the necessary precautions and/ or due diligence<sup>11</sup> to ensure protection of confidential information by requesting the concerned parties to underwrite confidential information.

### **1.10 Outline of the thesis**

Having introduced the thesis and set the context for the study – that is, its core rationale, the chapters are organised as follows and summarised in figure 2.

Chapter 2 presents the theoretical framework of the study by way of review of various literatures on CSR, PPPs and MDGs in the context of Southern Africa. Moreover, the chapter considers literature in the Swazi context. Thematic issues were drawn which formed the basis for analysis of the three case studies. General themes drawn are centred on preconditions for/of partnership formation, how they are led, legitimised, resourced, managed and evaluated.

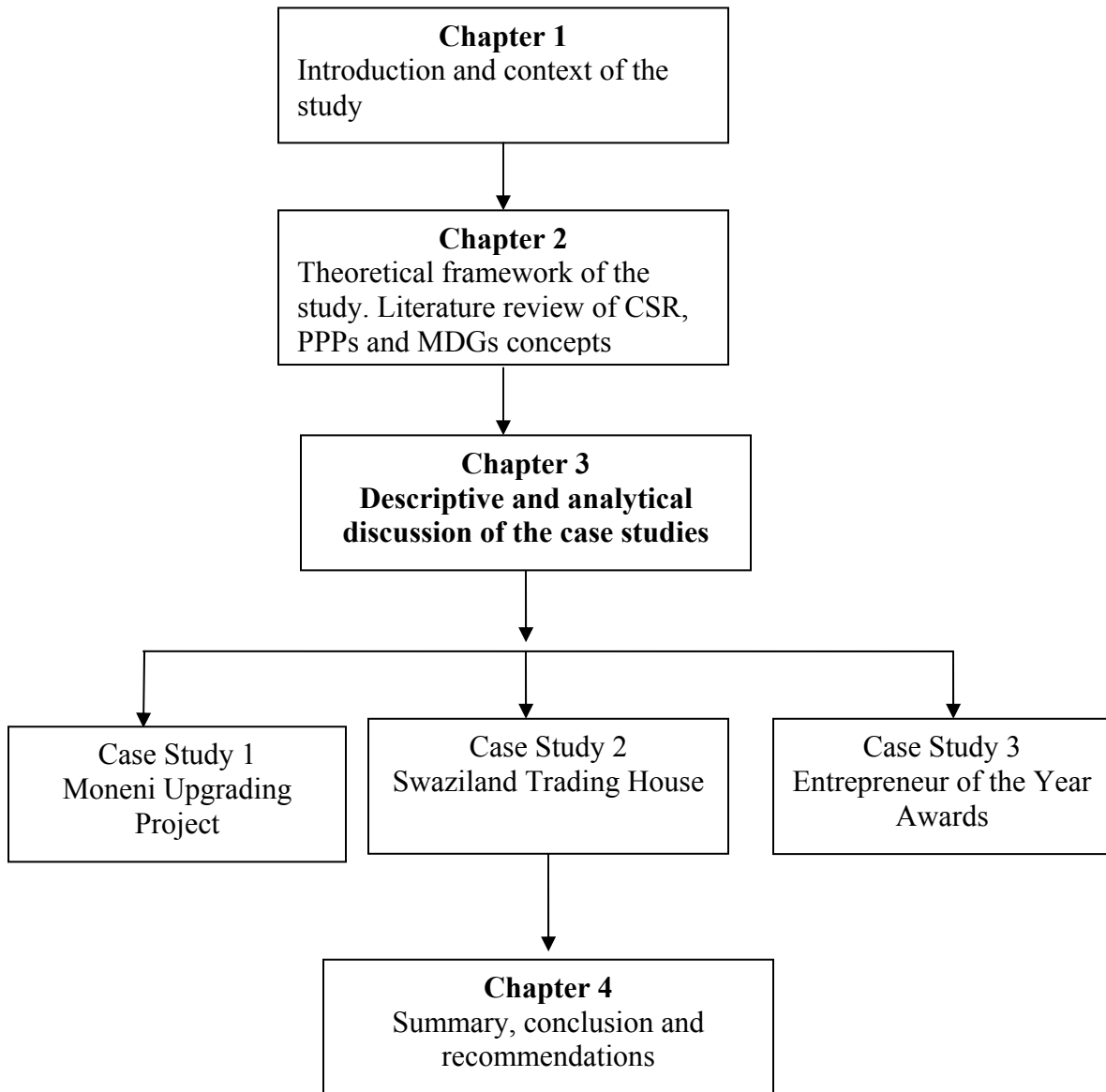
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<sup>11</sup> Due diligence is an approach that enables one to understand the legal implications for omission and or commission of certain acts in order to plan for the consequences emanating there from

Chapters 3 provide a descriptive and analytical discussion of the Moneni upgrading project, STH and EYA development projects. The chapter discusses CSR, PPPs and MDGs notions in the context of poverty reduction in Swaziland and also considers linkages between these concepts.

Chapter 4 summarises and concludes the study including providing recommendations for further study.

Figure 2: Outline of the thesis



## **CHAPTER 2: TOWARDS STATE-BUSINESS PARTNERSHIP IN POVERTY REDUCTION: THEORETICAL FRAMEWORK**

### **2.1 Introduction**

Can state- business partnership (PPPs) underpinned by CSR contribute to development “success”, -especially those aligned to meeting the MDGs goals/targets? Various scholars and development commentators argue about the increasing expectation that PPPs can or are playing an important role in development “success”. The arguments are embedded in notions highlighted in the preceding chapter. According to the World Bank (2006:7) there are potential areas of convergence between private sector CSR and community-driven development (CDD). The major constraint has been failure to explore these areas of convergence on the part of CDD practitioners, notwithstanding the proposed role of the private sector. The World Bank (Ibid) notes shortcomings in private sector CSR that embrace CDD. They argue that companies lack development expertise and are reluctant to relinquish control of the development initiatives. Other factors working against CSR-CDD initiatives include,

...imbalance in power and level of organisation between companies and communities, unsustainability of funding, and lack of capacity on the part of local actors, ranging from ineffective community based organisations (CBOs) to weak governance (Ibid).

Despite the recognition that business can play and/ or has an important role in development “success” (UN, 2005a, 2005b; World Bank, 2005, 2006) and shortcoming discussed above, some scholars question the rationale for business to contribute to development (Henderson, 2005). Renowned business executives such as Newell’s (2002) view of the role of business in development are embraced in the concept of CSR (see also Roberts, 2003:249-265; Viviers and Venter, 2007). He contends that business can demonstrate corporate social responsibility by addressing the social, economic and



environmental impacts caused by business activities<sup>12</sup>. He argues that business should view and adopt CSR holistically into formal core business strategy (inclusive of operations, decisions and activities). CSR should thus be adopted into mainstream business activities and management structure. Roberts (2003) expounds four dimensions of CSR (see Box 3).

**Box 3: Four dimensions of CSR**

- a. CSR is viewed as a by-product caused by financial pressure. CSR was squeezed out by the dominance of financial pressures;
- b. CSR is embraced by business as public relations (PR) as a ploy to allow business to continue as usual;
- c. CSR is adopted within the business's operations as a measure and incentive to motivate increased attention to the ethical, social and environmental impacts; and
- d. CSR as a dialogue applied across corporate boundary including with those most vulnerable to the effects of corporate conduct.

Source: Roberts, 2003:250

Henderson (2005:30-32) cautions business from venturing into territories that do not propagate the interest of business. He argues that business should pursue its primary mandate, which is to do business. Renowned activists such as the Christian Aid (2004) have a different view of CSR (see also Levy, 1997:126-147). They argue that CSR is used as a ploy to promote “business as usual” and does not contribute any value in the lives of community from where business is doing operations. Three views can be deciphered: one that says business can contribute to development “success”; another which argues that business must stay out of the development agenda because it is outside their primary mandate; and, the other which criticises the adoption of CSR by business in

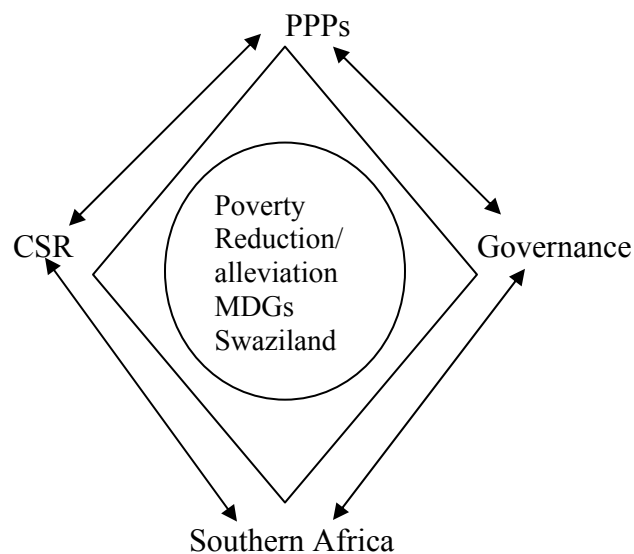
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<sup>12</sup> Various standards and benchmarks have been developed to measure the performance of companies in terms of CSR. See table 1.

the pretext that they (business) are adding value to society while in reality hiding behind the mask in pursuit of business interests.

This chapter provides a theoretical framework underpinning the quest for state-business partnerships (PPPs) within the context of CSR and MDGs' poverty reduction goals/targets with a focus on Southern Africa and Swaziland. Figure 3 summarises the theoretical focus underpinning the study. The model locates poverty reduction/alleviation at the centre of the development agenda in Swaziland. It asserts that addressing poverty requires cross-sector collaboration such as those involving the state/government and business/private sector.

Figure 3: Poverty reduction: PPPs, CSR, MDGs and Governance nexus



Source: Author's elaboration, 2008

The strengths of PPPs are to combine the capacity and resources of the public and private sector in order to address poverty. This notion is discussed within the context of CSR and MDG concepts. Drawing on strengths and resources of government and business working in partnership raise questions of governance, an issue also considered in this study. It is hoped that by providing a description on the various perspectives, the study will contribute to the development discourse that supports the importance of collaborative governance in development "success". Building and developing capacities, including

mobilising resources by government and business in fighting poverty are arguably some of the ways towards promoting development “success”.

Underlying assumptions around collaborative governance related to poverty reduction are discussed within the context of CSR, PPPs and MDGs. The study also considered practical success factors related to promoting sound collaboration.

## **2.2 What’s the hype about CSR and development?**

This section considers society’s expectation in terms of the role of business in contributing to development “success”. As already defined in section 1.1.3, “development success” can be/is achieved through creating/promoting economic growth including ensuring that economic growth/opportunities reach the majority especially the poor and vulnerable. According to Hamann (2005), the debate on the role of business in development has led to a development of concepts on corporate social responsibility (CSR), corporate citizenship (CC), corporate social investment (CSI), corporate social accountability (CSA), corporate governance (CG) and these concepts are used to suit different purposes. For the purpose of this thesis, the term CSR is used as a blanket label to refer to society’s expectations of business in terms of impact of corporate practices on social, economic and environmental well-being at the workplace and society at large (see Lantos, 2001:595; World Business Council for Sustainable Development, 2002).

### **2.2.1 Why should business engage in CSR?**

McIntosh (2005:3) suggests perspectives why business engages and/ or should engage in CSR. It is argued that businesses are citizens and as such have rights, duties and responsibilities. They are thus expected to uphold certain ethical standards. McIntosh (Ibid) asserts that business should uphold ethical standards such as workplace ethics; human rights; environmental policy and practice; corporate governance; social, ethical and environmental auditing and reporting; and community involvement. It is argued that business success can be reconciled with a good society. To support this perspective, Tinto (2000, as cited by McIntosh 2005:3) argues that CSR/CC makes good business sense. He states that:

...at Rio Tinto we have found that maintaining the trust of local communities is essential for long-run success of our operations. A sound reputation on ethical issues also helps us to recruit and retain high-calibre employees.

McIntosh (2005:3) asserts that business engage in CSR because of economic, ethical and institutional imperatives. The main driver of the economic imperative for CSR include diminished transaction costs, the need for better relationships with stakeholders including the need to attract and retain customers and employees (reputation). Ethics is essential in order to account for, prevent, and mitigate negative risks that impacts on society (Ibid). Notwithstanding the critical institutional view of CSR which asserts that organisational changes can be made to obtain legitimacy, the optimistic view asserts that organisations can make ‘genuine’ institutional changes beyond the ‘green wash’<sup>13</sup> mould for the benefit of both the business and society (Ibid).

According to the CEO of Spier Holdings, the company made some institutional changes aimed at mainstreaming the principles and practices of sustainable development beyond a project-based approach (Methvin, 2004). It is argued that the main driver for institutional change at Spier was the need to balance financial success with contributions to environmental conservation and social justice (Ibid). A post for director of sustainable development was established as part of the institutional changes aimed at mainstreaming sustainable development in business operations (Ibid). According to Methvin (Ibid) a set of 150 sustainability indicators were developed to measure the company’s economic, social and environmental impact in a systematic way and also allowing benchmarking of the standards for comparison with national and global business standards/practice.

Establishing a business case for CSR has emerged as a key manifesto among big business representatives (see Holiday et al, 2002). Holiday (Ibid) argues that being responsible and caring is good for profits. Several authors have commented about the ‘business case’ for

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<sup>13</sup> ‘Green wash’ is a practice where by a company disseminates misleading information as strategy to conceal environmental abuse.

CSR (see Griff and Mahon, 1997; Hamann et al, 2005; Margolis and Walsh, 2003; McIntosh, 2003, McIntosh, 2004), including the value for developing global frameworks that will promote CSR. They assert that the business sector is increasingly acknowledging that CSR makes ‘business sense’ and that global CSR framework will significantly aid the role of business in development initiatives. According to the United Nations Industrial Development Organisation (UNIDO, 2002), globalisation of trade is one of the key drivers for a global CSR agenda (see also Viviers and Venter, 2007). Viviers and Venter (2007:20) argue that globalisation accelerated:

...the size and influence of companies, the repositioning of governments and a rise in strategic importance of stakeholder relationships, knowledge and brand reputation.

Freemantle, (ed.) (2005:5) assert that business embark on CSR because benefits such as attracting and retaining good employees; leveraging business to access to new markets or deepen their market penetration; generating operating efficiencies in the long term; or improving relations with regulators.

### **2.2.2 Can CSR lead to the delivery of positive sustainable development objectives?**

Contemporary scholars, development actors and commentators are taking special interest on the synergy between business and development and thus opening new horizons for the development of body of knowledge on CSR and development (Hamann, 2005; Margolis and Walsh, 2003; McIntosh, 2003). Pertinent to the proceeding section are perceptions by society about the role of CSR in development “success”. Practical factors related to how business contributions to development “success” may be/are being promoted in Southern Africa context are also considered. Hamann (2005:2) suggests that there is a need for a research agenda that considers the complexities and contradictions in the contemporary CSR and development discourse. He warns against putting too much emphasis and reliance on business contributions to development in the pretext of CSR. Skeptics of CSR question the role of the private sector in development “success” (Christian Aid, 2004; Fox, 2004). Henderson (2005:30-32) concurs with Hamann (2005) and argues that CSR

does not serve business/economic interests but seeks to appease society which is contrary to market economy principles. For Henderson (Ibid), the case against CSR is because:

...it would make people in general poorer by weakening the performance of business enterprises in their primary role.

The World Bank Institute (2006) concurs with the notion that business can make decisive contributions towards poverty reduction since they command major streams of investments, goods, services and information that greatly influence economic and governance structures across the globe. The flip side reality is that, poverty is a sign of the skewed economic and governance structures that fail to create competitive and sustainable economic development that contribute to poverty reduction.

Despite the assertion that the private sector has the power to influence economic and governance structures to favour private sector economic and financial interests (which more often than not is not aligned to poverty reduction), the UN supports the notion that the business sector has a role to play in advancing development objectives towards poverty reduction (UN, 2005; UNECA, 2005:74). This notion has been advanced within the context of the MDGs (see Kock, 2006; Nelson and Prescott, 2003; NEPAD/UN [online] available at [www.bendingthearc.com](http://www.bendingthearc.com); UNDP 2004; UN 2005a; UN 2005b; Business Ethics Network of Africa [online] available at [www.benafrika.org](http://www.benafrika.org); World Bank Institute available [online] available at [www.businessandmdgs.org](http://www.businessandmdgs.org); and Business Action for Africa [online] available at [www.businessactionforafrica.org](http://www.businessactionforafrica.org)). Outcomes of the World Summit on Sustainable Development (see UN, 2002) support the view about the potential role of the business sector in poverty alleviation.

According to the UN Economic Commission for Africa (2005), it makes business sense for companies to contribute the MDGs because it builds:

...a sound business environment with healthy employees, prosperous consumers, and reliable trading systems; it enhances companies' ability to manage costs and

risks associated with social issues, such as HIV/AIDS and conflict; and it provides potentially important business opportunities related to new markets, products and services.

