

R8145 – FINAL REPORT
**Modern energy – impact on
micro-enterprise**

Appendix 5
Reports from Qualitative Work

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AEA Energy & Environment
The Gemini Building
Fermi Avenue
Harwell International Business Centre
Didcot
OX11 0QR

Telephone +44 (0) 870 190 6212
Facsimile +44 (0) 870 190 6318

AEA Energy & Environment is a business name of AEA Technology plc
AEA Energy & Environment is certificated to is certificated to ISO 9001
and ISO14001

Authors	Denise Oakley	AEA Energy and Environment
	Paul Harris	Integrated Energy Solutions
	Chris Hazard	Integrated Energy Solutions

Approved by	Name	Signature	Date
		Tom Slesenger	

This appendix contains working notes from meetings with micro-enterprise owners and other community members and stakeholders. Micro-enterprise owners and other members of the community were reassured their comments would remain un-attributed; consequently names and plot numbers have been removed from these notes.

5A: MFULENI PRE-ENERGISATION QUALITATIVE – FOCUS GROUPS	1
5A.1: TEMPORARY REMOVAL OF ELECTRICITY – IMPACT ON BUSINESSES – ME OWNERS	1
5A.2: VALUE OF ME TO THE COMMUNITY – NON-ME OWNERS	5
5A.3: ENERGY USAGE, EQUIPMENT SELECTION AND COPING STRATEGIES – ME OWNERS	9
5A.4: ME OWNERS EXPLORING ISSUES RELATED TO ESTABLISHING AND GROWING A SMALL BUSINESS	13
5B: MFULENI PRE-ENERGISATION QUALITATIVE – STAKEHOLDER INTERVIEWS	18
5B.1. BUSINESS SUPPORT OFFICER, CITY OF CAPE TOWN	18
5B.2. FLORENCE MGIJIMA, HOUSING OFFICER, MFULENI	20
5B.3. CAPTAIN YONKERS, CHIEF OF POLICE, MFULENI	22
5B.4. WARD COUNCILLOR, TREVOR TOKWANA	23
5C: MFULENI YEAR 1 POST-ENERGISATION QUALITATIVE – FOCUS GROUPS	24
5C.1: ENERGY SOURCES IN SMALL BUSINESSES, ENERGY USE AND THE IMPACT OF ELECTRICITY	24
5C.2: MOTIVATORS AND ENABLERS FOR SMALL BUSINESSES ESTABLISHED AFTER ELECTRIFICATION (FOCUSING ON SMALL/MEDIUM BUSINESSES)	29
5C.3: REASONS WHY SOME BUSINESSES HAVE CLOSED SINCE PRE-ENERGISATION	33
5C.4: IMPACT AND VALUE OF SMALL BUSINESSES (PERSPECTIVE OF COMMUNITY MEMBERS)	35
5C.6: MOTIVATORS AND ENABLERS FOR SMALL BUSINESSES ESTABLISHED AFTER ELECTRIFICATION	41
5C.7: REASONS WHY BUSINESSES ARE DOING LESS WELL THAN THEIR OWNERS WOULD LIKE I.E. PERCEIVED IN THEIR EYES AS ‘FAILING’ OR ‘UP AND DOWN’	45
5D: MFULENI YEAR 2 POST-ENERGISATION QUALITATIVE MEETINGS AND EVENTS	47
5D.1. VISIT TO SMALL BUSINESS WEEK – CAPE TOWN 31 OCTOBER – 2 NOVEMBER 2005	47
5D.2. DISCUSSION MEETING – REAL ENTERPRISE DEVELOPMENT (RED DOOR), CAPE TOWN	49
5D.4. DISCUSSION MEETING – ESKOM (EDGEMEAD)	52
5D.5. COMMUNITY FEEDBACK MEETING, MFULENI - 7TH DECEMBER, 2005	53
5D.6. STAKEHOLDER WORKSHOP – ESKOM MARKETING CENTRE, CAPE TOWN	54
5E: NGONYAMA PRE-ENERGISATION QUALITATIVE – FOCUS GROUPS	57
5E.1: ENERGY USAGE, EQUIPMENT SELECTION AND COPING STRATEGIES (PRE-ELECTRIFICATION)	57
5E.2: MOTIVATION FOR ESTABLISHMENT AND GROWTH OF SMALL BUSINESSES (MEDIUM / LARGE BUSINESSES)	59
5E.3: PURPOSE AND VALUE OF SMALL BUSINESS TO THE COMMUNITY	61

5E.4: MOTIVATION FOR ESTABLISHMENT AND GROWTH OF SMALL BUSINESSES (TINY / SMALL BUSINESSES)	65
5E.5: CONSTRAINTS ON WOMEN RUNNING BUSINESSES AND THEIR ABILITY TO DERIVE BENEFITS / RESTRICTIONS ON GROWTH OF THEIR BUSINESSES	66
5E.6: EXTENT AND IMPORTANCE OF FARMING AS AN INCOME-GENERATING ACTIVITY	69
5F: NGONYAMA YEAR 1 POST-ENERGISATION QUALITATIVE – FOCUS GROUPS	71
5F.1: BUSINESS ENABLERS AND THE IMPACT OF ELECTRIFICATION ON 'MEDIUM' SIZED BUSINESSES	71
5F.2: BUSINESS ENABLERS AND THE IMPACT OF ELECTRIFICATION ON MICRO / SMALL BUSINESSES	75
5F.3: WOMEN'S DAILY LIVES AND RUNNING THEIR OWN BUSINESSES	78
5F.3: WOMEN'S DAILY LIVES AND RUNNING THEIR OWN BUSINESSES	78
5F.4: IMPACT AND VALUE OF SMALL BUSINESSES IN THE COMMUNITY	80
5G: NGONYAMA YEAR 1 POST-ENERGISATION QUALITATIVE – STAKEHOLDER MEETING	83
5G.1: STAKEHOLDER MEETING	83

5A: MFULENI PRE-ENERGISATION QUALITATIVE – FOCUS GROUPS

5A.1: TEMPORARY REMOVAL OF ELECTRICITY – IMPACT ON BUSINESSES – ME OWNERS

Aim: To explore how the temporary removal of access to electricity has affected their business (livelihood) and the associated impact on their household

Participants: ME owners who previously had a small business that directly or indirectly used electricity

Held on: Tuesday 7th October (11.15 – 12.30)
Discussion leader: Denise Oakley
Notes taken by: Chris Hazard
Interpreter: Alfred

- XXXX – Photo enlarging and framing
- XXXX – Dressmaker
- XXXX – Sells clothes, bags and underwear
- XXXX – Spaza shop
- XXXX – Fresh chicken seller

Q1. Introductions and businesses

XXXX makes dresses and does other sewing. I moved to Mfuleni in June 2003 from Philippi and I had a sewing business before.

I am XXXX and I moved from Nyanga where I also sold chickens and I moved here in June 2003. XXXX moved from Gugulethu in June 2003 and has had a business since 1992.

XXXX moved in June 2003 from Philippi where she also had a spaza.