Nelson and Prescott (2003:8, 10) gives an example of the “comprehensive small business outreach programme” implemented by Anglo-American to show the potential areas where business can support the MDGs. According the Nelson and Prescott (Ibid), business can support the MDGs by means of:

...their core business activities in the workplace, marketplace, and along the supply chain; in their social investment and philanthropic activities; and through engagement in public policy dialogue and advocacy.

The case of Spier arguably provides an example to show that business has a potential role to contribute to development “success” (Methvin, 2004). In the 2004 fiscal year, for example, Spier spent 30% on pro poor procurement aimed at developing local, small, and Black Economic Empowerment (BEE) business to become part of Spier supply chain (Ibid). As discussed in the preceding section, Spier had to make some significant institutional changes such as creating a directorship post for sustainable development so that sustainable development objectives in the area of employment equity; economic development; health and safety; and environmental conservation are met.

A significant body of knowledge on the link between the private sector and development recognises the importance of private sector contributions in the fight against poverty (International Business Forum (IBF), 2005). The World Business Council for Sustainable Development (WBCSD, 2004) concurs with the assertion that poverty is the biggest challenge to sustainable development (see also Churet and Oliver, 2005). The way businesses respond to this challenge, and their ability to generate wealth and opportunities will prove crucial in the long term (Ibid). According to the WBCSD (2004:2) the private sector has one of the core key competencies vital in poverty alleviation, which is wealth creation. The International Business Forum is pioneering

business models aligned to the MDGs (see Kock, 2006). They argue that every business, large and small, has a role to play in support of MDGs. According to Kock (Ibid), the future of business lies in investing in the ‘base/bottom-of-pyramid’ (BOP)<sup>14</sup>. The UN Commission on the Private Sector and Development (2004: ii) argues that unleashing the capacity of local entrepreneurs promotes domestic employment and wealth creation and thus enhances poverty reduction initiatives.

The World Bank (2006:13) and the UNDP (2004:3) concur with Kock. They contend that the private sector should pursue business opportunities in the BOP markets (see also Prahalad, 2005). This view reflects a changing mindset aligned to the links between business and eradicating poverty. It is argued that the private sector can pursue this by making genuine commitment to sustainable development with a distinct focus on CSR. Skeptics of CSR argue that CSR should be seen beyond corporate philanthropy<sup>15,16</sup> (see Christian Aid, 2004; Fox, 2004; Holiday, 2002). This concept is even more relevant to Swaziland in view of the fact that 69% of the population lives below the international poverty line (MEPD, 2007:5).

McIntosh (2003:71) argues that political will is important in driving a genuine CSR agenda. The case of Spier discussed in the preceding sections arguably serves to show the importance of political will in driving genuine CSR. It is argued that genuine CSR is reflected/ demonstrated if it is part of the core business operations (Ibid). He argues that the incorporation of the triple bottom line (TBL)<sup>17</sup> in corporate practice makes business sense and can result in a competitive advantage and business opportunity. An example of this emerging perspective can be found in the sugar industry. According to African sugar

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<sup>14</sup> Base/bottom-of-pyramid is composed of the 4 billion people in the world who earn less than US\$1.500 per year (UNDP, 2004:30)

<sup>15</sup> Corporate philanthropy is where companies give handouts/donations to society for charity purposes. The challenge to business is to go beyond this by innovating business models that will improve the social and economic conditions of poor communities.

<sup>16</sup> Incidentally, the WBCSD is advancing a new mindset that transcends this corporate philanthropy with a view to building inclusive business models that create new revenue streams while serving the need of the poor through sound commercial operations.

<sup>17</sup> TBL is a business concept embedded in the understanding that integration of social, economic and environmental in core business interests promotes business advantages (Vanclay, 2004; see also Hartman and Painter-Morland, 2007:45-57).



industry (available online at [www.ethical-sugar.org](http://www.ethical-sugar.org)), CSR is a vehicle through which business can contribute to sustainable development:

...by managing their operations in such a way as to enhance economic growth, increase competitiveness and ensuring at the same time environmental protection and promoting social rights.

Social and environmental justice activists question the genuineness of the sugar sectors' CSR practice. They argue that the sugar sector is known for negative ecological impacts caused by monocropping and cultivation techniques of sugarcane. Other concerns are with regards to unfair labour practices. Similar concerns are raised about big business in the mining and manufacturing sectors (see Christian Aid, 2004; Lawyers Environmental Action Team (LEAT) (available online at [www.leat.or.tz](http://www.leat.or.tz)).

McIntosh et al (2003) makes significant contributions to the body of knowledge on CSR. They draw the linkages and strategic routes to socially responsible business of eight voluntary initiatives that gave birth to CSR; viz, the United Nations Global Compact (UNGC), International Labour Organisation (ILO) convention, Organisation for Economic Cooperation and Development (OECD) guidelines for Multinational Enterprises (MNEs), International Standard Organisation (ISO) 14000 Series, the Global Reporting Initiative (GRI), the Global Sullivan Principles, Social Accountability 8000, and Accountability 1000 (see also Hartman and Painter-Morland, 2007:45-57).

The field of management views CSR as a management principle (see [www.iso.org](http://www.iso.org); Hamann, 2005; [www.globalreporting.org](http://www.globalreporting.org)) and argues that this concept is being incorporated as part of contemporary business and organisational development practice. Despite recognition by Swazi business<sup>18</sup> of the importance of the Global Reporting

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<sup>18</sup> Swazi businesses are those that are locally founded and domiciled in Swaziland.

Initiative (GRI)<sup>19</sup> it is argued that this concept has not been prioritised and/ or adopted mainly because of capacity constraints. GRI is arguably widely practiced in South Africa and other developed nations of the world. Swaziland is a host to multinational (MNCs) companies some of which have adopted these international standards especially the ISO14001<sup>20</sup>. It is argued that although MNCs in the textile sector have brought benefits such as employment (MEPD, 2003:5) these have come with huge social and environmental costs (Mutsigwa and Payne eds., 2003). Concerns about non-compliance with environmental and labour laws have been raised by some labour and environmental activists (Ibid).

Various authors are sceptical about the role of business in improving communities' welfare (see Christian Aid, 2004; Levy, 1997; Malan, 2005). Christian Aid (Ibid) advocates for laws to make multinational companies meet basic social and environmental standards in poor countries (see <http://www.christian-aid.org/indepth/0401csr/index.htm>). Christian Aid attacks companies for hypocrisy by 'masking' CSR as a ploy to pursue business interests. It is argued that some companies have embraced CSR by sponsoring community projects and sports (World Bank, 2006:34-35; Masango, 2008). By undertaking significant social investment programmes such as in education, health, housing, employment creation and environment, the corporate sector can play a critical role in promoting development and alleviating poverty. This practice has been viewed by CSR skeptics (see Christian Aid, 2004; Fox, 2004; Holiday, 2002) as goodwill/ corporate social investment (CSI). It is argued that CSI is a strategy used by business to obtain a 'social licence' to operate (Viviers and Venter, 2007:20; Carroll, 1979:499). It is argued that genuine CSR should be reflected in core business operations and not limited to CSI, which arguably is/may be voluntary and/ or may just be only a project.

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<sup>19</sup> GRI is a framework developed in collaboration with the United Nations Development Programme (UNDP) and International Business Leaders Forum (IBLF) through which business can communicate their contributions to the MDGs as part of sustainability reporting.

<sup>20</sup> ISO14001 is a global standard for Environmental Management System (EMS) that seeks to promote environmental responsibility by organisations and or businesses.

Hamann et al, (2005) brings to the fore the importance of context in the application of these CSR principles (see also Hamann, 2003 and 2005). They advocate for a CSR research agenda aimed at establishing the link between business and development in Southern Africa given the lack of research in this area. Hamann et al, (2005) assert that adoption of CSR should be informed by local conditions and therefore a universal agenda for CSR standard should be sensitive to this reality. Similarly, perspectives in the development discourse recognise the reality evidenced in disparities in the development arena between and within the north (i.e. developed nations of North America and Europe) and the south (i.e. developing nations of Africa, Latin America and South Asia).

Freemantle (2005:5) gives a comprehensive synopsis of guidelines on CSR (table 1). Central in the eight voluntary initiatives discussed above is that they all evolved through social partnerships involving government, labour, business and NGO. A significant common denominator is consensus on the possibility of reconciling a market economy with a good society, and the notion that economic competition can co-exist with social co-operation.

**Table 1: Guidelines to good citizenship**

Code/s	Standard/s
Aspirational principles and compacts	<ul style="list-style-type: none"> <li>• Universal Declaration of human Rights</li> <li>• International labour Organisation (ILO) standards</li> <li>• UN Global Compact</li> <li>• New Partnership for Africa's Development (NEPAD)</li> <li>• Global Reporting Initiative (GRI)</li> <li>• The natural Step</li> </ul>

International codes of conduct	<ul style="list-style-type: none"> <li>• OECD Guidelines</li> <li>• Equator Principles</li> <li>• Kyoto Protocol</li> <li>• Ethical Trading Initiative</li> <li>• SA 8000</li> </ul>
Management and reporting guidelines	<ul style="list-style-type: none"> <li>• Global Reporting Initiative (GRI)</li> <li>• AA1000</li> <li>• Sigma Guidelines</li> <li>• King II Report on Corporate Governance</li> </ul>
Local transformation initiatives	<ul style="list-style-type: none"> <li>• Industry Charters</li> <li>• DTI Codes of Good Practice</li> </ul>
Investment screening	<ul style="list-style-type: none"> <li>• Dow Jones Sustainability Index</li> <li>• FTSE Good Index</li> <li>• JSE Socially Responsible Investment Index</li> <li>• JSE listing requirements</li> <li>• Socially responsible investment funds</li> </ul>
Certification standards and benchmarks	<ul style="list-style-type: none"> <li>• ISO 9000</li> <li>• ISO 14001</li> <li>• OHSAS 18000</li> <li>• SA8000 Standard</li> <li>• NOSA grading</li> <li>• Ecocert</li> <li>• Fairtrade</li> <li>• Wine Industry Ethical Trade Association (WIETA)</li> </ul>
Assurance standards	<ul style="list-style-type: none"> <li>• AA1000 Assurance Standard</li> </ul>

Source: Freemantle, (ed.) 2005:5

A strong CSR movement underpinned by the voluntary adoption of some of the above-mentioned CSR standards is evolving in South Africa's corporate world albeit rooted in legacy set by apartheid (see Fig, 2005). CSR practices in the South African context entail business' contributions to society and community that are not connected to the mainstream business activities. Kloppers and Kloppers (2006) suggests that these contributions may include, but not limited to, programmes aimed at supporting underprivileged or vulnerable members of society such as children, women, people with disabilities, people living with aids (PLWA), health programmes, education and training interventions (see Carroll, 1979:499). Although such corporate social investment or corporate philanthropy contributions benefit society, it is limited so far making CSR a core business strategy.

Fig (2005:605) asserts that some business make philanthropic investments as a strategy to gain 'social licence to operate' what he calls 'manufacturing amnesia'. Fig (Ibid) emphasise the importance of context by placing the CSR discourse in a historical context underpinned by apartheid. He argues that some South African companies are 'masking' CSR by making contributions to society; while on the contrary they are promoting 'business as usual'. De Cleene and Sonnenberg (2004:15); Visser (2004:4) and Visser (2005) contend that the most prominent drivers of CSR agenda in South Africa are:

- The publication of the second King report on corporate governance in 2002;
- The launch of the FTSE/JSE Social Responsibility Index in 2003;
- The development of several broad-based Black Economic Empowerment (BEE) sector charters; and
- Improved corporate disclosure on sustainability-related issues.

CSR is an evolving notion with a potential to enhance the ability of business to contribute to development "success". The role of CSR towards development "success" is a complex notion that requires further research especially in view of the gap in research about CSR published on the Southern Africa context Hamann (2005). It can be argued that the CSR notion equates to "two-sides of the same coin" with one side depicting the potential of

CSR to contribute to societal improvement (including work place), especially if CSR is mainstreamed into corporate core business strategy aligned to “development success”. The other side of the coin epitomises “masked” CSR, which Christian Aid (2004) argues is merely a ‘public relations’ (PR) activity used as “smokescreen” to promote ‘business as usual.’ The discussion above attempted to demonstrate the complex issues in this discourse especially in view of the scarcity of research on the link between CSR and development within the Southern African context. It is argued that it is imperative for Southern Africa to promote context-specific or context-driven CSR–development initiatives in the light of the diverse development contexts, as this discourse has attempted to highlight.

### **2.3 Understanding PPPs and development nexus**

Development commentators and experts are advancing the notion of partnerships in contemporary development discourse (Fourie and Burger, 2000; World Economic Forum, 2005; Panggabean, undated; Hamann, 2007). This has resulted in the advent of various forms of partnerships with the most significant manifestations being PPPs. Different definitions of PPPs have been advanced in light of the expanding range of types of PPPs. The notion of PPPs thus denotes different things to different practitioners. According to the World Economic Forum (2005:8):

... the core concept of PPPs involves business and/or not-for-profit civil society organisations working in partnership with government agencies and official development institutions. It entails reciprocal obligations and mutual accountability, including either voluntary or contractual relationships; the sharing of investment (financial or in-kind) and reputation risks (rather than the one-dimensional transfer of risk to the private sector), and joint responsibility in design and execution.

South African law on PPPs available online at <http://www.ppp.gov.za>, defines PPPs as:

...a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project.

According to the National Treasury (Ibid) there are two types of PPPs where:

- (a) a private party performs the functions of an institution or municipal, or
- (b) a private party acquires the use of state or municipal property for its own commercial purposes.

Fourie and Burger, (2000, as cited in Zarenda, 2001:5) argue that depictions and definitions of PPPs are quite distinct, unambiguous and specific to create little confusion. They describe PPPs as:

...an institutional and contractual partnership arrangement between government and a private sector operator to deliver a good or service to the public, with as distinct elements; true partnership relationship; and a sufficient amount of risk transfer to the private operator.

More complex PPPs arrangements include concessions and build-operate-transfer (BOT) schemes, which have as their central feature, the mobilisation of private finance on a limited recourse basis. According to Zarenda (2001:6), the concessionaire's responsibilities include maintenance, rehabilitation, upgrading and enhancing of the facility, which frequently would involve considerable capital investment. For BOT schemes, the private party undertakes the financing and construction of a given infrastructure facility as well as its operation and maintenance for a specified period (Ibid).

One of the most illuminating attempts to both define and rationalize the notion of PPPs is provided in the document *Public-private partnership for the Urban Environment*, which describes PPPs as:

...a spectrum of possible relationships between public and private actors for cooperative provision of infrastructure services... PPPs offer alternatives to full privatisation by combining the social responsibility, environmental awareness and public accountability of the public sector with finance, technology, managerial efficiency and entrepreneurial spirit of the private sector (United Nations Development Programme Bureau for Development Policy, 1998:1-2).

The definitions above denote various types of PPPs including those involving civil society organisations instead this thesis focuses on PPPs involving government/state and business/private operators. Significant here is establishing the link between PPPs and development “success” within the context of MDGs goals/targets especially those in the poverty reduction/alleviation realm. The role and/or participation of beneficiary in the PPP arrangement are also crucial. What is the purpose of the PPPs? How do we make PPPs work for the poor and the challenges thereof? These are the pertinent issues discussed in subsequent sections.

### **2.3.1 Why turning to PPPs?**

McQuid (1999, as cited in Osborne, 2000:19) argue that the nature of problems facing local economies is multifaceted requiring a combined response from both public and private sector actors for it to be effective and efficient. It is argued that partnerships between key actors provide the impetus for sustainable local economic solutions. Hamann (2007) concurs with McQuid (Ibid) in terms of the potential of partnerships between public and private actors to improve local economic development. He asserts that, the purpose of PPPs is generally to combine the capacity and resources of the public and private sectors, in order to develop public goods and services (development objective) more efficiently and effectively, while at the same time generating profit for private investors. It is argued that PPPs is a potential framework for promoting CSR. In the above example, both parties, that is, the public and private sector tend to benefit. Warner and Sullivan (2004) argue that challenges of poverty in developing countries require cross-sector partnership between government and business.



Panggabean (undated), a renowned Asian economist confirms the increasing popularity of PPPs. He asserts that there are many reasons why governments are turning to PPPs. Reasons he advances include responding to socio-economic pressures because governments are failing to cope with rising demand for infrastructure; the desire to achieve 'fiscal gain' through shifting of capital spending to private sector; the quest to improve service delivery efficiency because private sector's ability to provide value for money services; and because it is a politically safer option (Ibid). Drawing from the Asian Development Bank experience on PPPs, Panggabean argues that each PPP project is structured in context and differently impact the poor. Panggabean highlights the importance of context as was observed in the preceding discourse on CSR and development.

Much of microeconomic rationale for PPPs in the literature focuses on its economic legitimacy being established by virtue of improved efficiency and effectiveness. Fourie and Burger (2000:721) argue that while PPPs have the potential to improve the efficiency and effectiveness of delivery of certain government services, they should not be considered as a blanket strategy for social service delivery. They assert that the private sector is not immune to bloated bureaucratic behaviour as much as that not all public sector behaviour is necessarily inefficient and ineffective.

The Monterrey Consensus (see World Economic Forum, 2005) advances PPPs in sectors such as education, health, and water and sanitation especially in poor regions. The Commission on Private Sector and Development (2004:33) agrees with the same concept, emphasising energy and water services provision. Zarenda (2001:1) considers the possibility of using PPPs for infrastructure development a necessity for promoting development "success". Barrick Gold Corporation is a mining company based in Tanzania, which invested in infrastructure worth (US\$3.4 million) towards the construction of a 47km long water pipeline. It is argued that 30,000 villagers and 5,000 residents of villages nearest the mine have benefited from the water pipeline (World Economic Forum, 2005:26). Although Barrick Gold Corporation contributed to the

development of community, environmental and social justice activists have raised concerns with regard to the company's compliance to environmental, human rights abuses, forced evictions of small-scale miners and communities and labour standards (CorpWatch, 2007:5; [www.lead.or.tz](http://www.lead.or.tz)). Activists have demanded full disclosure of environmental and social impacts of the mining activities on communities (CorpWatch, 2007).

The World Economic Forum (2005:30) contends that meeting the MDGs cannot be achieved through official development resources alone but will require support through increased mobilisation of foreign and domestic private resources via direct investments and PPP arrangements. It is argued that businesses should align with the MDGs, create synergy with development actors, or fill key financing gaps in PPPs (Ibid).

Zarenda (2001) asserts that PPPs have become an important concept in development discourse of the new millennium. Warner and Sullivan (2004) argue that partnerships between government, civil society and business (tri-sector partnerships) can be marshalled to fight poverty. However, less consideration was made of how partnerships would work in practice, the outcomes that could be achieved, or the relative merits of partnerships over other more traditional approaches to development (Ibid). The next section discusses some of the challenges confronting PPPs in pursuit of advancing development "success".

### **2.3.2 Making PPPs work for the poor: challenges confronting PPPs**

Despite the potential of PPPs to contribute to development "success" there are many challenges that confront them. Zarenda (2001:1) argues that mushrooming academic literature and policy pronouncements at global and local levels suggest that there is a myth and a misunderstanding surrounding the notion of partnership at conceptual and operational/implementation level. An example of misunderstood and controversial

partnerships is the type II partnerships<sup>21</sup> unveiled at the World Summit on Sustainable Development (WSSD). Criticism about type II partnerships revolves around the issue of definition and their informal orientation.

Zarenda (2001) and Warner and Sullivan (2004) warn against the increasing popularity of PPPs as a viable strategy in development. They argue that there is need to obtain a proper understanding of what PPPs are, what they can do, their limitations and the preconditions for effective implementation. Osborne (2000) concurring with Zarenda (2001) and Warner and Sullivan (2004) provide global insights on the theory and practice of PPPs. He argues that PPPs are increasingly becoming popular especially in the global public policy and service delivery arena. Warner and Sullivan (2004:27) argue that PPPs have the potential of developing socially and economic sustainable communities<sup>22</sup>. The DBSA (2000:40) assert that PPPs in delivery of service in South Africa has resulted in the creation of employment, the improvement and extension of services as well as the facilitation of local economic development (LED).

Skeptics of PPPs (Robinson et al, 2000, as cited in Zarenda, 2001:15) argue that PPPs propagates 'privatisation' and/ or that PPPs are 'privatisation by stealth.' Corry (1997) advocates for PPP where the public sector play a dominant role. This is important in order to dispel fears that 'people' will be left at the mercy of private capital or legal guidance of controls or regulation. The South African government agrees with Corry's assertion in that it formulated policies to guide PPPs. The DBSA (2000:42) contends that the White Paper on Local Government require cost effective service delivery that is aimed at ensuring maximum benefit for communities. Community benefits include access to quality services, affordability of services, the right to redress in case the services provided do not meet clients' expectations, job opportunities as well as participation of locals in economic activities brought by the PPPs.

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<sup>21</sup> Type II partnerships are non-negotiated agreements between governments, intergovernmental agencies and civil society actors (Piest, 2003).

<sup>22</sup> Socially and economic sustainable communities have new social and economic capital in the form of tax and royalty revenue (Warner and Sullivan, 2004:27).

The modus operandi in PPPs may involve the institution or municipality paying the private party for services delivered and or the private party may charge user fees or a combination of the two. Corry, (1997:17) warns that precautionary measures should be put in place in drawing PPP contracts for public service delivery because privatisation of public service delivery may erode day-to-day democratic control and accountability to individual citizens. He argues that this scenario may reduce the rights of citizens to consumers' rights. It is argued that the state should ensure that necessary framework for regulating PPPs are in place in order to ensure protection of civil rights.

Some actors and commentators argue that the roles of all partners should be specifically defined and that these should be underpinned by common objectives, risk sharing and rewards, adaptation to new culture and collaborative problem-solving. Fourie and Burger (2000 and 2001) addressed the issue of risk transfer quite comprehensively, raising several significant issues relating to possible contradictions when incorporating risk with effective and efficient delivery. The Institute for Public Policy and Research (IPPR) (2001, as cited in Zarenda, 2001:13) argue that contradictions may be posed by transferring risk with regards to provision of effective and efficient service delivery. Hamann (2007:4) argues that difficulties may be encountered in identifying and responding to the various costs and benefits to the partners.

A further concern regarding PPPs is that they are often designed and implemented with the participation of only government and private sector organisations. This is despite the increasing evidence that underscores the involvement of beneficiaries of PPPs with particular reference to the benefits in terms of the accountability and effectiveness of the partnership (Ibid). Participation of beneficiaries in the conception, planning and implementation of PPPs is a key element of this study. Participation of the beneficiaries in all the applicable stages ensures collective ownership and will motivate them to participate and contribute effectively.

The Development Bank of Southern Africa (DBSA, 2000:1) assessment of the contribution and impacts of PPPs on the poor in South Africa notes that the private sector

was able to provide cost effective services, extend services for the benefit of the poor, create employment opportunities, develop and empower local enterprises. However, they argue that the type of partnerships concluded with the private sector as well as the way in which the appropriate contracts are designed and executed will influence their impact on the poor (Ibid). While it may be argued that the involvement of the private sector in the delivery of public services may result in the reduction of staff, contracts awarded to private sector (especially big concerns) often provide for the creation of other jobs like subcontracting to small and medium enterprises (SMEs). The DBSA recommends that the type of partnership and contracts entered is fundamental and these should be informed by feasibility studies.

### **2.3.3 The challenge of Governance and PPPs**

It is argued that the major challenge to partnerships is “governance.” Different observers and development actors argue that the notion of “governance” and “good governance” has diverse meaning. These concepts are increasingly being cited in development literature. The concept of “governance” is used in different contexts, for example, ‘corporate governance’, ‘international governance’, ‘national governance’ and ‘local governance’. Other dimensions of “good governance” include “good enough governance” espoused by new public governance (Stephen, 2006:377-388), similar to UNDP’s human governance (UNDP, 1994:1-13). UNDP’s view of “good governance” is linked to the notion of sustainable human development (Ibid). Table 2 presents insights about “good governance” putted by the UNDP, World Bank/IMF and others.

According to Charlick (1992: I), governance has been widely used in recent years as African and international actors have become concerned about the crisis of authority and political order in Africa and elsewhere and its implications for economic development. Governance has mostly been discussed within political processes and systems perspectives buttressed by notions of “state” institutions (Ibid). It is argued that governance should not be limited to “state” actors only but should include non-state actors. Moving towards achieving “good enough governance” require efforts aimed at building/ strengthening capacity for service delivery (see Grindle, 2002:11, 22). It is

argued that the notion of “good enough governance” is anchored on a development-oriented agenda supported by virtue such as stakeholder/ beneficiary participation in decision making processes. According to Grindle (2002:26), achieving “good enough governance” is a daunting challenge because “good enough governance” is more of a long term strategic objective. Grindle (Ibid) adds that the concept of “good enough governance” is laden with challenges which may require institutional and administration reforms, a process that at times implies changes in the political organisation. It is argued that this is a big challenge for interventions aimed at poverty reduction. The thesis supports the emerging view of “good enough governance” linked to UNDP’s sustainable human development. Discussion of the concept was limited to a project context. Central to the discussion was the issue of participation in decision making process in planning and implementation of the projects. It is important to note that discussion was based on the central theme of the thesis, which is poverty alleviation.

It is argued that the corporate sector should also embrace the principles and policies of “good corporate governance” as part of their day-to-day operational culture. “Good enough governance” is a major challenge related to PPPs especially in Africa where socio-political environment is not conducive for the implementation democratic principles. As noted at the World Economic Forum (2005):

...effective partnership is problematic not least because of ambiguity in the concepts of good governance: accountability, transparency, legitimacy, disclosure, participation, decision-making, grievance management and performance reporting.

Addressing some of the concerns highlighted in the preceding section, the DBSA (2000:3) in its review of PPPs involving local authorities suggests that PPPs must be guided by clear criteria addressing coverage, cost, affordability, quality, socio-economic objectives and local economic development. The forms of contracts must be based on the required outcomes of the PPPs and the outcomes must be clearly and unambiguously specified in the performance mandates to ensure compliance.

**Table 2: Perception about “Good governance”**

Organisation	Definition	Values/characteristics
UNDP	Good governance entrenches political, social and economic systems that promote broad based consensus in society including creating space for the participation of the poorest and most vulnerable in development decision-making processes.	<ul style="list-style-type: none"> <li>• Participatory</li> <li>• Transparent</li> <li>• Accountable</li> <li>• Effective</li> <li>• Equitable</li> </ul>
World Bank/IMF	Good governance entails effectiveness of government to promote economic and political decision-making processes. The bank’s focus on “good governance” is skewed towards economic dimensions.	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Accountability</li> <li>• Participation</li> <li>• Fairness</li> <li>• Efficiency</li> <li>• Ownership</li> </ul>
Other	Good governance embrace decision-making processes that promote broad based participation	<ul style="list-style-type: none"> <li>• Participatory</li> <li>• Consensus oriented</li> <li>• Accountable</li> <li>• Transparent</li> <li>• Responsive</li> <li>• Effective and efficient</li> <li>• Equitable and inclusive</li> <li>• Respect rule of law</li> </ul>

Source: UNDP, 1994; Woods, 2000; Santiso, 2001; Unescap [online] available at [www.unescap.org](http://www.unescap.org) [Accessed on 29 September 2008].

The notion of PPPs deserves wide (but not uncritical) support. Zarenda (2001:30) argues that there is a need for frameworks for analysis of partnerships. Notwithstanding the usefulness of current research on partnerships, it is argued that without effective frameworks, which take into account a multisectoral participatory approach; there is a danger that much of the research could be limited analysing particular individual circumstances. Notwithstanding this, further empirical research about the levels of real benefits that partnerships do (or do not offer) is vital. It is argued that success of partnerships may depend on how they are led, legitimised, resourced, managed and evaluated. These will vary according to local circumstances, the issues to be dealt with, the institutional framework, and the partners themselves. The Institute for Public Policy Research (2001) suggests that any partnership agreement should be underpinned by goodwill, trust and flexibility because a true partnership transcends contractual relationships.

#### **2.4 Can State-Business Partnerships deliver on poverty reduction in Swaziland?**

McQuaid (1999, cited in Osborne, 2000:28) furnishes a profound analysis of the theory underpinning partnerships. He suggests that there is need to form frameworks both to allow more meaningful analysis of partnerships so as to distinguish partnerships types and make partnerships more effective. The Government of Swaziland values the role of partnerships involving business and civil society in development “success”. In view of the increasing prominence of PPPs approaches in the provision of public goods and services, this study explored partnerships limited to those between the private sector and the state in Swaziland.

There are no policy frameworks to guide PPPs in Swaziland. It is argued that the absence of a firm policy framework on PPP is linked to the lack of vibrant private sector participation/involvement in PPP driven interventions. It is argued that a policy framework is necessary to promote private sector participation in PPP interventions especially those aligned to poverty alleviation and the MDGs. The types/forms of PPPs explored in the Swazi case are more informal due to the absence of policy framework on PPPs. The study explored the preconditions for the PPPs, their design and



implementation and the type of participation by PPP beneficiaries (particularly in the design and implementation of these partnerships). The following section reviews relevant literature in the Swazi context that has a bearing on PPPs aligned to the MDGs' poverty reduction goals/targets.

#### **2.4.1 Knowledge bank on PPPs in Swaziland**

Some development actors and commentators have argued that there is a literature gap on the role of PPPs in Swaziland. Delivering the 2008 Budget Speech the Minister of Finance, Mr. Majozi Sithole stated that the government was developing frameworks for PPPs to improve public service delivery through the participation of the private sector (Majozi, 2008). This confirms the observation that there are no solid policy frameworks for guiding and promoting PPPs in Swaziland. Despite the absence of policy frameworks on PPPs, it is important to consider the potential of PPPs to influence a development agenda aligned towards the MDGs' poverty reduction targets/goals in Swaziland. The country has complex problems, which are compromising the gains made towards meeting the MDGs. It is argued that meeting the MDGs will to a great extent depend on the government's ability to address issues such as drought, gender inequalities, HIV and Aids and the income distribution.

Major published literature on Swaziland seems to focus on the country's development challenges and pays very little or no attention on CSR and PPPs. Major text in Swaziland's development arena are official reports, policy, strategy and programme documents published by the Swazi Government. Notable documents in the poverty reduction/alleviation realm include the National Development Strategy (NDS). The NDS is a comprehensive national policy blue print, which covers a period of 25 years and is aimed at improving the quality of life of Swazi people (MEPD, 1997). The Poverty Reduction Strategy and Action Programme (PRSAP) is an off spin of the NDS. It provides a policy framework for fighting poverty in Swaziland (MEPD, 2006:3). The MEPD (2006:162) contends that PRSAP has scope for private sector participation in poverty alleviation. It is argued that private sector investment reduces poverty through job creation creating backward and forward linkages with SMEs (Ibid). The millennium

development country report, (2003) and draft report, (2007) shows progress the country has achieved towards achieving the MDGs goals/targets.

A World Bank paper (2000) (see also World Bank, 1997; Musi, 1999) analysed potential strategies for reducing poverty in Swaziland. It argues that poverty can be reduced through shared growth, a strategy that the Swazi Government is currently pursuing. This strategy is complemented by a pro-poor vision motivated by the quest to empower the poor to generate income and promote equitable distribution of the benefits through pro-poor public expenditure (see MEPD, 2003 and 2006). It is argued that although promoting a pro-poor public expenditure is a good agenda, there is little government and civil society capacity to track the extent to which the poorest of the poor/ most vulnerable citizens benefit from the pro-poor budget strategy.

Although the NDS does not explicitly state the role of PPPs and notions such as CSR and MDGs, it recognises the importance of industrial diversification from agriculture to the promotion of sectors with strong backward and forward linkages to industrial growth (NDS, 1999:4). The government's free market enterprise policy gives scope for private sector participation. The government seeks to promote commerce and industry through various strategies such as creating a commensurate investment climate; promoting harmonious relations with labour and business; enhancing business competitiveness; strengthening linkages between industry and agriculture; and empowerment of Swazis through SMEs, business skills, strengthening linkages between the education system and private sector skills requirements, and technology transfer (NDS, 1999:27).

The NDS is not explicit on notions such as CSR, PPPs and the MDGs. A notable feature of the NDS that has a bearing on poverty reduction is the quest to promote Swazi entrepreneurs to venture into mainstream national economy through removal of barriers to local economic development such as gender inequality and inadequate infrastructure. However, private sector participation in commerce and industry does not necessarily translate to corporate social responsibility (CSR), contribution/achievement of the MDGs' poverty reduction goals/targets and neither do PPPs. Poverty reduction

goal/targets should be embraced by business and government at the conception and adoption of programme. The participation of beneficiaries in the design and implementation of projects informed by the notions mentioned above was imperative. The adoption of PPPs and CSR by government and business does not necessarily result in meeting the MDGs' poverty reduction goal/targets. Rather, it creates scope and impetus for poverty reduction. The MDGs outcomes to date show that only two goals namely universal primary education and gender equality and empowerment are potentially achievable by the 2015 target (MEPD, 2007:36). It is argued that the private sector has potential to contribute to achieving the MDGs by, for example, promoting gender equality in employment and marketplace. The private sector can also promote pro poor procurement approaches as was learnt in the case of Spier (see section 2.2.1).