XXXX sells cloth bags, underwear and clothes, and arrived in Mfuleni (different area to our study) in 2001.

Q2. How have things changed with your business since moving to Mfuleni?

XXXX, selling fresh chickens, says her business is down. I have no electricity and few people know me in Mfuleni. XXXX was turning over R300 per week but now only sells R70 to 80 per week.

XXXX cannot work at night and is also not known widely in the community so business is very down. She is now starting to market her frames in Mfuleni. Previously she was able to make R500 profit per month.

XXXX was selling her clothes and underwear from home before she moved to Mfuleni. Being unknown in Mfuleni, she now has to sell door to door. She will also open a shop in her home when she has customers. Before moving here she was making R500 profit per month. She also has a bad debt problem now.

XXXX, a dressmaker, sells her clothes outside Mfuleni and was turning over R1,800 per month with a profit of R800. Now in Mfuleni business is very down and she has only made R250 since June and all sales were made on part payment and credit.

XXXX has a spaza shop and has had to reduce her prices since coming to Mfuleni. But there is less competition in Mfuleni so turnover is up. She is not comfortable sharing information on her turnover with the group.

FINDING: Thus, for four of the five respondents, ME income has gone down considerably since moving to Mfuleni.

Q3. What impact has lower income had on you and your families?

Your business has changed – what difference has this made to your household? Ask each participant to explain who is in their family and how they have been affected by reduction in business income. What did they spend this income on and what items / services do they now NOT buy? [the aim is to investigate expenditure / consumption patterns]

If they are willing to share information about the change in their income, this would be extremely valuable (explain that this is not essential and that we recognise that this is sensitive information; as with all the information we have been collecting this information will be confidential)

Note: we may keep the information from the questionnaires confidential but participants may be unwilling to share income information in the presence of other members of the community especially as Mfuleni is a new community and people are still getting to know their neighbours who may have arrived from different settlements.

If possible try to get an estimate of the total turnover / income from these small businesses before the move and now in Mfuleni.

XXXX has three children and their diet has been reduced. Her husband suffers with Shingles and they cannot buy medication. They cannot afford to buy proper soap for washing themselves and so forth.

XXXX has experienced big changes – there is not enough money to pay school fees and transport to school. We are not much further from the school than when we lived in Nyanga. We also now have to walk through unsafe areas to catch the bus. There is not food for my child when she goes to school and there are no regular meals provided at school.

XXXX runs the spaza and also has a car (driven by her husband). She finds the wholesalers now very far away and has no ability on the current Mfuleni plot to extend the size of her shop.

XXXX finds life now very difficult since she has three children who no longer live with her. They remain in Philippi and they must find money for their school fees.

XXXX has to support for family (parents) in the Eastern Cape. She used to send them R500 per month but now can only send R200 per month.

There is a small additional income from child grants – XXXX has grants for three children, XXXX for one, XXXX for one and XXXX for one (her other children are older).

Q4. Does anyone have a member of the family who is employed?

No. These ladies are the breadwinners for themselves and their families.

Q5. How could the move to Mfuleni, in terms of their businesses, have been improved?

The councillors promised transport but nothing was provided for the removal. So XXXX had to pay R250 for each load, and she had 4 loads so the total cost was R1000 to move. Council trucks were promised. Everyone was told a date to move with some flexibility if you needed to change the date. XXXX had one load at R250 and XXXX also had to spend R250 for one load. XXXX had seven loads at R250 / load (spaza shop).

XXXX sister was able to help her with R500.

FINDING: The move which was a requirement of the City of Cape Town Council caused financial hardship for each of the respondents, a particular area of unforeseen costs (due to what appear to be broken promises) was for transportation. [It should be noted that these families were not only moving their possessions but also the materials contained in their shack so they could rebuild it in Mfuleni.]

Q6. What about electricity and the move, and any others areas of difficulty for your business?

Supporting notes for question on change in activities within the business without access to electricity?

Thinking about the activities you carry out in your business – how have these changed since your move to Mfuleni?

Ask each participant to describe the activities that were carried out in the business in their previous community, to describe how they have coped with the lack of electricity and how this has affected their ability to run their business.

What was done in the business before?	Coping strategies in attempting to run their business in Mfuleni	How is their business looking now – is it different, what has changed etc?
<i>Explore their ability to make full use of their productive assets</i>	<i>Explore implications of the new situation i.e. without access to electricity</i>	<i>Note the changes in equipment use before and after the move</i>

What are the negative outcomes of the move that have affected your business and your family? E.g.

- Everything takes more time
- More expensive (increased operating costs)
- Need transport now
- More reliance on other people
- Left friends and customers behind (feel more isolated)
- Loss of kin linkages and social networks (which often offer a safety net)

Only XXXX and XXXX did not have electricity before moving. All the ladies mentioned that their current shacks are not water-tight and so their stock gets wet. Many do not have enough money to fix up their houses. For all of them, their houses are smaller than before and are less suitable for micro-enterprise.

It would have been better to wait for the electricity to be connected before everyone was moved. We are now using older fuels, such as paraffin, again.

[In other discussions with electricity providers, we were informed that areas will not be electrified prior to occupancy as this has in the past resulted in extensive theft of electrical equipment, cables etc.]

Q7. What advice do you have for the councilors?

How do you think the move could have been done differently from the point of view of ensuring your business continued to operate as it did before? E.g.

- Being offered choices (e.g. plot position, timing, others)
- Greater involvement in decisions
- Access to information and better communications between planners and the households being moved
- Greater influence over their own situation
- Timing of the electricity switch on

There should have been more help with:

- Removals
- Money to fix up their shacks (even as a small loan)
- Councilors took decision without talking to / consulting with the communities
- Councilors were not transparent with the community
- They were very bad communicators

Q8. How could they have helped with your ME and the move?

ME owners did not get a chance to meet them. A place needs to be allocated for businesses (one exists but they need money for rent etc). They could have been helped financially with the move and the plots and houses are too small for their businesses (and their families). They would like to be informed when the electricity will be connected (they pay R150 for a connection).

Q9. In the move to Mfuleni, what has caused you the most difficulty (the ME owners were each given 2 votes)?

The results were:

Transport	3 votes
Shelter	2 votes
No electricity	4 votes
Plots too small	1 vote

Other comments were:

You cannot plan because you do not know when the electricity will be connected and the extra cost associated with house wiring is a problem. XXXX needs a bigger supply for all her fridges in the spaza.

We will feel safer with electricity. We (and also customers) do not walk around at night with no lighting.

Denise thanked all the ladies and wished them well and every success with their businesses in the future. To say thanks and to help them in their businesses, each lady was provided with a pocket calculator.