Other significant government and/or national documents that have a bearing on poverty alleviation and the MDGs include (Dlamini, 2004; CSO, 2007; Swaziland Demographic Health Survey (SDHS), 2007). Other documents include the First and Second National Multisectoral HIV and Aids Strategic Plan (MoHSW, 2006). These documents highlight development challenges in Swaziland. It is argued that despite the classification of the country as low middle-income status, it is closer to becoming a least developed country (LDC) (MEPD, 2007:27) (see also CAPAP, 2006:3; Global Human Development Report (GHDR), 2005; 2006). The immense magnitude of development challenges in Swaziland require cross sector collaboration. This gives scope and impetus for CSR and PPP because the government cannot alone manage to address the development challenges.

According to the MEPD (2007:30), the Swazi economy is currently less supportive to progress in human development than it was before 1990. Factors alluded to the high growth rate of the 90s include high foreign direct investments (FDI) inflows because the country had a favourable political and macro-economic climate at that time comparable to its neighbours South Africa and Mozambique. FDIs averaged 4.7% of GDP between 1994 and 2002 and were 2.5% of GDP in 2004. The PRSAP asserts that FDIs are important for promoting employment opportunities including backward and forward linkages with SMEs (MEPD, 2006:67). The National Policy on Small-Medium

Enterprises (SMEs) is considered to be a major policy instrument towards economic empowerment of Swazis because it seeks to promote Swazi ownership and participation in mainstream economic development (MEE, 2006). It is argued that economic growth is a necessary condition for poverty alleviation if the growth is inclusive and reaches the majority of the people (see WBCSD, 2008). It is argued that CSR and PPP are potential models/framework that can be tested in pursuit of inclusive economic growth.

#### **2.4.2 The role of Swazi business in poverty reduction and the case for CSR**

This section discusses the role of Swazi business in poverty alleviation in Swaziland. Significant in the discussion is establishing the business case for CSR in the Swazi SME sector. Swaziland has a small strong export-oriented economy contributing about 60% to GDP (UNDP, 2008: xvi). The country heavily relies on South Africa and imports about 80% (Ibid). The Swazi economy is characterised by a large manufacturing sector dominated by agro-processing firms (KQ, 2003:41). The manufacturing sector has been the main contributor to the country's GDP averaging about 36.2% since the 1980s (MEPD, 2004:8-9). The growth in the manufacturing sector was complemented by the Africa Growth Opportunity Act (AGOA) from five export-oriented industries namely wood pulp, drink processing, fruit canning, refrigerators and sugar processing (Ibid). Other important industries include sweets manufacturers and food processors. Textile and apparel was a direct spin off from AGOA. This sector has joined the leading export-oriented industries.

The country's major export industry is dependent on agricultural and forestry production, which underscore the value of the agriculture sector to the Swazi economy. Agriculture is the backbone of the Swazi economy. This sector has been experiencing a decline in production averaging about 0.8% in the period 1997/9-2003/04 (MEPD, 2004:9). Agricultural production has been affected by diverse factors such as successive droughts, high inputs prices due to global prices and financial shocks, lack of investments in agriculture infrastructure, shortage of productive cropland and loss of productive labour due to HIV and Aids and migration.

Other dynamics that contributed to the slow growth of SME in the manufacturing sector are weak business linkages between foreign owned (mainly corporate/private sector) and Swazi owned enterprises, a majority which are SMEs (Ibid). Global trends suggest focusing on the SMEs for economic growth, poverty alleviation, wealth creation and promotion of pluralistic societies (Ibid). SMEs are an important source of employment for the majority of Swazis. Thus the Government of Swaziland considers the SMEs as a priority for economic development and poverty reduction. It is argued that there is scope for CSR and PPP interventions. SMEs can benefit from PPP arrangement through, for example, capacity building of SMEs in the areas such as procurement, business management skills and technology transfer. It is argued that the Government lacks institutional capacity to facilitate expedient processing of registration of companies and issuing of trading licences. Another challenge is the constraint posed high fees levied for processing the company documents.

The corporate/private sector can contribute to CSR by helping integrate SMEs into mainstream economy. It is argued that one way of promoting integration of SMEs into mainstream economy is by helping the SMEs to enter the supply chain. It is argued that SMEs including micro enterprises are not exempt/ should not be exempted from upholding CSR practice. The subsequent section expounds issues emanating from this debate.

#### **2.4.3 Should SMEs and/ or microenterprises engage CSR activities?**

Viviers and Venter, (2007:21-22) argue that the debate as to the appropriateness and implications of CSR has been ongoing since the 1970s (see also Friedman, 1970:37). Critics of CSR such as Henderson (see Henderson, 2005) argue that CSR compromise business economic performance. Viviers and Venter, (2007:21-22) concurs with Henderson's argument. They assert that CSR impose costs on stakeholders, for example:

...costs on employees (by reducing salaries), customers (by charging high prices), and most importantly on business owners (by lowering returns).

Darroll, (2005, cited in Freemantle, 2005:156) also argue that SMEs and/ or microenterprises face a disproportional hurdle when forced to adhere to CSR principles. She argues that formal sector SMEs in South Africa operate under a far heavier regulatory burden than larger businesses.

According to the PRSAP, the SME sector has absorbed more than 140 000 people since 2003 (MEPD, 2006:67). This confirms the argument that the SME is an important cog in the Swazi economy (see also Darroll, 2005, cited in Freemantle, 2005:156). ESRA, now superseded by the Smart Programme Economic Empowerment and Development (SPEED), both play a major part in creating employment and growth. ESRA and SPEED put emphasis on the quest to create a sound macro-economic environment commensurate with sustainable socio-economic development goals aligned to the NDS. It is argued that programmes such as ESRA, SPEED, PRSAP, MDGs and the SMEs development and growth initiatives dovetail in support of poverty alleviation in Swaziland. It is argued that as economic and human development opportunities are oriented towards the poor, a virtuous circle of broad based growth and poverty alleviation is envisaged (World Bank, 2000).

The government's SME Unit- housed under the Ministry of Enterprises and Employment (MEE), is considered to be the 'hardware' of the SME sector, with the Entrepreneurship of the Year Awards (EYA) being the 'software programme' for promoting SMEs growth and development. According to Viviers and Venter (2007:21) SMEs that engage CSR:

...suffer a competitive disadvantage as these costs could have been avoided altogether or could have been borne by others, mainly by the government.

It is argued that anecdotal evidence suggests that SMEs/ microenterprises have less environmental impact than big businesses. Kapelus et al. (2004, as cited in Viviers and Venter, 2007:22) argue that although by their very nature SMEs and/ or microenterprises have insignificant negative social and environmental impacts compared to large capital

and resource intensive businesses, but collectively they have significant direct and indirect cumulative social and environmental impacts on social issues, such as HIV/AIDS, labour conditions, crime, and pollution (See Fox, 2004, Christian Aid, 2004). It is argued that this gives scope and impetus for SMEs and/ or microenterprises to pay attention to CSR. It is thus important for the Swazi SME and/or microenterprises to take note of CSR. Despite potential social and environmental the hurdles of CSR, proponents of CSR argue that businesses that engage in high level of CSR activities have the potential and/or advantage to maximise their economic performance as they are viewed as better managed and less risky in a strict regulated environment (Moore, 2001, cited in Viviers and Venter, 2007:22).

#### **2.4.4 Exploring the role of PPPs in enterprise development and poverty reduction**

It is argued that poor economic performance is compromising the Swazi government's ability to create jobs to absorb the labour force that has increased by 5.2% annually since 1991 (MEPD, 2005; 2007; UNDP, 2008:29). According to UNDP (2008:29), despite the expansion in labour since 1991, employment in the formal sector only grew by an average of only 1.03% between 1995 and 2002. The situation has been worsened by the failure of the South African economy to absorb the Swazi migrant labour as it used to do. According to MEPD (2007), Swazi labour force absorbed by the South African economy dropped from 16500 in 1990 to 6307 in 2002 (UNDP, 2008:29). This scenario makes it imperative for the Swazi Government to embark on an economic and investment drive that is also underpinned by the quest to alleviate poverty. It is argued that PPP have the potential to contribute to economic prospects of Swaziland through foreign direct investment (FDI), which may also to contribute to poverty alleviation.

The Government of Swaziland regards the private sector as the engine of economic growth. It is argued that this gives the impetus for promoting PPP as potential models to harness private capital. UNDP (Ibid) contends that the Government introduced incentives such as tax concessions, infrastructural investments as strategy for attracting FDIs. A major challenge confronting the government is on one hand to attract investors (both domestic and foreign), and on the other hand, ensure that investors are complying with

environmental and labour laws. It is argued that CSR provide a framework for addressing social and environmental challenges that may come with FDIs. Foreign businesses could be mandated to pay for certification as condition of FDI. It is important to consider principles such as those promoted by UN Global Compact. Promoting CSR practices such as self regulation have a potential to promote ecological stewardship, an important virtue of CSR. This is one way of ensuring that businesses large and small are socially and environmentally responsible.

Macro-economic stability balancing the fiscal, monetary and exchange rate policies is the main thrust of the Swazi economic turnaround and poverty reduction strategy (MEPD, 2006:39). According to the UNDP (2008:29), the government should cut down expenditure in order to foster macro-economic stability. This goal conflicts with the goal aimed to finance deficits in human development such as MDGs targets on poverty, health and education. According to the PRSAP, which fully integrates the MDGs and the nation's vision 2022<sup>23</sup>, the government's role is to facilitate growth, by creating an enabling environment and providing specific support to sources for pro-poor growth.

The UNDP (2004) asserts that governance and institutional capacity is fundamental in eradicating poverty in Swaziland. Mbeye (2008) concurs with UNDP. He asserts that, for the pro-poor growth to be realized, the political and economic system must be reoriented into one that listens to the voice of the poor and disadvantaged. Etukudo (2008) argues that the economic growth rate currently at 2.3% is too low to make a positive impact in reducing poverty. He contends that measures should be taken to reduce the consumptive budget (95% recurrent expenditure) and reorient allocation of resources to development projects (see 2008/2009 National Budget).

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<sup>23</sup> "By the year 2022, the Kingdom of Swaziland will be in the top 10% of the medium human developed group of countries founded on sustainable economic development, social justice and political stability" (NDS, 1999:2).



The Swazi Government concurs with the observation that it does not have the capacity to address the development challenges confronting the nation without the participation of civil society and the private sector (Dlamini, 2004). The PRSAP recognise the importance of participation of all players (government, civil society and the private sector) alike in facilitating a commensurate environment for promoting PPP and MDG driven development initiatives. It is argued that government investment efforts have not yielded the desired results due to capacity constraints to implement the PRSAP and the SME policy. It is argued that the SME policy seeks to promote a favourable institutional framework. The preceding sections made reference to the potential of the SME and/or microenterprise sectors to contribute to development of national economies and alleviating poverty. It is argued that commitment from government, business and also civil society is critical in order to promote SMEs and/ or microenterprises role in economic development and poverty alleviation. The World Business Council for Sustainable Development (WBCSD) (2004:4-5) contends that governments can promote PPP by putting in place commensurate climate for investment. Investing in capacity building through provision of vocational business skills training including other incentives such as SME start-up development and management facilities are important enterprise capacity building interventions.

Business can also contribute to enterprise capacity building especially in the area of procurement; distribution and quality control; technology transfer; direct investment in infrastructure and skills/ knowledge exchange (Ibid). According to WBCSD (Ibid) by working with SMEs, business/ corporate sector can benefit through new customers that may not be accessible through traditional distribution networks. Benefits that may accrue to local communities include employment and provision of goods and services that may be cost effective and also tailored to local needs (Ibid).

Notwithstanding the challenges posed by PPPs, as highlighted in the preceding sections and the visible gap in literature on PPPs in the Swazi context, there is growing recognition of the potential of PPPs to contribute to development “success” especially those in the poverty reduction realm. The government initiatives highlighted above

discussed the scope and potential for promoting notions of CSR, PPPs and MDGs in the context of poverty reduction agenda/targets. The subsequent sections discuss the notions of CSR, PPPs and MDGs and worth noting is that these notions besides the MDGs have not been fully embraced in the Swazi context. The notion of governance and participation of beneficiaries in the design and implementation of development interventions are also explored in the subsequent sections.

## CHAPTER 3: FIGHTING POVERTY- SWAZI EXPERIENCES

### 3.1 Introduction

Eradicating poverty is a primary goal of the MDGs (see section 1.1), also the main focus of the Government of Swaziland's PRSAP. The PRSAP has six pillars (box 4) complementing the Government's pro-poor development focus. The strategy puts emphasis on economic growth and poverty reduction. It advocates for the integration of poverty reduction in development programmes underpinning the importance of improving the capacity of and opportunities for the poor. This is seen as one way to reduce risk and vulnerability to this group<sup>24</sup>. The poor and vulnerable groups suffer from the effects of acute material poverty<sup>25</sup>, HIV and Aids, natural disasters, and economic shocks. Facilitating economic growth and poverty reduction is perceived as fundamental to improving the well being of this target group.

#### Box 4: PRSAP Pillars

1. Macroeconomic stability and accelerated economic growth based on broad participation;
2. Empowering the poor to generate income and reduce inequalities;
3. Fair distribution of the benefits of growth through fiscal policy;
4. Human capital development;
5. Improving the quality of life of the poor; and
6. Improving governance and strengthening institutions.

Source: MEPD, 2007

It is argued that frameworks such as PPP and CSR can make positive contributions to meeting part of objectives of pillars 1, 2, and 5 of the PRSAP pillars (see box 4). Promoting SME and/ or microenterprises development and growth is one way in which

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<sup>24</sup> Vulnerable groups include low or no income earners, children, women, elderly and the disabled etc.

<sup>25</sup> Human Poverty Index in Swaziland is estimated at 53.9%.

broad based participation in economic development can be strengthened. The preceding chapter highlighted how PPP can support SMEs through, for example, responsible procurement. Arguments that support the observation that SMEs and/or microenterprises can contribute to wealth generation, employment creation were presented (WBCSD, 2004). Big business can widen their customer base by collaborating with SMEs and/or microenterprises. SMEs and/or microenterprises can also provide benefits to local communities by providing affordable goods and service that meets local needs (WBCSD, 2004). It was argued that government should provide financial and tax incentives as a strategy to grow the SMEs and/or microenterprise sectors.

Stakeholders at a recent workshop held in Mbabane about SME development in Swaziland have noted that SMEs pay the same tax as big businesses (Shongwe, 2009:19). Stakeholders argued that SMEs face unfair competition by paying 30% provisional tax, the same paid by big companies (Ibid). Stakeholders were also concerned that the 10% withholding tax levied does not benefit SMEs and/or microenterprise. Stakeholders recommended that the government can/should put in place/make provision for start-funds for SMEs as way to empower SMEs and/or microenterprise. Discussion on the concept and practice of CSR was informed by the argument which asserts that business can become social, economic and environmental responsibility by engaging CSR activities (see section 2.4.3). It is argued that social, economic and environmental performance are important benchmark in targets aimed at improving quality of life especially of vulnerable groups such as the poor.

This chapter discusses experiences from three case studies in the poverty reduction realm in Swaziland. The case studies are the Moneni Upgrading Project, the Swaziland Trading House (STH) and the Entrepreneur of the Year Awards (EYA). The case studies involve state and business sector collaboration aimed at reducing poverty. The Moneni case study seeks to improve the living standards of low-income and poor communities through the provision of basic social services. The STH and EYA target the SME sector as an entry point to address poverty. The STH initiative is addressing poverty alleviation through

linking the SME sector with markets (global and local). The EYA seeks to promote local economic investment by promoting growth in SME sector.

Promoting linkages between the private sector and SMEs is a necessary condition for stimulating broad economic growth and poverty reduction in Swaziland. It is argued that generally the development community, the private sector, civil society and governments share an interest in exploring existing and/or potential linkages that would promote private sector collaboration in development (World Bank, 2006:18). Although the Swazi private sector is weak, it has a role to play in fostering linkages with the growing SME sector (KQ, 2003). The previous chapter explored the MDGs' poverty reduction goal/target and linkages with Public-Private Partnership (PPP) and Corporate Social Responsibility (CSR) concepts in the context of development. The subsequent sections discuss in detail the case studies drawing linkages with MDGs, PPPs and CSR. Also the chapter explores the issue of governance and the extent by which project beneficiaries influence/ can influence the design and implementation of the projects.

## **3.2 IMPROVING LIVING STANDARDS: THE CASE OF MONENI UPGRADING PROJECT**

### **3.2.1 Background to Moneni Upgrading Project**

The Moneni upgrading project is an urban development project (UDP), which seeks to address the needs of low-income and predominantly unemployed Swazi residents. Although Moneni is situated within the Manzini Municipality urban boundaries, it is an 'island'<sup>26</sup> because it is influenced by a traditional hegemony established by King Sobhuza II in the 1970s. It is argued that the duality of the land tenure system at Moneni presents an incentive for rural-urban migration caused by people migrating from rural areas of Swaziland with prospects to have a better life in town. Conditions for acquiring land under Swazi Nation Land (SNL) are less demanding than freehold land. There is no title

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<sup>26</sup> In 1970 King Sobhuza II built his royal residence in predominantly Swazi Nation Land (SNL), a communal land tenure systems governed by a traditional regime. People under SNL tenure system are exempt from paying taxes and rates. 'Umphakatsi' is the traditional local authority administrative centre where all local development decisions are made.

to land under SNL and the system exempts people from paying rates and taxes unlike under freehold tenure. The duality of the land tenure system at Moneni poses a major and complex challenge in terms of harmonizing legal instruments governing administration of cities particularly the Urban Government Act of 1996 and city by-laws with traditional systems under SNL. The King is the overriding authority for all land use decisions in SNL with delegated power to the Chiefs. The Chiefs govern SNL with the aid of an “umsumphe”<sup>27</sup>.

**Box 5: Objectives of Moneni Upgrading Project**

1. To enable residents to raise their own standard of living by giving them the chance to hold title to affordable urban plots and build permanent homes;
2. To open opportunities for residents to borrow money to purchase plots and construct housing;
3. To provide secure tenure to residents through a 99 year Leasehold Title Deed;
4. To modify the Building Regulations and offer pre-approved house plans which residents can use;
5. To upgrade the existing informal settlement by putting in roads, footpaths, water, street lighting and sanitation;
6. To raise health and environmental standards in the project area;
7. To create lines of communication with the residents to determine what they need and can afford; and
8. To recover the costs of the infrastructure construction through the sale of plots.

Source: Manzini City Council, undated

The Moneni upgrading project is 4km from the Manzini city centre to the South of the Manzini-Siteki Road. The project targets about 1745 people on 42ha (Manzini City Council, undated). The population distribution shows a high dependence ratio. About

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<sup>27</sup> “Umsumphe” Local Council also known as the Inner Council is composed of people who are original to the area

67% of the population are youth implying that a very small group of the population bear the costs of social facilities and infrastructure (Ibid). There are 252 households with an average of 6.92 people per households and 20% households have tenants (Ibid). Besides drawing income from tenants, the majority of the households grow micro gardens on a portion of their 1.5 acres of land to supplement livelihoods. The population of the area is expected to grow because of the size of the households.

The land tenure system discussed above has attracted migration into the urban area causing socio-economic and environmental problems associated with unavailability of public social service facilities and infrastructure such as roads, bulk water and energy services<sup>28</sup>. The major environmental challenges in Moneni are associated with storm and wastewater runoff and generally waste disposal management.

Moneni is sandwiched between an up-market suburb on the western side and a middle-income suburb to the north on the other side of the Manzini-Siteki road. This has put pressure on the Manzini City Council to develop the area. Immigrants into Moneni do not pay for the land but secure user rights to the land through a traditional system known as Kukhonta<sup>29</sup>. Immigrants to Moneni have taken advantage of this system. The population of Moneni has significantly grown, exerting pressure on land, which consequently forces some residents to seek employment in the city centre, Matsapha Industrial Sites and in the affluent neighbourhoods as domestic workers. Other residents operate makeshift micro businesses such as fruit and vegetables stalls while some are engaged in compound-based brick making business.

The Moneni upgrading project seeks to upgrade the existing 200 dwellings including 300 proposed new plots. The project targets to construct houses; improve waste disposal sites; road systems; and establish a loan programme for low-income earners so that they can

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<sup>28</sup> The majority of the people live in structures constructed from sticks, mud and corrugated iron sheets. There are no proper sanitation facilities and safe water provision.

<sup>29</sup> Khonta system is a traditional system administered by Chiefs on Swazi Nation Land. A person use a cow as a method of payment to show consent to become a subject to the local traditional regime. The cow is given to the Chief of the area.

qualify for loans to build and or improve their homes (see figure 4). The specific objectives of the project are presented in Box 5 above. The Moneni upgrading project is part of the World Bank funded Urban Development Project (UDP) in Swaziland. The upgrading works entails upgrading infrastructure through the provision of roads, piped water supply, and electricity including sites for community facilities.

The UDP is a national programme aimed to improve the delivery and improving living conditions of low-income urban households. This is a collaborative initiative (see Box 6) with the World Bank being the financier loaning the Government of Swaziland US\$29 million (World Bank, 2005).

Figure 4: Moneni Upgrading Project



Source: Author, 2008

Other partners in the Moneni Upgrading Project include UNDP and the Department for International Development (DFID) (Ibid). The UDP has four components, namely the policy and institutional reform; rehabilitation and expansion of city roads; rehabilitation and expansion of water and sewerage services; and residential housing sites and onsite infrastructure in Msunduzi, Nkwalini, Mahwalala, Moneni and Mhobodleni high-density suburbs. The Moneni upgrading project is currently ongoing and aims to facilitate residents to own plots and title to the land by way of 99-year leases. It is argued that



giving beneficiaries title to land is a crucial empowerment. Titleholders/ leaseholders are empowered to access loans from banks using the land as security.

**Box 6: Main partners in the UDP**

- a. The Ministry of Housing and Urban Development (MHUD) responsible for overall coordination and monitoring;
- b. The Swaziland National Housing Board (SNHB) responsible for implementation of low cost housing component;
- c. The Manzini City Council responsible for implementation and ongoing maintenance of roads component and participation in project-financed low cost housing delivery;
- d. The Swaziland Building Society is the primary source of mortgage finance for low cost housing;
- e. The Swaziland Water Services Corporation (SWSC) responsible for implementation and maintenance of bulky water and sewerage works;
- f. Swaziland Electricity Company (SEC);
- g. The Surveyor General Office's Office responsible for survey of project sites;
- h. The Registrar of Deeds responsible for processing of land transfers.

Source: MHUD, 2008

**3.2.2 Exploring MDGs, PPPs, Governance and Development Linkages**

According to the UNDP (2008: xvii), the proportion of the population with access to improved sanitation is only 51%. More than 60% of the population in Manzini and Mbabane live in informal unplanned/unserved plots (Manzini City Council, undated). Less than 50% of the urban population has access to safe, piped water and fewer than 20% are served by sewerage network (Ibid). The UDP has resulted in some positive developments as shown by the increase in slum upgrading with about 21000 in 2005 to 41 000 beneficiaries in 2007 (MEPD, 2007:10).

**Table 3: Moneni Upgrading Project decision makers**

<b>Representative</b>	<b>Role</b>
Traditional leadership through allocations committee	Allocations of plots
MHUD	Chair meetings
Manzini City Council	Secretary. Managing the project area. Maintain the roads, footpaths, streetlights, and community shelters, collect waste
Swaziland Water Services Corporation	Issuing tenders and supervising construction on water supply and sewerage contracts
Community members <sup>30</sup>	Project liaison/ outreach
Residents	Pay rates, securing planning approval to build from city council

Source: MHUD, 2008

Preliminary indications show that, although not quantifiable, beneficiary communities have welcomed the provision of portable water services, improvement in, sewerage and solid waste collection, and the association of these investments with cleaner environment and better or healthier environment. Other benefits include the installation of “high mast lights”, which is supposedly associated with reductions in crime. These benefits are more evident in the sister project implemented in Msunduza in Mbabane (MHUD, 2008:3).

According to the Manzini City Council’s Community Development Officer, the Moneni Upgrading Project was introduced without the participation of the communities, especially the traditional leadership who were strongly opposed to allocation of plots by the city council. The project was implemented by over 10 years as a consequence of lack of participation by community leadership in the design and implementation of the project.

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<sup>30</sup> Community members were supposed to be seven but they are four at the moment.

Until 2006, the Ministry of Housing and Urban Development (MHUD) and the Manzini City Council were unable to develop the area. According to the Manzini City Council's Community Development Officer, the community leadership from both Moneni and Msunduzwa were engaged in the project through a workshop. The main contentious issues were the allocation of plots and payment of rates. After negotiations the Msunduzwa community leadership accepted the project leading to its implementation in 1995.

**Box 7: Role of the Allocations Committee**

- Determine eligibility of applicants;
- Review and verify census lists to ensure credibility of applicants;
- Divide residents into Priority Groups (PG) for the purpose of allocation process;
- Grant conditional allocations based on PG.

Source: MHUD, 2008, adapted by the author

In Moneni, the project started with a pilot phase implemented on a government owned land adjacent to the greater Moneni. Implementation was rolled out to greater Moneni in 2007 following a series of participatory processes involving both the traditional and local authorities. A plots allocation committee (AC)<sup>31</sup> was established (Box 7). The AC is responsible for allocating plots; ensuring that residents qualify for plot allocation based on the criteria and procedures of allocation process. The AC ensures that the allocations process is fair, transparent, easy to understand and administer. Above all, the process must be participatory. The AC determines eligibility for allocation based on fulfilment of resident's requirements. The allocations are conditional and depend on the applicant's ability to afford the plot and other criteria used for application. The Manzini City Council is represented in the AC. Other structures that were involved in decision-making about the project include the chief, MHUD, City Council and community members (see table 3).

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<sup>31</sup> Allocation committee was composed of members from the chief's inner council including the city council.

**Table 4: Information needed by the community**

<b>Urban Living Information</b>	<b>Project-specific Information</b>	<b>Technical Information</b>	<b>Management Information</b>
<ul style="list-style-type: none"> <li>• Urban government &amp; structures</li> <li>• City financing &amp; services</li> <li>• Advantages of home ownership</li> <li>• Land &amp; home ownership and the law for women</li> <li>• The nature of urban development projects</li> </ul>	<ul style="list-style-type: none"> <li>• Finance &amp; mortgages</li> <li>• Application process</li> <li>• Service, interest &amp; rate charges</li> <li>• Construction scheduling</li> <li>• Resettlement options</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer protection &amp; contracts</li> <li>• Building technology information</li> <li>• Environmental sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Household budgeting</li> <li>• Management of community resources/facilities</li> </ul>

Source: MHUD, undated

Most communication was verbal and fact sheets produced during the early stages of the project were not widely distributed, nor the information contained in them well understood due to poor literacy levels of the majority of the project beneficiaries. The information required by beneficiaries is summarized in Table 4. Communities were presented with the broad structure of the project but not empowered to engage the development process. The level of participation was ‘instrumental participation’ tailor-

made to secure approval of the project (Muller, 2007). It is argued that broad based, inclusive participation was essential to entrench ownership of project.

### **3.2.3 Decision-making in development process**

Effective participation in any development initiative requires that project beneficiaries have access to considerable amounts of information so that they can make educated and appropriate choices. This is a critical tenet aligned to the notion of “good governance” and sustainable human development expounded by the UNDP (1994). Beneficiaries are expected to make choices and take responsibility on issues such as purchasing and costs associated to selecting service provision. Contemporary development thinking argues that successful project implementation is heavily dependent on the flow of relevant information and comprehensive information to communities involved in the development initiative (Swilling, 2004; Meyer & Theron, 2000). Lessons can be drawn about the importance of involving beneficiaries in design and implementation of development initiatives. Accordingly, institutions were created for communication to facilitate “good project governance.” This was done through the development of a community liaison and education policy (CLEP). According to the Manzini City Council (undated), the goals of CLEP were to:

- a. Promote two-way flow of information between the project and beneficiary communities;
- b. Provide unbiased and appropriately presented information to enable potential beneficiaries to understand the full implications of the project for their lives and to enable them to make appropriate decisions; and
- c. Enhance the understanding on the part of project beneficiaries and wider urban public of the nature and implications of urban development projects and urban living.

In order to overcome challenges posed by lack of information, a project outreach facilitator’s handbook was developed. The purpose of the handbook was to get information to and from the people not only in the Moneni Upgrading Project area but

also throughout the entire UDP areas. Outreach facilitators were employed to ensure two-way information flow. Their responsibility was to inform the people about dates when construction activities would start and end, and also collect information about the problems and forward them to zone leaders and the project management. Outreach facilitators work in collaboration with zone leaders and committee members. Each outreach facilitator is responsible for 50 households in his/her project area.

The Manzini City Council employed a Community Development Officer who serves as a crucial link in matters relating to community liaison and development not only for the Moneni Upgrading Project but also the greater Manzini City. The council has embarked on an intensive education programme to educate the residents (especially those in the informal settlements) on various issues. In order to promote community participation in decision-making in the urban development projects, the council has considered reforming the composition of the Council Planning and Works Committee to include community representatives.

### **3.2.4 Delivering on the MDGs**

It was problematic to establish the extent by which the Moneni Upgrading Project is contributing to the MDGs in real terms. Preliminary evidence shows improvements in infrastructure such as roads, piped water supply, and electricity including sites for community facilities (see figure 4). These improvements are basic social needs which when achieved are expected to improve the quality of life of the people. Providing access to piped water to 1745 people is an objective aligned to the MDGs. It is argued that providing access to safe drinking water and basic sanitation to the Moneni residents is a positive development aligned to MDG goal seven. According to the MEPD, (2007:10), the number of people who lack access to safe drinking water and basic sanitation in urban areas has decreased from 37% in 2000 to 21 percent in 2005. The decrease may be attributed to initiatives such the UDP. Other evident spin offs (although not quantifiable) are improvements to existing small businesses including increase in business investments by some SMEs especially those in the retail sector. Decent and more permanent structures are being built and more than half of the residents would benefit. The project is

targeted to address the needs of low-income Swazi residents in the project area. Only Swazi residents are allowed to apply for the plots.

The ‘dark’ side of the project despite benefits accruing from the project is with regards to the sustainability of the infrastructure and services provided. The project brought costly infrastructure, which need to be sustained. The major challenge was affordability in terms rates, water and electricity which are expected to be sustained by residents without a sound income base. Beneficiaries were required to pay for on-site costs despite their weak ability to pay (World Bank, 2005:55). The other challenge was continued power struggle between City Council and traditional authorities. The absence of a formal agreement between City Council, MHUD and the Swaziland Building Society with regards to the issue of 99-year leases raises the question pertaining to access to the benefits from the project. Despite this challenge residents would benefit through secure from when they access the 99-year lease.

### **3.2.5 Establishing a business linkage dividend for development**

Establishing a business linkage dividend for community development is problematic despite evidence that the private sector is an important partner in advancing development “success” (World Bank, 2006:18-19). The notion of PPPs is one avenue that has been explored in order to integrate the private sector involvement in development initiatives. In Swaziland this concept is in its infancy especially in view of absence of policy frameworks to guide the PPPs. It is argued that the city council lacked guidance on how to engage the private sector in the Moneni Upgrading Project.

The other dimension is the fact that the private sector based in Swaziland is weak. In the Moneni Upgrading Project, private sector involvement in the project was limited to contractual obligation involving engineering works for bulk infrastructure such as roads, sewerage and water supply. The value of cross sector collaboration was demonstrated through the participation of international financial institutions such as the World Bank and development partners such as UNDP and DFID. Besides the World Bank, there were no clear-cut private sector institutions formally engaged in the Moneni Upgrading Project

except contractual obligations involving engineering works in terms of provision of bulk infrastructure as already mentioned in the preceding section. The public sector institutions collaborating in the project are shown in box 6 above.

The Manzini City Council values the notion of Corporate Social Responsibility (CSR). According to the Community Development Officer, the council mainstreams CSR in its core mandate, which is to coordinate and harmonise development of the urban area in order to effectively promote health, safety, order, amenity, convenience and the general welfare (Manzini City Council, 2003). An important facet of the core mandate is efficiency and economy in the process of development. According to the Manzini City Council (2003:31), the specific mission of the planning and development department under which the Moneni Upgrading Project falls is to:

...facilitate orderly development throughout the city in order to promote economic growth, public safety and improved standards of living.

The major challenge the Manzini City Council is facing is with regards to dealing with resentment of the project by some factions of the residents. Some residents dislike the participation of the city council in the project. Other contentious issues include the issue of plot sizes, delays in compensation for loss of land and/ or no compensation for vacant land. It is argued that these concerns raise the question about the governance of the project. It is argued that the city council made efforts to improve in this area by engaging residents in decision-making with regards to architectural plans notwithstanding the lack of resident participation noted during the early stages of the Moneni Upgrading Project. Residents have options in order to enhance affordability by, for example, swapping large plot for a small plot or vice versa. Residents do not pay for the land but only for the services. It is argued that lessons can be learnt from the Moneni Upgrading Project about the importance of “good governance” in development interventions.

It is argued that security of tenure was enhanced through the 99-year lease, including the payment of compensation for loss of land associated with infrastructure developments.



Other area where the City Council has embraced “good governance” principles is with regards to allowing for flexibility in zoning categories. Residents can build many temporary structures such as one and/ or two roomed structures, which they let out. This gives residents the opportunity to mobilise resources to supplement for household needs. It is argued that although decision was arrived at in a participatory process, it compromised value of property and was a disincentive to potential investors.