Chris Hazard
October 2003

5A.2: VALUE OF ME TO THE COMMUNITY – NON-ME OWNERS

Aim: To explore, with non-business owning community members, issues related to the establishment and growth of small businesses, and their value to the community (this group discussion was adapted from a similar one developed during the field test of methodologies in Fisantekraal)

Held on: Tuesday 7th October, 2pm – 3.30pm
Discussion leader: Prabhakaran
Notes taken by: Denise Oakley
Interpreter: Alfred

Introductions (people and the subject / purpose of our discussion)

Prabhakaran outlined what the project is aiming to do and explained what small businesses are (with examples) and what research is being done within the community. For example, it may be that the electricity will bring positive impacts for the nearby shop and its customers because the quality of the perishable products will be better if fridges can be used for storage. Milk must be sold quickly at the moment and when it's gone there is no more available. Also the milk gets warm.

He asked for their co-operation and for their help in assisting future policy makers with the results of our work, and in designing projects aimed at poverty alleviation through small business development.

All team members and community participants were asked to introduce themselves.

The discussion group members were:

- XXXX
- XXXX
- XXXX
- XXXX

The group was asked to give some examples of small businesses operating in Mfuleni. Prabhakaran suggested spaza, beer making and selling and meat sellers. He re-iterated that these are examples of micro-businesses and asked:

Q1. How important are these businesses to the community and to you and your household?

They are very important. They give me credit when I do not have money. I can send my children to buy things. I can get the things I need from them.

Q2. Do the small businesses in the community provide for all their needs

The group said that one of the large spaza shops has good prices and that the sizes are good. They have lots of customers because of this. Also one of the other spaza shops has lots of customers. Some of the other large spaza shops and the Xhosa beer sellers also have lots of customers.

Q3. Do you go outside to buy some things, for example to Cape Town?

Transport, i.e. taxis, is a cost for going for goods and services from outside the community. Clothes was given as an example of something that you need to buy from outside. Cost to Cape Town is 15R.

If the price of something they need is not good from inside the community then may go outside to look.

Some examples were given:

- 750g of coffee not available from local spaza shops
- You must go outside for nice clothes
- Cooking pots not available

Nyanga Junction market stalls are considered to be a good place to find things that are not available in the community.

Commented that most businesses have more customers on Friday, Sat and Sunday.

Q4. When you go to a small business, how do you like to pay?

Some said that it is better to pay by cash as then you are not tied to that shop. None of the group liked credit (although had to use it) because if you go at the end of the month to pay you find that the amount owed has increased. 200R could have become 300R!!

Example: 50c for a cigarette for cash and 70c on credit

Q5. A lot of people have come from different places so how is credit working in the community when people don't each and the shops don't know their customers yet?

Commented that they only go to shop at the businesses of people from their original community (2 of the group gave this reply)

Q6. Does the pawn broking type of system work in the community (i.e. something of value given temporarily as payment for goods / services or cash until item can be reclaimed for a specified sum of money)

No, this system did not operate in the community (in fact the group was not familiar with this idea – used in India)

Q7. What are typical incomes in Mfuleni households?

The group members shared the following with us:

- 550R / month – husband is working as a gardener
- 700R / month – husband is working as a contractor
- 700R / month – working in a garage
- 500R / month – brother works

Other comments provided were:

Stokveld system operates in groups in the community (all save into one account and then one person each month or so can take out money if they need to)

No one has experienced electricity before.

Q8. What impact do you expect the electricity to have in the community?

XXXX commented that they would be able to use radio, fridge and use it for cooking (*interviewers comments - although unlikely that in reality many will do this*).

XXXX said they could use a fridge and had a vision of starting a small business selling ices for children. How did she think of this idea? To get more money and she had seen this business done by other people.

Also with a fridge it might be possible to start selling meat to increase income.

XXXX commented that he might start a hairdressers or sell shoes.

Prabhakaran noted that all members of the group talked about starting a business.

Q9. What do you think is needed to start a business?

XXXX offered that training and marketing of the business (also training in marketing) are important. Did he know where there is a training centre? He didn't know anywhere. From previous experience in other communities, were they aware of how to get training or of any NGOs offering training?

Brother was trained by TAC (T--- Action Campaign??)

XXXX had no experience of anyone being trained in Mfuleni or where she was before. She offered that money was most important for starting a business. Is there any places to obtain loans from in the community? Do you know anyone who has a loan (for a business)?

There is a person to get money from but it costs a lot – everyone was in agreement with this and indicated that it was definitely not a good thing to do.

Examples given:

Borrow 50R on Monday and will have to pay back 75R on Friday

Borrow 100R on Monday and will have to pay back 150R on Friday

(all said that if you do this you must know exactly what has to be paid back by when)

Q10. Why haven't you started a business?

XXXX said that money was the problem; he needs about 1000R to start a hairdressing salon

You need about 500R to buy chips and sweets to start a tuckshop (*interviewers comments – many of the tuckshops in this and other communities spend much less than this amount to start and restocking / week*)

Q11. What is their experience of tuck shops becoming spaza shops?

Knew of one shop in Harare that started with sweets / snacks then added tea bags then sugars and then grew into a spaza

Q12. Do you have to get permission from the community to start a business?

No, you can just start

Q13. Do you get any better treatment as a business if you are registered?

No, the group did not think so

Other issues discussed to wrap up the meeting:

Returning to the use of credit – what happens if pension day comes and you can't pay what you owe to a business, are they willing to wait until a later date?

Answered that the price owed keeps going up – if you keep not paying then they chase you more and take your things

[NOTE: Old age pension for over 65 years is 700R / month]

Most people in the community are not employed so don't have regular incomes

One of the group members would not want to employ members of the family because they would take the business down by running away / eating the stock [*interviewers comment – one of the spaza owners interviewed also made this comment from a bad experience*]

Denise Oakley
8th Oct 2003

5A.3: ENERGY USAGE, EQUIPMENT SELECTION AND COPING STRATEGIES – ME OWNERS

Aim: To explore energy usage, equipment selection and coping strategies (pre-electrification) in a range of small businesses

Discussion leader: Chris Hazard

Notes taken by: Denise Oakley

Interpreter: Alfred

Introductions (people and the subject / purpose of our discussion)

All team members and community participants were asked to introduce themselves.

Members of the discussion group also introduced their business, where they had lived previously and the date when they arrived in Mfuleni:

- XXXX Manager/operator of a phone service, lives in Khayelitsha and started business in Mfuleni on 24th July 2003
- XXXX: Meat selling and cooking, came to Mfuleni in June 2003
- XXXX Sells packets of meat and also operates a meat brai (from a container) in Khayelitsha, came to Mfuleni on 9th July 2003 and had previous business since 1995
- XXXX Runs a Spaza and came from Site B in Khayelitsha on 25th June 2003

Chris outlined what we mean by energy – the discussion will mostly focus on electricity but other energy is also important; this includes LPG, paraffin, candles, wood

XXXX raised a point that he had felt uncomfortable in hindsight with the questions asked and the information that he had given during the interview conducted a few days before. He had wondered if he had done the right thing by providing this information – it appeared that the reasons for the request for this information was not clear to him. Chris apologised for this and emphasised again that the information provided would be dealt with confidentially and that no individual name would be assigned to data once it had been processed. Average figures and ranges were important and it is these that would be compared pre- and post- energisation. XXXX and the rest of the group were comfortable with this explanation, and were happy to stay and participate in the meeting.