### **3.2.6 Conclusion**

It is argued that project beneficiaries were excluded among main project partners (see box 6). It is argued that the project lacked stakeholder participation on the part of beneficiaries, a fundamental attribute in promoting development “success”. According to Roodt (2001:469), participation is one of the key ingredients necessary to promote development “success”/ sustained development. However this does not imply that participation equals development ‘success’/sustained development. It is argued that exclusion of beneficiaries in planning and implementing projects may compromise project ownership. Inclusive participation in decision-making in all stages of project cycle is an important virtue of “good enough governance.” The absence of participation by beneficiaries in project conception was a major shortcoming of the Moneni Upgrading Project.

Contemporary urban development planners support bottom-up planning approaches (Swilling, 2004; Meyer & Theron, 2000). Top-down models are criticized on the premise that they lack and/ or stifle principles of “good governance”. The inability to mainstream and/or promote community participation in decision-making at the onset of a development initiative resulted in retrogressive consequences. The lesson that can be learned from this case study is that it is crucial to involve the beneficiary communities in the design and implementation of the project. It is argued that bottom-up approaches promote participation and ownership, which are important principles in people-centred sustainable development. Policy frameworks on PPPs are paramount for promoting the participation of the private sector in development interventions.

### **3.3 POVERTY ALLEVIATION: THE CASE OF SWAZILAND TRADING HOUSE**

#### **3.3.1 Introduction**

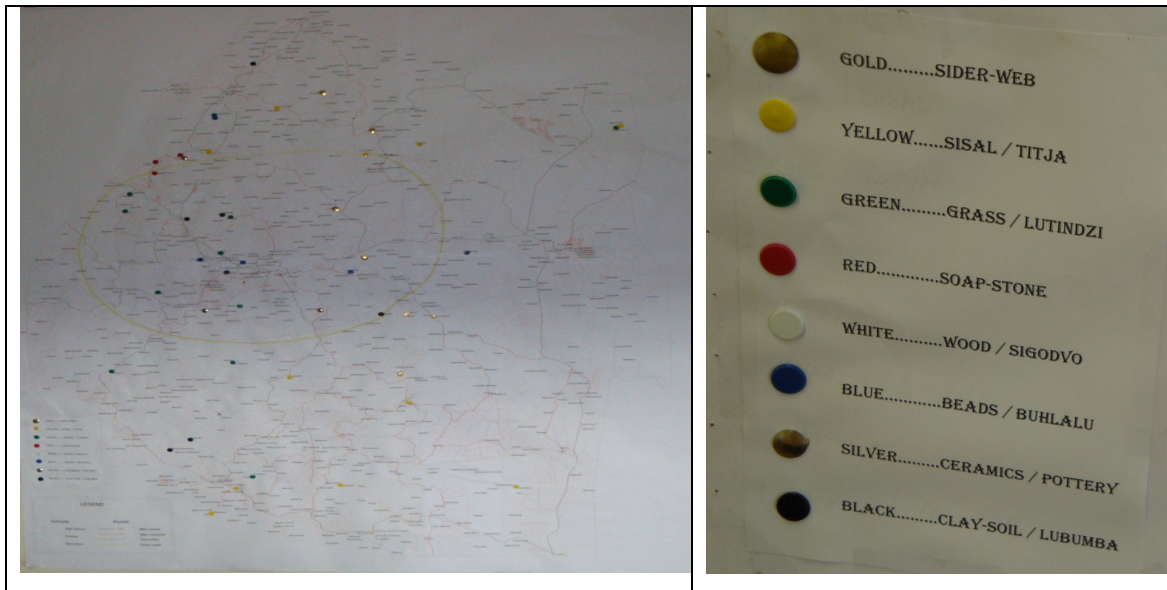
The Swaziland Trading House<sup>32</sup> (STH) is contributing to poverty alleviation aligned to the MDGs goals/targets in Swaziland through promoting cultural handcraft products in export markets. The STH operate as a market intermediary for Swazi cultural “handicraft” products, which have export potential and benefits to poor and marginalized rural women and youth. It provides rural producers with a trading link with external industries and other markets. It is a joint initiative funded by the Swaziland Government in collaboration with the WK Kellogg Foundation as way to promote sustainable employment opportunities, mitigating the effects poverty, HIV and Aids in rural areas through enterprise development. In the initial years of operation the STH spent a lot of effort on building the capacity of artisans to produce crafts of international standards.

The handicraft sector has an abundant untapped potential for quality products from Swazi ancient skills and traditions. The STH is promoting this sector within the context of local sustainable economic development. Although the sector has high levels of proficiency, over the past years it has experienced a downturn in growth due to lack of sound export base (STH, undated: 2). To date, the sector has created about 10,000 jobs despite the lack of appreciation by local communities and government of the potential of this sector in improving the economic status and livelihoods (Ibid). They are about 57 groups involved in handicraft making (see figure 5). Each group has about 20 people depending on the product type. Various products are made from sisal, clay, soapstone, knit wear, paper, basketry, and clothe.

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<sup>32</sup> The Swaziland Trading House (STH) is a section 21 (S21) company. The company was deregistered from being a non-profit organisation to a S21 company in April 2008.

Figure 5: Geographic spread of Swazi Handicrafts



Source: Compiled by STH, adapted from surveyor general office, 2007

The Swazi handicraft sector is predominantly based in rural areas. This sector is part of the Small and Medium Enterprises (SMEs) sector. The major challenge faced by the SME sector is with regards to the inability to access both local and global markets (see box 8). Historically SMEs growth has been limited to manufacturing products with little or no relevance to products manufactured by large export oriented firms (KQ, 2003:41). It is argued that in the past decade the majority of SMEs in the manufacturing sector in Swaziland were engaged in carpentry, tailoring, food, furniture and production of building materials. The lack of business linkages to export markets has contributed to stunted growth of SMEs (Ibid). The importance of SME and/or microenterprises has recently received attention with regards to their potential to make positive contribution to development “success” (see MEPD, 2006:67; SME Policy, 2006).

### 3.3.2 Rural dynamics in poverty reduction

Rural livelihood dynamics are a fundamental factor that has stalled the growth of the handicraft sector. The major challenge for the STH was to cultivate business and /or work ethics among the crafters and knitters. A majority of them still consider the industry as a supplementary income activity and not core business. As a result the industry suffers

seasonal challenges when the crafter shifts focus to time-consuming farming. Agriculture is considered the major subsistence or livelihood source. Table 5 below shows the impact of the seasonal activities on the industry. The number of production groups fluctuates as shown in table 5. It is argued that in as much as business require a ‘24/7’ investment of time, skills and resources, the Handicraft sector should be an exception because it has not yet evolved to a level where it can replace agriculture as a main subsistence or livelihood source. The Handicraft sector should thus be operated as an income supplementary venture.

**Box 8: Challenges faced by SMEs in accessing global markets**

- a. Poor knowledge, experience, credibility and resource base for trading in the international markets
- b. Lack of capacity to produce high market value products that catch the interest and meet the demands of foreign buyers
- c. Product quality not matching global market requirements
- d. Skewed supply chain and price distortions

Source: STH, undated

Another reason that supports the view that the Handicraft sector should not be considered as a mainstream livelihood source is cultural activities that are central in the Swazi life. It is argued that during cultural ceremonies such the Reed Dance/ Umhlanga and Incwala (Dlamini, 2008). According to Dlamini (Ibid), Swazis love these cultural ceremonies and business has no room. Other challenges relate to the impact of HIV and Aids. Most of the crafters and knitters are women who more often are forced to take responsibility of caring for sick, orphaned children as well as to provide social support during funerals (Ibid).

Lunched two years ago, the STH was founded based on the flawed assumption that Swazi handicraft were abundantly available and could potentially compete on global markets (STH, undated: 3-4). Thus, the STH sought to provide this missing link i.e. the market. Another flaw was the supposition that Swazi craftsmen and artisans were abundant and

that they were ready to exploit the available market opportunity. This was not the case as the STH has over the past two years focused on developing systems to build the capacity of the sector to supply competitive products on the global market (see box 9). This entailed both product and market development. The need to develop products and markets led to the establishment of two entities, the product development entity under the STH and the Swazimarket.com<sup>33</sup> respectively. The STH has become an indispensable link to the Swazi SME export sector. Swazimarket.com provides the necessary branding that has given the artisans leverage to gain credibility from global buyers/customers.

**Box 9: Capacity-building services offered to Swazi traders in order to facilitate access to global markets over the past two years**

- |   |  |
|---|--|
| *Market selection and research                    | *Match making                          |
| *Customer identification and evaluation           | *Creating distribution networks abroad |
| *Commercial and technical negotiations            | *Vendor/producer development           |
| *Product development                              | *Documentation and shipping            |
| *Financial arrangements including security credit | *Protection against export risk        |
| *Ensuring payments export                         |  |

Source: STH, undated

The STH also had to invest efforts to advocate for a commensurate legal and institutional environment for the growth and promotion of this sector. This entailed influencing the SME policy<sup>34</sup> development framework including capacity building for various groups of artisans.<sup>35</sup>

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<sup>33</sup> Swazimarket.com is the commercial entity and marketing wing for Swazi craft. It is a profit making company and subsidiary of STH.

<sup>34</sup> The SME policy was launched in 2006 to promote employment opportunities in Swaziland.

<sup>35</sup> Capacity building for artisans and knitters entailed issues such as social mobilization, group formation, dynamics and organizational training.

In 2006 the Government of Swaziland appointed the STH to diversify brands to include hand knitting for the same rural constituency. This action was taken in response to the recognition that the STH had the capacity to develop other brands in the handicraft sector. The STH had to invest in more training in order to build the capacity of the industry to make global competitive products. Table 5 shows the number of knitters per given community. Despite the absence of data for other groups it can be inferred that the knitting industry is a significant component of the handicraft sector. According to Dlamini (2008), in the month of October 2008 alone of the bulk of the payroll amounting to E96 000, E74 000 went the knitters. To date they are 14 knitwear centres.

**Table 5: Number of knitters and productive months**

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Mafutseni	-	17	19	27	27	27	32	-	-	48	-	49
Mhlaleni	-	*	7	9	27	32	37	-	-	*	-	*
Luhlokohla	-	*	*	*	*	*	24	-	-	*	-	*
Luve	-	23	24	*	29	25	26	-	-	43	-	52
Mliba	-	*	*	*	1	10	7	-	-	*	-	*
Dvokolwako	-	*	*	*	10	12	2	-	-	*	-	*
Madlangembisi	-	24	19	30		27	30	-	-	47	-	39
Nkamanzi	-	19	16	16	18	15	20	-	-	35	-	26
Mgululu	-	*	10	15	2	14	15	-	-	19	-	18
Luyengo	-	*	*	*	9	12	28	-	-	*	-	*
<b>Total</b>	-	<b>83</b>	<b>95</b>	<b>97</b>	<b>123</b>	<b>174</b>	<b>221</b>	-	-	<b>192</b>	-	<b>184</b>

Source: Compiled by the author based on STH, 2008 data

\* Data not available -Inactive months

The knitters are people who ordinarily did not have any source of income. Some development analysts have questioned the role played by middlemen and/ or intermediaries in linking the underprivileged members of society to opportunities (Gadde and Snehota, 2001; Kirunda and Mukiibi-Muka, undated). They argue that poor people will always get a raw deal in the end because they occupy the bottom position in the

value chain. The same arguments have been made about poor farmers, i.e. they subsidize everyone in the value chain because they are the primary producers.

According to Dlamini (2008), knitters including members from other groups do not participate in decision making, for example deciding the price of their products. They sell their products to STH at wholesale price despite higher prices fetched by their competitors operating outside of STH network who may sell similar products at retail price. It is argued that information pertaining to market performance is not readily available to beneficiaries. They thus focus only on production. Another observation was that beneficiaries have little say in the design of new brands. The groups' decision-making space in terms of influencing the design and implementation of activities is limited. Beneficiaries are involved in training of trainers (TOT), deciding which tools to use, and also participate in feasibility studies. It is argued that conditions for Knitters were not favourable. A new group was expected to fulfil specified conditions, for example; members have to be 100; must have a dedicated venue; and be ready to be trained for three consecutive months. The STH in turn provided skills, inputs and markets.

Social benefits include learning through group dynamics and social skills. Members appreciate social networks that are cultivated by groups. The groups have become important social institutions where members get advice on family matters.

The major strengths of the STH have been its ability to mobilize communities in return for a predictable, sustainable and transparent remuneration system. The STH use the minimum wage legislation as a benchmark to remunerate participating communities. According to Dlamini (Ibid), members are paid tax-free money ranging between E400-E450 for 40 hours work per week. The current monthly payroll amounts to E96 000 paid out to members (Ibid).

Dlamini (Ibid) contends that youth can play a critical role especially in the value chain. The youth could participate in for example packaging, shipping and marketing of

products. Youth could fill the capacity gap in women's groups who cannot cope with the demands of the value chain. Exploring linkages with the youth is important especially in view of escalating youth unemployment. It is argued that the STH should embrace social responsibility (CSR) by ensuring that the various groups of beneficiaries derive benefits from the value chain. This demands that the STH mainstreams "good enough governance" in the project's philosophy. It is argued that embracing "good enough governance" gives the impetus for alleviating poverty in Swaziland.

### **3.3.3 Collaboration and partnership**

STH employs collaboration and partnership with various government ministries as a key strategy to service communities throughout the country. To this end the STH has a full time product development and marketing team. This collaboration has resulted in the growth of cultural industries including creating networking opportunities with like-minded artisans from Mozambique and Zimbabwe (STH, undated: 4). The establishment of Swazimarket.com and the corporate branding associated with the products gave the STH leverage on the global market. According to the STH (undated: 5), this strategy has contributed to the growth of not only the cultural industries but also the SME growth, foreign investment and tourism sectors. Partnership with international partners such as the Texray Group<sup>36</sup> enabled the STH to secure office space and showroom in New York City. Despite success recorded by the STH, major challenges affecting the current operational environment include the effect of HIV and Aids and competing interest/s between crafts, farming activities and other factors discussed in the preceding sections.

The STH contends that de-linking operations from government processes reduced some inefficiency inherent from working within government (Ibid). Since April 2008, STH was operationally divorced from Government control and became a S21 company. The STH still maintain her mandate as marketing intermediary on behalf of government. It is argued that the current relationship between the STH and government may be considered in the context of PPP although there is no formal framework to guide its implementation.

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<sup>36</sup> Texray Group is an international company in the textile and apparel sector with investments also in Swaziland.



There were no factors that motivated STH to enter into PPP relationship with government because the relationship is consequential to its background establishment. Questions that may be raised relate to the issue of influence and control by government. It is argued that STH's registration status as a S21 company may influence it to change focus from cultural handcraft industries to other 'lucrative' businesses. According to Dlamini (Ibid), the STH is considering diversifying into agriculture, construction and procurement of petroleum products.

The STH has considered exploring linkages with Swazi SMEs in the construction sector in terms of procuring inputs. According to Dlamini (Ibid) the STH has also considered prospects of venturing into importing petroleum products to complement national fuel reserves, which normally last between three and four days. It is argued that efforts by the STH may contribute to poverty alleviation and the MDGs because economic growth is a necessary condition for employment creation and poverty alleviation. Implementation of the PRSAP gives the impetus for fighting poverty in Swaziland. It is argued that interventions of the STH such as those discussed above may contribute to poverty alleviation in Swaziland.

### **3.3.4 Conclusion**

The STH's intervention is significant in terms of poverty alleviation. It is providing opportunities to the rural based SME sector to access global markets. Despite the scale of rewards the beneficiaries get through the various projects, the initiative is making a difference to people who did not have any income generation and/ or employment opportunities. The STH has contributed immensely to poverty alleviation by linking rural craft producers to global markets. It is important to consider implications of the proposed diversification prospects suggested by the STH on poverty alleviation. Most profoundly is the involvement of beneficiaries in this initiative in the design and implementation of development initiatives. It is important that STH embrace the notions of, "good enough governance" in its practice.

### **3.4 POVERTY ALLEVIATION THROUGH ENTREPRENURSHIP AWARDS**

#### **3.4.1 Introduction**

The entrepreneur of the year awards (EYA)<sup>37</sup> is an initiative aimed at reducing poverty and promoting local economic empowerment and sustainable development in Swaziland. It is administered under the Small and Medium Enterprises (SMEs) Unit, a section within the Ministry of the Enterprise and Employment (MEE). No official management structure of EYA exists. Figure 6 and 7 respectively shows the former and new management structure of EYA. The awards are driven by the realization of the potential role of the SME sector towards employment creation, poverty reduction and the promotion of small business development and local economic sustainable development. Through the awards, EYA aims to cultivate the spirit of entrepreneurship among the Swazi populace who would ordinarily not venture into business. The specific objectives of EYA are elaborated in box 10 below. The private sector plays an important role in EYA. Since inception EYA has been funded by the private sector (see box 13).

EYA is an innovation of the Honourable Minister of MEE motivated to contribute to reducing the increasing levels of poverty<sup>38</sup> and lack of business skills among the Swazi populace. According to the MEE (2008), EYA has the potential to improve the quality of life of the Swazi people by creating economic space for local business development, domestic industrialization and also foreign direct investment (MEE, 2008). Since its inception, EYA was mainly focused on urban-based businesses, but with the advent of the government's decentralisation policy<sup>39</sup> in 2007, the awards were expanded to include the participation of rural based businesses. This category of businesses is based on a regional approach<sup>40</sup>.

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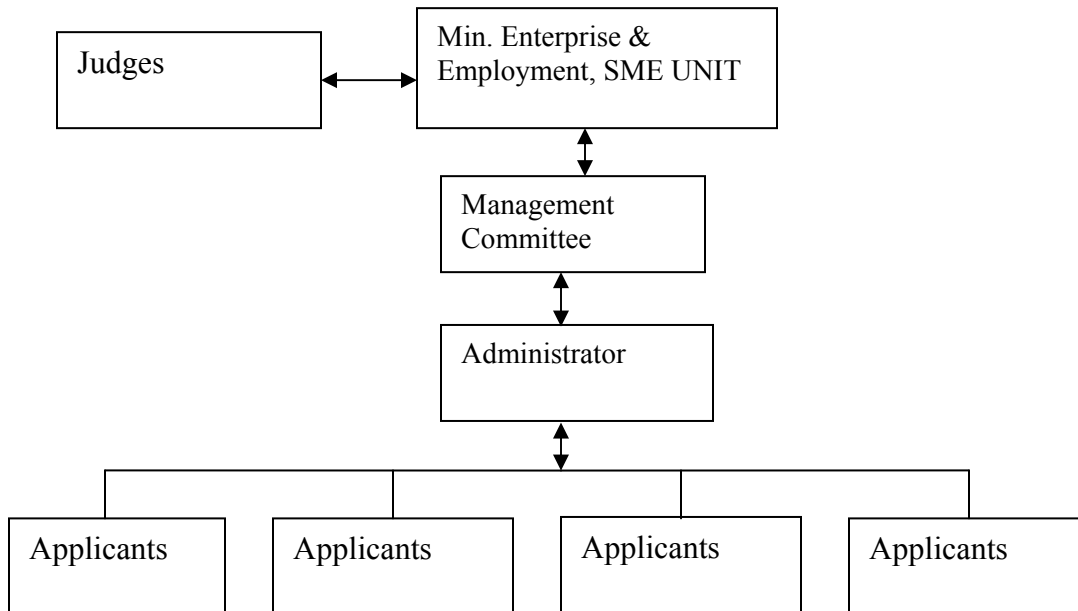
<sup>37</sup> EYA was launched on 20 April 2002 with the aim to promote people or organizations that employs and demonstrate outstanding business acumen and practices. EYA 2008 marks the seventh anniversary of the awards.

<sup>38</sup> About 69% of the Swazi population live below the poverty line (Ministry of Economic Planning and Development (MEPD), 2007:5) (see also Swaziland Household Income and Expenditure Survey (SHIES), 2001/2).

<sup>39</sup> The decentralisation policy of 2007 seeks to promote provision of public service development in rural areas. Rural areas have been on the periphery of public service delivery.

<sup>40</sup> Swaziland has four regional administration regions namely Hhohho, Shiselweni, Manzini and Lubombo under which the EYA awards are considered under the four regions. There were no winners from the Lubombo and Shiselweni regions in 2007.

Figure 6: Former Management Structure of EYA



Source: Author's elaboration

#### Box 10: EYA Objectives

1. To act as a catalyst in fostering an entrepreneurial culture in the Kingdom;
2. To publicly recognize and award successful business people, with view of encouraging entrepreneurship;
3. To provide practical examples of best practice and good governance;
4. To promote private sector participation in economic development as the main engine for economic growth;
5. To confirm government's commitment to enterprise and economic development;
6. To expose winners and participants to world-class standards and best practice, affording them an opportunity to grow;
7. To stimulate stakeholders, including the media in discussions concerning business and economic challenges;
8. To encourage and showcase successful business people to financial institutions in a bid to encourage linkages with aspiring SMEs;
9. To motivate aspiring entrepreneurs to venture into business through sharing of experiences.

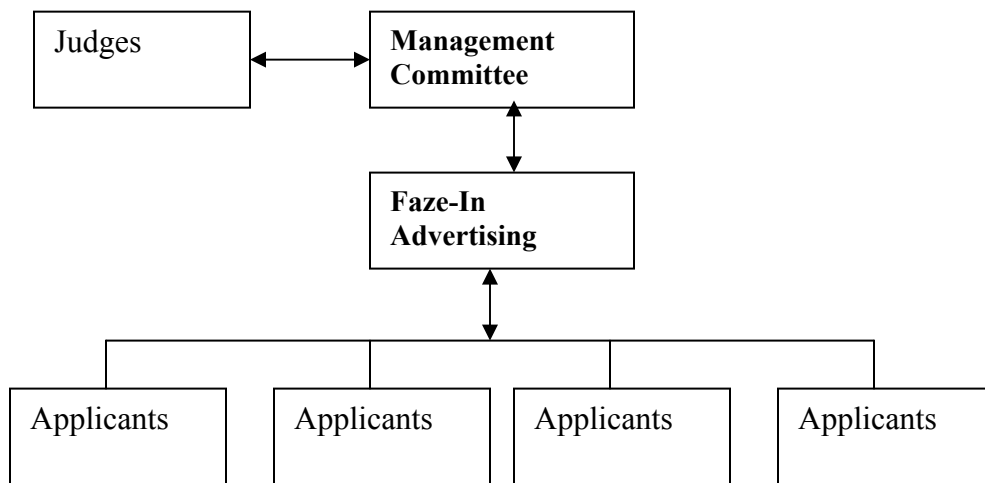
Source: MEE, 2008

It is argued that the regional approach adopted by EYA has the potential to complement government efforts aimed at reducing marginalisation of rural areas<sup>41</sup>. Rural-urban migration is causing urban development challenges resulting from congestion of urban centres in many developing countries across the globe.

### 3.4.2 Faze-In Advertising takes lead of EYA

The EYA is a huge undertaking, which over the past six years has been solely managed by the Ministry of Employment and Enterprise's (MEE) SME unit. It is argued that the appointment of Faze-In Advertising<sup>42</sup> demonstrates the increasing recognition of the role of the private sector in promoting small business growth and development in Swaziland. Faze-In Advertising is responsible for the administration of the EYA awards. The World Economic Forum (2005) encouraged such partnerships despite challenges posed (see sections 2.3.1 and 2.3.3).

Figure 7: EYA Management Structure



Source: Author's elaboration

<sup>41</sup> Rural areas are at the periphery of development leading to rural-urban migration, whose consequences include, among others, congestion of urban spaces and in some cases failure of urban public service delivery.

<sup>42</sup> Faze-In Advertising is a private advertising company responsible for the administration of the awards. Administration of the awards entails, but not limited, to planning (marketing and media), implementation and management of the awards.

Although Faze-In entered into the partnership with the government by way of appointment, there is mutual accountability in the administration of the awards. The partnership relationship between Faze-In Advertising and the SME Unit is bound by contractual obligations signed in a Memorandum of Understanding (MOU) involving the two parties. Involvement of Faze-In Advertising saw the number of entries almost double from the previous years<sup>43</sup>. According to Faze-In Advertising (2008), award winners benefit from business spin offs as customers become more confident in them. Credit lines with financial institutions are enhanced.

**Box 11: EYA Nominee Categories**

<b>Category</b>	<b>Winner</b>
Entrepreneur of the year	Overall winner
Regional business of the year	Four regional winners
Youth entrepreneur of the year	Winner
Veteran entrepreneur of the year	Winner
Socially responsible entrepreneur of the year	Winner
Innovative entrepreneur of the year	Winner
Street vendor of the year plus 4 regional winners	Overall winner plus four regional winners
Disabled businessperson of the year plus 4 regional winners	Overall winner plus four regional winners

Source: MEE, 2008

EYA nomination categories (see box 11) are broad covering specified targets within the SME sector. Despite the potential of street vending towards reducing poverty, the contributions of this sector are more often than not given much recognition. It is argued that by targeting micro businesses such as street vendors, EYA has made commendable strides towards promoting an ‘invisible’ category of stakeholders. Other vulnerable

<sup>43</sup> 2006, 2007 and 2008 had 60, 58 and 122 entries respectively (MEE, 2008).

groups targeted by EYA include people with disability<sup>44</sup>. It is argued that promoting vulnerable groups to participate in economic activities is an important strategy in the fight against poverty in Swaziland. It is therefore important to entrench the participation of vulnerable groups not only in the fight against poverty but also in project development decision-making processes.

Small and micro enterprises with difficulty to source finances receive free consultancy services by joining EYA. A consultant comes to observe/audit operations without the applicant having to pay for the service. The consultants come to inspect a business premise as if they were the judges and provide free advice. This is a positive development especially in view of the weak capacity of the SME sector.

### **3.4.3 Why are SMEs important to Swaziland?**

Swaziland has been experiencing economic stagnation with GDP declining to 0.4 between 2003 and 2006 (UNDP, 2008: xvi). The emphasis on the promotion of domestic industrialisation under the SME umbrella is considered to be a potential strategy for increasing the country's economic export status (currently at 30%)<sup>45</sup>. Box 12 explains why SMEs are important to Swaziland. Emphasis is thus made on building entrepreneurship skills considered a prerequisite for any vibrant economy.

#### **Box 12: Why are SMEs important to Swaziland?**

- In most countries new jobs are created by SMEs, not by Government or big business
- SMEs offer people with no income source, the potential to develop
- SMEs provide a route where the Swazi nation can own a larger percentage of the economy
- SMEs offer a way in which a larger manufacturing base can be established in Swaziland
- More SMEs mean that more of the wealth generated in Swaziland will stay in Swaziland

Source: MEE, 2004

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<sup>44</sup> People with disabilities are on the periphery of development in Swaziland. People with disabilities are considered in the context of development beneficiaries and not actors or decision makers.

<sup>45</sup> Swaziland imports 70% of her products from South Africa

**Table 6: Percentage Distribution of SME Annual Turnover by Economic Sector**

<b>Annual turnover (E)</b>	<b>Agriculture</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
0-10 000	18 .5	24 .1	11 .3	17 .9
10 001 – 20 000	18 .5	14 .7	11 .4	14 .5
20 001-30 000	19 .4	16 .2	10 .0	13 .7
30 001-60 000	12 .9	22 .0	14 .7	19 .9
60 001-100 000	8 .1	5 .2	12 .4	9 .8
100 001-300 000	11 .3	11 .0	25.1	14 .9
300 001-1 000 000	7 .3	4 .2	10 .7	6.1
1 000 001-2000 000	1 .6	1 .0	2 .0	1 .5
2 000 001+	2 .4	1 .5	2 .5	1 .6
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KQ, 2003:43

According to the SME survey (KQ, 2003:43), the annual sales value of a majority of SME did not exceed E100 000 (see table 6). This low growth turnover is attributed to challenges at start-up phase (see table 7). Most SMEs face financial problems particularly during the start-up phase. Other challenges are low turnover, land acquisition, and lack of business skills. Other challenges are experienced during the growth of the business especially global problems related to climate change, price increases and financial crisis. Global developments have a direct impact on the Swazi economy because it is an open economy (see section 1.1.2).

Support organisations in the SME sector are weak. There are only four support organisations namely the Swazi Commercial Amadoda, Association of the Swazi Business Community and the Federation of Swaziland Employers and Chamber of Commerce. According to KQ (2003:71), 63.5% of businesses are not affiliated to any business support organisations. In view of the challenges faced by the SME sector, the goal of reducing poverty through SME growth is a daunting task for Swaziland.

**Table 7: Problems encountered by SMEs at start-up phases**

<b>PROBLEMS</b>	<b>PERCENTAGE</b>
Access to finance	79.8
Registration bureaucracy	4.2
Lack of business management skills	5.1
Shortage of water for irrigation	2.4
Lack of ITC skills	0.4
Shortage of customers	17.2
Delays in getting chiefs' consent	1.5
Interest too high	3.9

Source: KQ, 2003:43

#### **3.4.4 CSR and Private sector linkages**

EYA has created space for private sector participation in economic development activities and the promotion of the SME sector. Table 8 gives the characteristics of the Swazi SME sector. The Awards have specifically created a platform for corporate sector participation aligned to the notion of Public Private Partnership (PPP). Partnership with the private sector is key strategy for SME growth in Swaziland. The private sector cannot bear the risk exposed to SMEs development. Government's key role is to cushion the risk exposure for the private sector. According to the SME Unit director, Mr. Zwane (2007), business can only be developed privately. Therefore the role of government is to ensure that the business climate is conducive to allow for SME growth. In this regard the SME Unit has made efforts to improve company registration, licensing processes and working spaces.

A number of private sector players have been supporting EYA since 2002 (see box 13). Total Swaziland has been the main sponsor of EYA, sponsoring E300 000 for the 2008 awards. It is argued that Total's motivation to sponsor EYA was motivated by the value placed by the company on the role of CSR in development "success". According to the Managing Director of Total Swaziland, Temba Mgabi, the company support EYA because:



...we want to get a license to operate, which we get it when you invest in people- they will in turn support you.

**Table 8: Characteristics of Swazi SME sector**

	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
Assets	Under E50, 000	E50, 001 to E2 million	E2 million to E5 million
Employees	1-3 people	4-10 people	11-50 people
Turnover	Up to E60, 000	Up to E3 million	Up to E8 million

Source: MEE, 2006:17

It is argued that Total supports EYA purely because it makes good business sense for the company especially because Government is a major client. Total engage in CSR activities because CSR helps the company to establish and/or maintain a good corporate image. It is argued that CSR also helps the company to expand its cliental base. According to Temba Mgabi (EYA Video, 2007), Total support to EYA paid dividends as the company's market share increased from 16% in 2002 to 20% in 2008 (Ibid).

**Box 13: EYA sponsors since 2002**

The European Union sponsored the pioneering activities of the Awards. Other major sponsors include Total Swaziland, Standard Bank Swaziland, First National Bank, Metropolitan Life Swaziland, SWADE, The Swazi Observer, Claming Grounds Records, Swazi TV, Real Image, PriceWaterHouseCoopers, Nhlanguano Casino Royale, Swaziland Beverages, Ocean Traders International, PLS Swaziland and Bernina Swaziland. Swaziland Airways, Tums George General Motors, Taiwan and the USA Embassy.

Source: MEE, 2008

It is argued that private sector involvement in EYA has the potential to bring the much needed foreign direct investment (FDI) and domestic investment through the participation of the Swazi entrepreneurs. Private sector support to EYA is a critical link for stimulating SME growth and local economic development. Expansion of the SME sector is a spinner

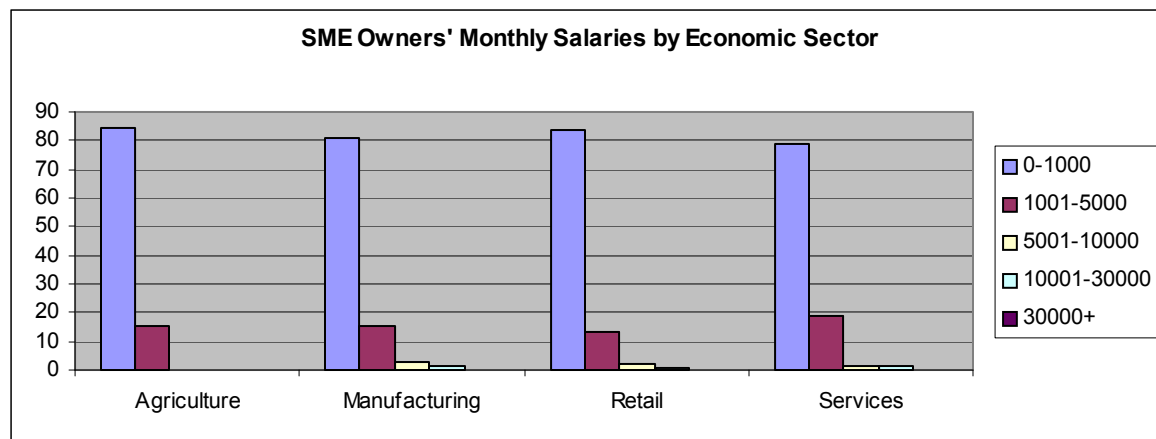
of jobs for thousands of unemployed Swazis (see section 2.4.2). It is estimated that 60% of the economically active population were absorbed by the SME sector in 2003. This increase does not translate to reduction of poverty. The quality of jobs is a critical benchmark in terms of measuring the success of the SME sector in creating jobs for poverty reduction. Table 9 shows the salaries earned by SME owners by sector. The majority of SMEs owners who run micro size (88.8%) earn monthly salaries of less than E1000. Since micro size businesses dominate the SME sector, this is an indication that salaries in the SME sector are still low (KQ, 2003:92). The current global price hikes and financial crisis has eroded the gains of the SME sector. The meagre incomes earned in the sector are not adequate to sustain basic consumer food basket.