Chris asked each participant to describe the equipment and energy that they use their business .

XXXX

- There are lights connected but these use too much battery power so are not used very often; 2 car batteries last for 4 days each and he has a total of 3 batteries available (1 of the batteries is smaller and only lasts for 3 days); previously he had to close the container because he would run out of power but now has 3 batteries so there is no problem (one can always be taken for charging).
- Recharging the batteries costs 5R each time
- Also uses candles for lighting in early evening

XXXX

- Wood is used for the brai but there is no other energy used in the business
 - Q. – is any cooling used for storing the meat
 - Answer: NO she is not storing meat in the cold; coping by waiting for the meat to arrive in Khayelitsha and buying it at around 10am, she then cleans the meat and cooks it immediately
- Sometimes it is dark when it's raining so she uses candles for lighting her stall

XXXX (meat selling; also has brai in Khayelitsha – business included in data only as additional family income and NOT Mfuleni business

- Buys meat in Khayelitsha and sells fresh meat.
- Also cooks meat on a 4 plate gas stove in Khayelitsha and sells it there; keeps the meat in a fridge owned by someone else; uses candles for lighting in the container

XXXX (spaza)

- Uses LPG for fridge for storing chicken and drinks
- Uses paraffin for lighting
- Has an electric fridge and will start to use this when electricity is switched on

Next the cost of energy was explored for each business:

Business	Energy	Energy Costs (not including associated transport costs)
Spaza XXXX	<ul style="list-style-type: none"> • 9kg of LPG lasts for 20 days • 2 litres of paraffin / day for total of 3 lamps = 60 litres / month 	<ul style="list-style-type: none"> • 75R for 9kg = total cost of 112.5R / month • 2.60R / litre = total cost of 156 R / month <p>Total energy costs = 268.5 R / month</p>
Meat cooking XXXX	<ul style="list-style-type: none"> • 19kg of LPG which lasts for 2.5 – 3 weeks • Pays 10-20R to a friend for use of fridge • Uses 3 candles / day so 3x 7x 4 candles / month = 84 	<ul style="list-style-type: none"> • 155R for 3 weeks = total cost of 207 R / month • Total cost = 80R / month • 1 candle costs 1R10c = total cost of 92.4R / month <p>Total energy costs = 379.4 R / month</p>
Meat brai XXXX	<ul style="list-style-type: none"> • Collects wood from the bush so human energy needed; estimates that she uses 7 bundles of wood / week • Uses 2 candles / day so 2x 7x 4 = 56 / month 	<ul style="list-style-type: none"> • No cash cost at present • Total cost = 1R10c x 56 = 61.6 R / month <p>Total energy costs = 61.6 R / month</p>
Phone service XXXX	<ul style="list-style-type: none"> • Uses 3 car batteries which last a total of 4+4+3 days = 11 days so say needs to recharge all batteries 3 times / month • Uses 1 candle (broken into 2) / week for light between 6.30-7.30pm • Also uses 2 paraffin lamps using 2 litres / month 	<ul style="list-style-type: none"> • Each battery recharge costs 5R x 3 x3 = total costs of 45R / month • 1 candle / week = 1R10c x 4 = total costs of 4R40c / month • 2R 60c x 2 / month = total costs of 5R 20c / month <p>Total energy costs = 54R 60c / month</p>

Q1. How important is energy to your business and why?

Everyone said that energy was important for their business – with highest score being 1 out of 5, all said that for their businesses energy important scored 1

Spaza; energy (in fact electricity) is essential for fridge and lighting

Meat preparation, cooling and cooking; candles required for lighting for the public and also to see inside the container for cooking, LPG for cooking which is the basis of the business

Meat cooking on the circle; wood and candles are essential for the business (also commented that electricity will have a positive impact enabling the business to grow as a fridge will enable more meat to be stored and so can be bought in bulk less frequently – not just buying every day for use on that day)

Vodacom; electricity will enable the business hours to be extended, there are currently limited opening hours because container must be closed when it gets dark for security reasons; energy is important for being bright and visible in the community; electricity will enable more people to see that the container is open (at the moment people will not come from their homes in case the container is closed – dangerous to walk around in the dark); electricity will enable signage for the container to be lit and attract people to come later in the evening

Q2. What about the ease of access and availability of the energy supplies

Considering wood supplies – do you see a situation where you will have to buy wood?

YES, XXXX says that she knows that eventually she will have to go to a wood seller and it will cost about 8-10R / bundle (*interviewers comment – the increased cost associated with the potential need to buy wood would have a significant impact on the income of this business*). She is currently spend 1 hour / day collecting wood.

XXXX needs to travel to collect gas from close to the council offices and this costs 1R each way. She has to trust that the gas bottle is full but there are 2 places to go for refilling and there are no problems with supplies.

XXXX buys gas in Khayelitsha for use in her container there. It costs 3R each way to buy gas.

No-one had any problems obtaining paraffin – there are lots of people in Mfuleni selling this as it provides an income (buy at 2R25c from the wholesaler and can re-sell at 2R60c / litre).

For charging of car batteries, the charge is 5R plus 1R each way for taxi (to 2nd circle)

Q3. What are your views on electricity?

Chris asked whether anyone could give any views on the uses of electricity, how good is it as an energy source and about the costs.

Electricity in the townships is very weak and often goes off when it rains. XXXX will keep one battery charged as a precaution just in case the electricity goes off. He will be taking electricity from the house on the plot where the container is located. He will not need to pay towards connection as this is free (i.e. taken from the 'new house' subsidy of the person owning the plot) [have been told that electricity will be switched on by 7th Nov). He considers that electricity is overall more economical and that batteries are less reliable and more time consuming to work with.

Q4. Could we now look at the appliances which they will use with the electricity and how they will get these?

Chris explained that the appliances are the key to the business activity and not just the electricity. How difficult or easy was it to get the fridges etc, how expensive were these and where did they get these?

XXXX had been forced to buy an LPG fridge when she moved to Mfuleni even though she already owned an electric fridge (and she really didn't want to buy the LPG one – will need to sell it once the electricity is switched on and she will lose money on the sale)

Electric fridges can be bought in second hand shops for about 750 R – you pay 3 instalments of 250 R each and then you get the fridge.

Gas oven costs 1500R and can be bought with 3 instalments of 500R, 600R and 400R and then you can take away the oven

Brai for cooking meat can be made from a large drum cut into 2 (XXXX had been given this at no cost) and this can be attached to a stand (which costs 50R).

The costs for electricity were considered by all to be cheaper than gas / paraffin and this energy is more versatile. E.g.

For 50R you can run lights, fridge and iron with electricity

For 75R you can only run a fridge with LPG

NOTE ON UPFRONT COSTS OF SETTING UP TELEPHONE BUSINESS

This note is included separately as the cost barriers to entering this business are extremely high and not related to energy usage.

Lease of the container (with the look fixed by the company and no possibility for change; damage has to be paid for): 20,000R

5 phones and master phones: 26,000R

Denise Oakley
Oct 2003

5A.4: ME OWNERS EXPLORING ISSUES RELATED TO ESTABLISHING AND GROWING A SMALL BUSINESS

Group: Small business owners from Mfuleni

Purpose(s):

- To explore the motivations of the group members for starting their business
- To understand how they evaluate the success in their business
- To understand the mode of payment by customers towards the success of their business.

Discussion leader: Denise Oakley (AEA Technology)

Notes: R.Prabhakaran (IES)

Interpreter: Alfred (3EC)

Members of the group:

Name	Microenterprises	House number
XXXX	Spaza	XXXX
XXXX	Spaza	XXXX
XXXX	Crèche	
XXXX	Sewing of clothes	XXXX
XXXX	Fruit and Vegetable seller	XXXX

First the project team members introduced themselves with Denise explaining the objective of the focus group and conveyed thanks to group members for making themselves available for the focus group. Group members were small business owners from Mfuleni community. Denise requested the group members to introduce themselves and requested to write the names in their labels to get to know each other. The discussion session was carried out in English with the aid of an interpreter. However some of the members had a good understanding of English and responded simultaneously. **XXXX** was the single male to attend the group discussion.

Denise opened the session by asking the above question to understand the motivating factors with in the community to start a micro-enterprise.

Q1. Why did you start the business and how did you choose to go for this business?

XXXX understands English and can converse well in English. She opened the discussion saying that she was having a fruit and Vegetable shop in Kyalecha. Then she relocated herself to a permanent location from Kyalecha to Mfuleni, which is proposed by the local authorities. At present, she is running a spaza shop. She also said that her cheap rates are the major factors for the success in her business.

XXXX said he worked as a security officer and later got dismissed for some reason. With the available money he started a business selling petticoats, head scarves and eggs in his old settlement. Presently, with the experience on the above-mentioned business he has started a spaza business in Mfuleni.

XXXX said she started the fruit and vegetable business in the year 2000. Before starting this business she was working as a contract labourer but later lost the job. She did the same business in her previous location – Kalike. With the previous experience, she has opened the same business in Mfuleni.

XXXX said she started this business in the year 2000. She started this business as a service to the community and she finds this business more profitable.

XXXX started to do business from the year 1995. Initially she was selling creams and ice-cream on the trains. Later she started doing hand sewing and had a good business. Presently she is proposed to buy an Electric sewing machine.

Q2. Why did they choose these particular businesses?

XXXX said that he had idea and experience to go for this business (Spaza).

XXXX said her husband was doing a job in their previous location and lost the job. With the available money from the previous employment, both of them decided to invest on fruit and vegetable shop.

XXXX explained that she is doing this on service point of view. She considers that as a service to community aiming towards love and affection among children.

XXXX said that her experience made her opt for this business in order to provide a better income for her family.

XXXX explained that the growth of 'fashion' (*clothes*) within the community made her to opt for her sewing business.

Nonveli was asked whether she has undergone any training for this business?

She said that she had some basic training in her school days but apart from that she hasn't undergone any training.

Q3. Why have other people in the community not started their own business?

The group members answered the following:

- Situation in the community
- Certain business grows well and other doesn't.

Q4. Is money is the major constraint in starting a business?

Group members unanimously said money is the major constraint in starting a micro-enterprise.

Q5. What do you need to start a micro-enterprise?

The group members said the following are the things needed to start a small business within the community.

- At present space available for business is small. Most of the group members considered space is the major factor in starting an enterprise.
- Equipment is necessary to start a new business successfully.
- One of the spaza shop owner said he doesn't have ice and refrigerator to sell the cool drinks.

Q6. What is the difference between people running a micro-enterprises and those that are not?

The group members unanimously said there's a lot of difference. The following reason was given for justification (*Note: this is a result rather than a reason*).

- If a man in the house is not having the job during the rainy seasons then the families get some money from the micro-enterprises to lead their life. The family feels safe by having a micro-enterprise.

Q7. We asked if they were interested to grow your business?

The group members unanimously said "yes" they have interest to grow their business.

Q8. What are the barriers in your business?

The group members explained that unemployment is the major barrier for their growth in the business because money flows from them for the sustainability of the business.

Q9. What is the unemployment proportion in the community?

Many people are unemployed in the community. Group can't come up with a number of unemployed people with in the community.

Q10. What are the other factors that stop the business?

Giving credit to customers and their subsequent slowness or failure to pay often makes a loss in the business and stops the growth.

Q11. How is credit given by the businesses within the community?

XXXX said that he has a limit up to which he gives credit.

XXXX said credits are collected weekly / monthly from her customers but normally it takes longer time than agreed to get back the money.

Q12. How do you decide not to give credit for a person?

The group said based on their previous experience with the person they decide whether the credit can be given or not.

Q13. What is the pricing in the credit system compared to cash system?

The group gave some typical examples to show how the pricing in the credit system works:

XXXX said that if she charges 130 R by cash then the same would be charged 150 R by credit.

XXXX said that if she charges 6 R for a particular commodity by cash the same would be charged 6.50 R by credit.

XXXX said that she also adds 50 cents more than normal price in case of credit payment.

Q14. It was asked whether the owners are having high debt because of credit system?

The group members explained that they don't give credit to young people only to old people. They feel that young people cheat them.

XXXX (crèche owner) said that she doesn't have any problem in getting the credit back from the parents.

Q15. What sort of help is necessary to grow their business?

Denise gave some example like loans, advice, training etc.

The participants (everyone was given a chance to express their views) identified the following:

XXXX said that training is the most important thing for sewing

XXXX said that creche doesn't need training.

XXXX said that business training is very important to start any business and added,
" If you don't know what to do with the money then where is business"

XXXX had the same view as **XXXX**.

The group members also said loans and a space large enough to run the business properly were necessary to run a business well.

Q16. Do you think that you benefit from the external market?

The group members said they are very happy to be 'responsive' and get customers within the community because they know each other at least to some extent. The group also added that they don't have much external customers, as there are also a lot of micro-enterprises already available in their respective community.

Q17. We were also interested to understand how they judge whether their business is growing?

XXXX said that continuing to respond to customer demand is a good measure of improvement of the business.

XXXX explained that her business grows by innovativeness and responding to customer needs.

XXXX said that increase in the number of children's is a measure of her growth.

Q18. How do you measure the business growth?

Denise used the flip chart to explain about "Turn over" and "Profit". Denise asked everyone to rank these in order of importance:

The group said that turn over is important but you also need to have profit.

The following questions were asked to know more about the businesses:

If number of people getting credit grows, is it an indication of business growth?

The group members unanimously said " No" and added cash payment is the right option.

Is employment within the community a major indication factor for their business growth?

The group members unanimously said, " Yes", the more employed people there are the better it is for business.

Does anybody have interest to do more business?

The group members unanimously said, "Yes" and added that they are interested to do more on the same basis (*growing with the same type of business*).

Denise asked: "*what are the things that are necessary to make a business grow?*"

The group members said cleanliness / good appearance and special things like (discount) should be there.