**Table 9: SME Owners' Monthly Salaries by Economic Sector**

<b>SALARY (E)</b>	<b>Agriculture</b>	<b>Manufacturing</b>	<b>Retail</b>	<b>Services</b>
0-1000	84.4	80.6	83.5	78.6
1001-5000	15.6	15.5	13.2	18.6
5001-10000	0.0	2.6	2.1	1.3
10001-30000	0.0	1.3	1.0	1.3
30000+	0.0	0.0	0.2	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KQ, 2003:93

**Figure 8: SME Owners' Monthly Salaries by Economic Sector**



Source: KQ, 2003:43 adapted by the author

Recent studies of SMEs noted that despite the positive impacts<sup>46</sup> of the sector, potential negative social and environmental impacts of the sector relates to poor labour practices, and bad environmental practices (particularly of SMEs in the manufacturing sector) (see Fox 2004). It has been argued that much attention with regards to social and environmental impacts has been put on big businesses (especially multinational corporations) notwithstanding the cumulating environmental impacts of small businesses in the SME sector. It is argued that the inclusion of the socially responsible entrepreneur of the year category by the EYA has the potential to promote corporate social responsibility (CSR) within the Swazi SME sector.

### **3.4.5 Conclusion**

It was problematic to determine the extent to which EYA is contributing to poverty reduction in real terms especially when considering the remuneration levels. The other dynamic was historical disadvantage, which limited the sector to menial activities. The absence of business linkages with established export-oriented business and the corporate sector (in general) also compromised the growth of this sector. The majority of the SMEs are operating at micro-level (see section 3.4.3). The preceding section also noted the weakness of the private sector in terms of contributions by the sector to the country's exports. The EYA have created a platform for corporate sector participation aligned to the notion of Public Private Partnership (PPP). The notion of PPP has not been fully explored due to absence of policy framework to guide the partnerships. Motivations for entering into PPPs were based on contractual and/or value placed by individual businesses on corporate social responsibility.

The increasing financial and technical support given to the SME sector through EYA is recognition of the importance of the private in development. It is argued that the private sector support to EYA is contributing economic development of the country. It is vital to ensure that economic growth is inclusive. Inclusive growth can contribute to meeting of

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<sup>46</sup> SMEs create employment opportunities, promote domestic investments and contribute to local economic development etc. Poverty reduction is direct spin off/outcomes from SMEs activities.

the MDGs. Total Swaziland attests that their support to EYA is motivated by the need to contribute to economic development of the country. Despite the shortcomings highlighted of private sector support to EYA, it is important to promote linkages between the private sector and SMEs. It is argued that fostering linkages among the Swazi private sector is a necessary condition for stimulating broad economic growth and poverty reduction in Swaziland.

## **CHAPTER 4: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **4.1 Introduction**

Swaziland has complex socio-economic challenges, which require cross-sector collaboration to address them. Swaziland's socio-economic development challenges are discussed in chapter 1 including the conceptual framework of the study. The aims and motivation, objectives and methodology of the study are discussed in chapter 1.

The thesis explored the prospects for collaboration between the state and business in the context of MDGs, PPPs and CSR. The magnitude of MDGs agenda is immense such that it requires an approach, which involves both the Government and private sector if a positive impact on human sustainable development is to be made. The MDGs were the central theme explored by the thesis. Fundamental to the discussion were concepts of "good governance" which were considered in the context of contemporary thinking on sustainable human development. An important dimension was the participation of beneficiaries in the design and implementation of projects.

#### **4.1.1 Chapter 2: Theoretical framework**

This chapter presented detailed discussion of theoretical views on MDGs, PPPs and CSR notions including the notion of 'good governance.' Firstly, the chapter posed the question whether PPPs underpinned by notions of CSR, can contribute to development "success" in the context of the MDGs goals/targets. Various perspectives of the concepts were provided with some views confirming the importance of PPPs, CSR in development (Kock, 2006; UN, 2005a, 2005b; World Bank, 2005, 2006; Newell, 2002; Roberts, 2003; Viviers and Venter, 2007) and others cautioned the expectations put on business to deliver on development (Henderson, 2005). Other views were highly critical of the adoption of CSR by business (Christian Aid, 2004; Fox, 2004). Three views were deciphered, one that says business can contribute to development "success"; another which argued that business must stay out of the development agenda because it is not their primary mandate; and the other which criticised the adoption of CSR by business on

the pretext of contributing to society well being while in reality hiding behind the mask in pursuit of business interests.

The chapter highlighted the centrality of poverty on Swazi's development agenda with the aid of a model. It asserts that addressing poverty cannot be tackled single-handedly but will require cross-sector collaboration such as those involving the state/government and business/private sector. The advantages of complementary efforts in addressing poverty using the PPPs model were embedded in the ability to combine the capacity and resources of the public and private sector. Building and developing capacities including mobilising resources by government and business in fighting poverty is arguably one of the ways towards promoting development 'success'.

Further insights on linkages between CSR and development were explored. Firstly various definitions on the CSR notion were discussed drawing from various contexts including Southern Africa. Comparisons and similarities in CSR perspectives were drawn informed by the reality evidenced in disparities in the development arena between and within the north and the south.

Various forms of partnerships were discussed in the context of PPPs including the connection between PPPs and development. The chapter considered motivations for adopting PPPs including how to make PPPs work for the poor. Challenges posed by PPPs including issues of governance were considered.

The last section (2.4) discussed development literature in the context of Swaziland that has a bearing on the MDGs, PPPs and CSR. Pertinent to the discourse was the value and linkages between CSR, PPPs and MDGs including the role of beneficiaries in shaping and or influencing the design and implementation of development initiatives.

#### **4.1.2 Chapter 3: Fighting poverty- experiences from local initiatives**

This chapter discussed initiatives in Swaziland that have a bearing on poverty reduction. The chapter posits the centrality of poverty in Swazi's development agenda. It asserted

that poverty was the main focus of the Government of Swaziland's policy and development focus. Experiences from three case studies were then discussed. The case studies involved (to some extent) state and business sector collaboration. The first case study was funded by the World Bank. The second case study was initially a government-funded project with the collaboration of a civil society organisation, (WK Kellogg Foundation) before it became a S21 company independent of government control. In the third case study, the private sector had a major role, as they were the sponsors of EYA. Linkages to the poverty themes were drawn including the importance of the private sector and SMEs in advancing broad economic growth. It was argued that economic growth is a necessary condition for creating employment and fighting poverty. Also the chapter considered the extent by which project beneficiaries influence the design and implementation of the projects.

The Moneni upgrading project (section 3.2) explored the extent at which the initiative aims to improve the living standards of low-income and poor communities. The STH case study (section 3.3) is a spin off from government. The STH was motivated to provide a market intermediary for the SME sector particularly rural based cultural "handicraft" industries in Swaziland as way to mitigate the effects of poverty for marginalised rural producers. The last case study (section 3.4) discusses the entrepreneur of the year awards (EYA), an initiative aimed at reducing poverty and promoting local economic empowerment and sustainable development in Swaziland.

The study explored linkages between the MDGs, PPPs and CSR concepts in the development context of Swaziland. The chapter asserted that eradicating poverty in Swaziland require cross-sector collaboration. The need for promoting linkages was even more critical in view of the complex development challenges in Swaziland. The study also discussed the importance of "good governance" and beneficiary participation in the design and implementation of development interventions.

#### **4.1.3 Chapter 4: Synthesis of discussion/findings**

This section presents a synopsis of the study discussion. The study explored the prospects for collaboration between the state and business in the context of MDGs, PPPs and CSR. It highlighted the socio-economic challenges in Swaziland including the Government strategy for addressing the development challenges. The study established that reducing poverty was the main focus of the Government's development agenda. The Government concurs with the assertion that PPPs can make positive contribution to development in the context of the MDGs. The study noted that the Swazi Government concurs with the observation that it does not have the capacity to address the development challenges confronting the nation without the participation of civil society and the private sector (Dlamini, 2004). The major limitation for promoting PPP was the absence of a policy framework. The study contends that a policy framework is necessary to promote private sector participation in PPP interventions especially those aligned to poverty alleviation and the MDGs.

The study noted that the SME and/or microenterprises sector can make positive contributions to economic development and employment creation. The study also noted that private sector could engage in CSR activities aligned to meeting poverty alleviation target expounded by the MDGs. Despite the limitation posed by the case studies in terms of engaging the CSR and PPPs, the study observed the importance of giving incentives to SMEs as one of the ways to promote inclusive economic growth. Incentives such as SMEs start-up funds, capacity building of SMEs especially in the area of procurement; distribution and quality control; technology transfer; direct investment in infrastructure and skills/ knowledge exchange were highlighted as potential options for promoting SME and/ or microenterprise growth. The study argued that SMEs should not pay the same tax as big business as this constitutes unfair competition and a deterrent to SME growth.

Despite the constraints posed by the case studies, the study argued that CSR and PPP can lead to delivery of positive poverty alleviation objectives. It is argued that the private sector can make positive contribution to achieving the MDGs by, for example, promoting



gender equality in employment and marketplace. The private sector can also promote pro poor procurement approaches as was learnt in the case of Spier in section 2.2.1.

Government envisage that business could make positive contribution in poverty alleviation through venture capital. The study observed that it was important for the Government to expedite the development of a policy framework for PPPs. This is an important step leading to a process in forming and/ or promoting PPPs. It is argued that the PRSAP gives the scope and impetus for participation of all players (government, civil society and the private sector) alike in facilitating a commensurate environment for promoting PPP and MDG driven development initiatives. It is thus critical for the Government to create a favourable institutional framework for promoting PPPs and CSR in poverty alleviation.

As was noted in the study, the Government can promote PPP by putting in place commensurate climate for investment. Investing in capacity building through provision of vocational business skills training including other incentives such as SME start-up development and management facilities are important enterprise capacity building interventions. It is argued that the Government can expedite the processing of company registration and trading licenses. An area that is worth noting for attention is with regards to the issue of communication between Government and business alike. However, it was recommended other ways of promoting communication and/or engaging Government beyond the breakfast forums convened by the Federation of Swaziland Employers and Chamber of Commerce (FSECC) should be explored.

The study asserted that the magnitude of MDGs agenda was immense such that it required an approach, which involves both the Government and private sector if a positive impact on human sustainable development was to be made. Pertinent to the discussion was the issue of participation of beneficiaries in design and implementation of development initiatives. This issue was considered in the context “good governance” concepts. The three case studies explored (to some extent) the MDGs, PPPs and CSR notions despite the shortcomings in terms of establishing direct linkages between the

chosen case studies and the notions under study. The other constraint was the issue of absence of hard data to engage the concepts in great detail.

## **4.2 CONCLUSION**

The study highlighted the socio-economic challenges in Swaziland including the Government strategy for addressing the development challenges. It was noted that established that reducing poverty was the main focus of the Government's development agenda. This notion was explored within the context of the MDGs. The study asserted that the magnitude of MDGs agenda was immense such that it required an approach, which involves both the Government and private sector if a positive impact on human sustainable development was to be made. Pertinent to the discussion was the issue of participation of beneficiaries in design and implementation of development initiatives. This issue was considered in the context "good governance" concepts. The three case studies explored (to some extent) how the notions of PPPs and CSR could be adopted to leverage resources and actions aimed at alleviating poverty.

## **4.3 RECOMMENDATIONS**

The study recommends further research in order to obtain more practical insights from other case studies. It is important that while undertaking further research the notions explored by the study be streamlined and limited to PPPs and MDGs. It is argued that this approach would allow for more exhaustive analysis of the application of the concepts. Despite recognition that PPP can make positive contribution to poverty alleviation, the study noted the weakness in implementing PPP as a result of lack of a policy framework to guide how they (PPPs) would work. It was problematic to engage in critical and detailed discourse because the concepts explored are new in the Swazi development context. In this regard it is recommended that research be undertaken to explore practical steps and success factors for developing and implementing PPP policy framework.

The other dimension that compromised detailed analysis was the posed by the unavailability of research data on the Swazi private sector and SME sectors. The Swazi

private sector is weak and also the majority of the SME sector operate at micro level and have insignificant economic turnover. It is argued that SME and/ or microenterprises by their very nature have insignificant negative social and environmental impacts. However the study asserted that this does not exonerate SME and/ or microenterprises engaging in CSR activities because collectively the SME and/ or microenterprises can have negative social and environmental impacts. Further studies are important to obtain more insights about prospects for forging linkages for growth of the sectors in the context of the MDGs, PPPs and CSR.

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## **APPENDICES**

## APPENDIX 1: KEY INFORMANT INTERVIEW GUIDE

Date & Time	<b>Date:</b>	<b>Time:</b>
Name of Informant		
Organisation and status of the org.		
Interviewer		

### MDGs and Poverty Reduction

1. Describe the activities of your organisation that has a bearing on poverty reduction?
2. Who is benefiting from your organisation's activities? How is your organisation affecting the lives of your targeted clients/audience?
3. What is the current role of your organisation with regards to the MDGs' poverty reduction target/goal, and what should be your role?
4. How do your target audience/clients influence the activities of your organisation?
5. How do you engage beneficiaries in decision-making process/es?
6. What challenges are you facing towards contributing to meeting the MDGs' poverty reduction target/goal?
7. What do you think are the critical success factors for meeting the MDGs' poverty reduction targets/goal?

### Corporate Social Responsibility (CSR)

8. What is your organisation's opinion about Corporate Social Responsibility (CSR)?
9. Describe how your project has embraced CSR.
10. What challenges is the project facing with regards to CSR?
11. What are the key success factors that would contribute to a successful CSR?

### Public Private Partnerships (PPPs)

12. Describe your project's relationship with business/private sector?

13. What prompted/motivated you to enter into partnership?
14. How did you enter [process] into a partnership with the business/private sector?
15. What are the fundamental conditions that influenced you to form/enter into partnership with business/private sector?
16. What challenges did you experience in forming the partnership? How did you overcome the challenges?
17. Describe the current challenges in your partnership relationship? How do you overcome the challenges?
18. Describe how the project has benefited from the PPP relationship?
19. How do you engage [process] beneficiaries in decision-making process/es?
20. How are beneficiaries contributing to the designing and implementation of projects?
21. What is your opinion about the involvement of beneficiaries in the designing and implementation of projects?
22. Describe how partnership (PPP) with the business sector promotes and/or is promoting synergy towards poverty reduction target/objectives?
23. Give me an example of a PPP initiative that you think was successful, and why it was successful?
24. Give me an example of a PPP initiative that you think failed, and why it failed?
25. What are the key success factors that would contribute to a successful partnership with business/private sector on poverty reduction?

## APPENDIX 2: FOCUS GROUP DISCUSSIONS GUIDE

Date & Time	<b>Date:</b>	<b>Time:</b>
Name of FGD		
Venue		
Facilitator		
Recorder		

### INTRODUCTION

My name is Joseph Mutsigwa. I am doing research on partnerships between the state and business (PPPs) in poverty reduction. I want to know how the state and business are working together or can work together to fight poverty and bring development in Swaziland. The study also wants to know how beneficiaries are involved in the design and implementation of projects. I am going to ask you some questions about this topic. Your answers are very useful in informing the design and implementation of state-business projects aligned to the MDGs.

My colleague with me will assist to record the discussions. Please feel free to ask any questions or give information that may assist the study. I thank you in advance for your cooperation.

1. Describe the activities you are involved in that are targeted at the MDGs.
2. Describe decisions that beneficiaries make in projects in your community.
3. What is your opinion about the involving beneficiaries in the designing and implementation of projects?

4. What is the role of the SME sector in reducing poverty in Swaziland?
5. What are the incentives for business to engage in poverty reduction?
6. What are the success factors for reducing poverty in Swaziland?
7. Do you have any information about the specific benefits the applicants/participants have gained through participating in EYA i.e. those that won and those that did not win?
8. How have the STH and EYA contributed to the economy of Swaziland?
9. What are business perceptions about CSR and PPPs driven poverty reduction initiatives?
10. Describe the relationship between government and business in fighting poverty in Swaziland.
11. How is communication being undertaken between government and business in poverty reduction strategies and programmes?
12. What kind of partnerships with business does the government envisage?
13. What do businesses expect government to do in order to synergise their activities towards poverty reduction objectives?
14. What is the process for forming effective government-business partnership towards poverty reduction?
15. What are the institutional requirements/demands on the part of the state and business in order to focus on poverty reduction?
16. What linkages between the state and business do you think are important for fighting poverty in Swaziland?