Finally, in order to rank the list of major factors that helps the business, Denise asks the participants to rank a list of options. The following was the result in order of importance:

- Number of customers
- Cleanliness
- Employing people
- Low prices
- Credit system (*i.e. offering credit to their customers*)

A few people had a different ranking for some of the specific aspects but the majority agreed with the above ranking for the options towards success in their business.

(It should be noted that no-one considered energy to be important – it is there and being used but is not specifically thought of as part of the needs of the business, perhaps because it is also being used for household use – in the majority of cases, business and household are intimately linked)

The meeting was then closed by thanking the attendees for their time and giving each person a gift of calculator to help them in their businesses.

5B: MFULENI PRE-ENERGISATION QUALITATIVE – STAKEHOLDER INTERVIEWS

5B.1. BUSINESS SUPPORT OFFICER, CITY OF CAPE TOWN

(located at the council building in Mfuleni)

Interviewed by Denise Oakley
Tuesday 7th October

Discussions focused on the role of the business support officers and the type of support available to micro / small businesses in the communities:

- There are 3 business support officers in Cape Town focused on providing assistance to the poor communities and each person covers a large of area and number of communities; although Patrick's office is located in the Mfuleni Council Building his remit also covers the adjacent communities (another office is based in Khaylitscha).
- The role of a business officer is to advise those wishing to set up their own business how to start and legally register, they maintain a database of service being offered and requirements (particularly intended to try and match suppliers with those involved in the local construction industry), provide advice on how to access finance and provide assistance in business planning.
- 'Matchmakers' to help put suppliers of products and services together with those wishing to purchase or contract are also available.
- There is a voucher scheme to assist small business with advice and to overcome a specific difficulty they are facing; 600 Rands is available for upto 3 hours of advice and assistance (aftercare following an initial consultation is also an option provided in does not exceed 600 Rands in monetary value).
- Business officers also play a key role in the development of infrastructure to support / house micro and small businesses in the community including trying to establish adequate premises e.g. close to the main taxi stands in Mfuleni, and to even build specifically designed 'stalls' for 'survivalist' businesses such as selling meat, fruit & vegetables, household items and clothes.
- Examples of the types of businesses being supported are sewing, beadwork, brick-making, furniture making / selling (informal traders) and a driving school (very successful).
- There are already a number of small business 'hives' and market stalls which are all formally managed by the business officer responsible for a particular community.
- In Mfuleni, an area has been set up to house a meat market, where 'survivalist' (very small) traders can sell either fresh or cooked meat & poultry; this is strategically positioned close to the taxi stands so that the traders can benefit from the extensive 'passing trade' in this area.
- They are also considering establishing a container (a showcase) where locally manufactured goods could be displayed together with the contact details of the business owner.
- There is also another area close to the taxis stands where informal traders are allowed (informally) to congregate to sell their products.
- Patrick is currently involved in the preparation of a communication strategy intended to i) co-ordinate the disparate service providers and funding organization and ii) inform small businesses about the advice and services that are on offer from a range of support organization

/ service providers and how to access these; this will include an information campaign using local radio, leaflet drops to houses, local NGOs and other community-based organizations that have a close contact with the people in the communities.

- The base for the service providers that can be accessed through the voucher and other related schemes will be a Local Business Support Centre (LBSC) in Khaylitscha; it is also hoped to establish a larger business facility in Bluedowns (but that will not be one in Mfuleni – *this is surprising given the number of households within the entire community – 6 phases – and the level of micro-enterprise that has been observed*).
- Within the overall Integrated Development Plan for the whole region, there is an intention to more fully understand the needs of the people and communities; micro-enterprise was specifically mentioned as an area where it is recognized that further insight and information is needed (*it is therefore hoped that the project results when these are available can be fed into this process and planning activity*).

5B.2. FLORENCE MGIJIMA, HOUSING OFFICER, MFULENI

Interviewed by Denise Oakley
Friday 10th October

The quantitative interviews and early focus groups had identified a number of issues concerned with the housing situation in Mfuleni Phase 4, Extension 6 and that the impact of the move (required by the local authorities) had on people's live and livelihoods.

It was hoped to answer some or all of the following questions:

- How are decision made about who moves into Mfuleni?
- How are the individual plots (which vary considerably in size) allocated?
- How much information is gathered about / from the people / households that are moving e.g.
 - employment status (where, how far away, etc)
 - location of children's schools / crèches
 - what small businesses were they operating
- What kind of assistance, if any, is available to households once they reach Mfuleni?
- What about the cost of transport for the moves (which was considerable in the case of some of the micro-enterprises)?
- Is there any compensation if people were being moved onto smaller plots than they had in their previous location (*which was likely to be an informally & illegally settled area*)
- Is there anyone else that she suggests we should speak to?

Most of the people who have recently (last 6 months or so) who have moved in Phase 4, Extension 6 came from squatter camps and other illegal settlements on the outskirts of formal (local authority designated) communities. Most of these informal settlements either flood regularly or are in areas considered to be at an increased risk of flooding; there are only shacks and no toilets, water or electricity.

Tygerburg District and the City Council are both responsible for requiring and organizing the moves.

In order to select people who will move and determine where they might move to, the local councillors call a meeting at which the street committee members make proposals (in turn they have already consulted with the people in the streets that have elected them).

When people move, transport of their shack materials and all belongings is their own responsibility. *(There are several conflicting views on this issue; people at the focus groups indicated that they had been told prior to the move that transport would be arranged by the Council and that costs would be covered whereas we were told by a number of council employees that if a person was entitled to the housing subsidy then a part of this would be allocated and retained to cover transport costs. In reality everyone we spoke to had to arrange and pay for their own transport).*

There was a plan to build houses in Extension 5 and 6 early in 2004 (*when we returned for the Year 1 post-energisation surveys in late 2004, only one duplex house was under construction and this was essentially a pilot / show house for one of the housing projects*). Rented accommodation (a mix of triple bedroom accommodation with a toilet and kitchen, very simple 2 bedroom apartments and hostels for single men) is also available in various locations within the wider settlement of Mfuleni, with a formal figure of 701 people being given for number currently placed within the flats / hostels. A key problem is that people are not working and so there is a high incidence of non-payment of rents (those that have arrears of 7 – 12 months are very likely to be evicted).

Under the Reconstruction and Development Programme (RDP), there is a plan to construct a large number of low cost homes across South Africa. To qualify for an RDP house, the family must have children. Within Mfuleni, there is a long waiting list for the planned (not built yet) houses – this is free housing with the only costs being for water (and electricity if connected).

Most of the houses that will be built in Extension 6 will be contracted as 'projects' through a tender process to NGOs rather than private contractors. An example is the People's Housing Process which requires a group of people from a community to commit to building houses, and those people either put forward a cash contribution (~ 2,500 Rands) or provide 'sweat equity' by contributing their time and labour to the building process (this acts as a guarantee that the completed house will not just be sold). The housing subsidy provided by the government to eligible households is paid over directly to the housing contractors who win the tenders to build these houses. [There have been a number of instances where contractors who have been paid huge sums of subsidy allocations have delivered housing that was well below the quality and level of finish offered in their tender.]

For supervised 'self-build' housing projects (again under contract to charitable trusts, NGOs etc), the City Council contribution could be the building materials and the inspection services (to ensure a good build quality).

Qualifications for the housing subsidy (currently 20,800 Rands for first 'proper' house) include:

- South African ID number
- Over 21 years of age
- Must have children and
- Household income must be < 3,500 Rands / month.

Specific amounts are generally deducted from the overall subsidy amount to pay for the provision of defined elements of the house infrastructure and services. These include for land, toilet, pipework, sink, tap, water / sewage connection fees (164R) (all part of the standard specification of site and service plots, as in Mfuleni) and electricity prepayment meter (150R). Potable water (6,000 litres / month), waste water disposal, basic electricity (30kW / month) and refuse collection are all provided free of charge to each occupied plot (this also applies even when the house on the plot is a shack, as is the case for the majority of the plots in Mfuleni during the timescale of the research).

5B.3. CAPTAIN YONKERS, CHIEF OF POLICE, MFULENI

Friday 10th October

Chief of Police was consulted to provide a different perspective on life and problems in the larger area of Mfuleni township, in addition to the area in which the research was being undertaken.

He indicated that the community does have its own systems of management in the form of 'community committees', and that in different areas they have their own rules and management procedures. The people in each area elect their leaders and members and many of the committees have a distinctly political bias. Problems often arise when people move into one area from many different areas, as in Mfuleni Extension 6, and are used to different rules and ways of doing things.

He suggested speaking to the local councillor, about employment in the area and in order to clarify information about the housing subsidy.

The police are currently putting in a lot of effort to try and understand the causes of crime and to determine if there are any distinctive features of areas with a high incidence of crime e.g. commonly used paths and short cuts where there are a lot of bushes, or where there is a lack of adequate lighting. He gave examples of communities where houses and electricity had been provided but no street lighting, and another where 18,000 new people had been located but where there were no new schools, shops or transport.

There appear to be many opportunities for a more 'joined-up' approach to planning, housing and services and relocation of people, and that this could in some cases have a very positive impact on safety and security of specific areas and whole communities.

5B.4. WARD COUNCILLOR, TREVOR TOKWANA

Friday 10th October

This was a very brief meeting with the Councillor as a courtesy and to thank him for his support for the research.

He was able to confirm that in January approval had been given for 2-3 new primary schools to be built and that these would be completed in mid-2005. The electricity would be switched on to all houses in our research area on 15th December 2003.

There would be formal business areas established in the designated areas (including 2 large areas on the boundary of our research community) that would enable small businesses to either buy or lease premises. [*Note added in Dec 2005: these areas had not yet been developed and as a consequence had not provided the planned infrastructure and services in support of micro-enterprise.*]

We discussed the employment level in the community and he was able to provide figures from 1995-6 which showed that 32% of the adult population in Mfuleni (Extension 6 did not exist at this time). BKS (a local planning contractor) would be able to provide summarized data for those people that had formally applied for houses.

There are no regulations governing home-based (by their nature 'informal') businesses although there are a number of bye-laws which may be used to control or limit trading (types, position, times etc), or remove nuisance traders from particular areas. In most poor communities these are unlikely to be invoked.

Small businesses have increased in number in recent years and there seems to be more variety.

A number of people had asked why they had been moved into the area (Extension 6) a long time before the electricity had been switched on. I asked him if he had any information or opinion on this – he indicated that it was not possible to construct the majority of the electricity infrastructure in an area that was not substantially occupied for simple security reasons; past experience had shown that the cables, other equipment etc would be stolen. *We are also aware that the safety and security of the contractors' personnel is significantly increased in areas that are inhabited and are busy during the day.*

5C: MFULENI YEAR 1 POST-ENERGISATION QUALITATIVE – FOCUS GROUPS

5C.1: ENERGY SOURCES IN SMALL BUSINESSES, ENERGY USE AND THE IMPACT OF ELECTRICITY

Aim: To understand the energy sources that are used in small businesses, how energy is used and to explore the impact of electricity

Held on: Wednesday 17th November 2004
Lead by: Denise Oakley
Notes taken by: Chris Hazard
Interpreter: Linda

Participants: Owners of MEs that were operating both Pre and Post electrification

Welcome, Introductions and Explanations

The participants were asked to introduce themselves and their business, and to say what energy they were using and what this was being used for.

Q1. Energy in your business – what do you use?

XXXX	Fruit and Veg. Seller	Electricity for lighting Paraffin for heating
XXXX	XXXX Sewing	Electricity for sewing machine and lighting Paraffin for heating
XXXX	Spaza	Electricity for freezer, fridge, lighting, music Paraffin for heating
XXXX	XXXX	Electricity for fridges, lights and hi fi Paraffin for space heating in winter
XXXX	Salon Hairdresser	Electricity only for kettle (hot water), hair dryers, electric curlers, cutters, hi fi music
XXXX	Fruit and Veg. seller	Electricity for lighting Paraffin for space heating

The participants also indicated that some households in Mfuleni are still using paraffin for cooking.

Q2. Has your business changed since getting electricity?

General comments were:

- Street lighting very good, helps stall sellers and makes it safer to trade when dark.
- Less crime on streets and people feel safer.
- Internal lights also mean most businesses stay open longer, by 3 hrs a day more on average per business.

There was also a perception that the spaza shops have grown after getting electricity.

Specific comments from the businesses were:

- Hairdresser used to run a tuckshop but after electricity started a hairdressing salon.
- Fruit and Veg seller expanded with a fridge after electricity to sell other food products at a stall at the circle.
- Sewing business expanded to include chicken pieces.

Q3. More generally, what electrical equipment do you think might be used in different businesses?

Shabeens:

Electric fridges, freezers, music centres, TV's and lighting
Also paraffin for heating in winter.

Meat sellers:

Lights at home and street lighting a circle

Sewing businesses:

Electric sewing machines, electric irons and lighting

Hair salons and barbers:

Hairdryers, electric curlers, hot water from kettle, lighting, music centres

Spazas:

Fridges, freezers, music centres, and lighting in Spaza's.

Q4. How did you acquire your electrical appliances? How were these delivered?

Mainly bought for cash, layby (series of deferred payments prior to receiving the goods from the shop) or Hire Purchase (good received prior to regular payments).

Mostly bought from outside community in discount appliance shops.

No stokvels (self-run group savings & loans scheme) used or reported for business appliance acquisition.

For extra charge, most appliance retailers also offer delivery service.

Q5. When were you connected? How has electricity changed your business?

All participants said they were connected in December 2003.

(Electricity supply was part of a community wide programme from the City of Cape Town – supplies to all houses were switched on at the same time)

There were several positive aspects mentioned, including:

- Sewing faster and electric iron improves quality – so better product quality and greater productivity.
- Lights at home and public lighting on circle greatly improved meat selling at circle.
- Street lighting reduces crime and makes people more comfortable to go out in dark to local small businesses. Happier both to leave own shacks that are safer from burglary plus greater personal security.
- Longer trading hours with electricity and better lighting. On average 3 extra hours per day. Open earlier in morning (at 5.45 am) and staying open longer into evening (up to 9 pm).
- Most businesses therefore working have longer hours.
- Fridges and freezers keep beer cold, store fresh meat, ice cream and so forth. Two fold benefit: firstly greatly improved quality of products sold. The other benefit is that the business can store larger quantities of stock and can therefore buy in larger quantities at lower prices. There is less waste and lower costs involved in traveling to buy smaller quantities. However modest they may be, with refrigeration economies of scale begin to kick in.
- Businesses are cleaner and brighter
- Businesses cheaper to run with electricity (*first 40 units free basic electricity*)

There were few downside changes from electricity apart from:

- With electricity many more households now own fridges so have started tuckshops so competition for a relatively fixed and limited customer base has grown. There are more ladies sewing, more Spaza's and so forth so competition has increased. Tendency therefore to have increased number of ME's but more have become marginal and in some cases their business turnover has declined.
- Although good from a customers perspective, several respondents did say that prices had generally declined among ME's. Thus business profit margins have been put under greater pressure with more businesses and therefore competition.

Q6. What about cost of electricity in comparison with before?

General consensus was that energy costs lower with electricity than when using paraffin, candles, bought ice for cooling etc. Before electricity they spent more as businesses on paraffin, candles, batteries etc than they now spend on electricity.

NB: Electricity in the community is subsidized by the City of Cape Town with the first 40 units per meter per month being provided under the free basic electricity scheme.

Average of R20 for business electricity per month was mentioned and that paraffin had been more expensive.

Q7. What do you use electricity in your home for?

- Electricity for cooking, fridge, iron, TV, radio, music and lighting.
- Some households still use paraffin for cooking.
- Many households use paraffin for space heating in the winter period (July to Sept) *[Note: this also supports findings from DFID KaR 8020 where respondents expressed a preference for paraffin use for space heating, indicating that, although it produced smoke and a strong smell the efficiency of heating was good and the stove could also be used for heating water.]*

Q8. How important is electricity to your businesses?

Everyone with an ME regarded electricity as very important.

A particular benefit of electricity that was mentioned is that it is very much safer than candles and paraffin – 'houses do not burn down'.

Q9. What other things are important for your business ... what other things do you need?

- | | |
|---------------------------------|-------------|
| • Training – but do not have it | • Premises |
| • Money | • Equipment |
| • Cell phones | • Stock |
| • Energy | • Customers |

Q10. Have you had any training for your business, either specific skills training or general business training?

Only the hairdresser, who had 4 months previous training before coming to Mfuleni.

No one else had attended any skills or business training

Q11. Are there any bad impacts of electricity from a business perspective?

The respondents answered that weren't any.

Q12. Are there more businesses now, i.e. is the number of businesses increasing? Is there more competition, and what is the impact of greater competition?

Yes, there are more businesses now.

Yes – there seems to be more competition for all businesses. Therefore there are fewer customers per business.

With greater competition, our business up and down – we have to push much harder for business.

Q13. Has the size of businesses changed? Will your business grow?

They have in general got bigger

Yes we hope so.

Q14. How do you judge whether your business growing?

If we can start extra businesses, this is business growth. As an example, the lady running the sewing business is also now selling chicken pieces. In effect, if they can diversify on a small scale they consider this to be good business growth.

Therefore adding businesses essentially means that they are adding more income streams and sharing the risk between the demand for different products / different customers i.e. diversification (but often not into related product areas)

Spending more money on stock – more cases of beer, more fruit and veg etc

Having more customers who spend more.

These are generally related to growth of the original business, i.e. one larger business, rather than diversification in a number of very small but different businesses.

Q15. Are you happy with the electricity prepayment system?

Yes, all very happy. Need more vendors though and they thought that these were being organized.

Q16. How many of you wish to expand / diversify your businesses?

- Hairdresser wishes to sell electricity
- Fruit and Veg seller wishes to get container for phones
- Spaza and Shabeen want to buy more fridges.
- Some mentioned getting a container to expand premises for their businesses. (R8000 average price of container).
- The sewing lady mentioned making another room on her plot to make business bigger and separate from her house.

Q17. If the Council provided business plots will you be happy to move your business?

Yes, certainly, providing it is safe and secure for us to leave our goods there.

Q18. From the point of view of business training, what needs do you have?

- Skills training in sewing
- Computer skills training
- Basic book keeping and arithmetic
- Business planning and scheduling

5C.2: MOTIVATORS AND ENABLERS FOR SMALL BUSINESSES ESTABLISHED AFTER ELECTRIFICATION (FOCUSING ON SMALL/MEDIUM BUSINESSES)

Aim: To investigate and understand the motivators and enablers for small businesses established after electrification (focusing on small / medium businesses)

Thursday 18th November 2004

Chris introduced the project and the purpose of the group meeting. He then asked everyone to introduce themselves and their business, and to say when their business started.

Participants: Owners of MEs

	Business establishment date
• XXXX: Meat Brai at the circle,	April 2004
• XXXX: Sausages / Chicken pieces	Feb 2004
• XXXX: Medicine (pre-electrification)	May 2003
• XXXX: Chicken pieces	Sept 2004
• XXXX: Spaza / Fruit & vegetables	June 2004
• XXXX: Cash loans	May 2003

[Although this meeting was intended to be with businesses established after the electricity was connected in December 2003, two of the businesses indicated that had been started in May 2003. Note that neither of these businesses were identified during the pre-energisation sweep or quantitative interviews last year - these are only snapshots over a very short period of time (max. 1-2 weeks) and are unlikely to locate every business in the survey area as owners are often away for periods of time]

Q1. Why did you start your business?

Cash loans business had been started because his family was suffering - he had been working on contracting but now there were no jobs. He would be using his own money for lending (we did not probe this any further in an open forum). All others said they were unemployed, and XXXX said that both she and her husband were unemployed.

Q2. How important is your business in terms of household income?

Yes, it's a very important source of income for all of them. Only other income mentioned was child grant (most of the group had this).

Q3. Why did you start the particular business that you have?

XXXX and XXXX both have fridges and can sell cold drinks. XXXX also said that she can now keep meat fresher and for longer; she also commented that she had anticipated that people might not want to cook meat at home so cooked meat was a good product with lots of potential customers.

XXXX (medicines) and XXXX (fruit & vegetables) said that they only needed very small amounts of money to start with their businesses e.g. you can start to sell fruit and vegetables by only buying a few boxes.

The idea of the cash loans business came because people in the community need money.

Q4. Has anyone had any training (in skills or business) for running their business?

No one in the group had any training.

Q5. Do you think training would help you in your business, and if so what kind of training / advice would be helpful?

Everyone said that training would help them in their businesses, and that they are particularly interested in knowing how to use money. Book-keeping and budgeting were of most interest.

Q6. Why do think some people in the community start businesses but others don't?

The group gave very practical reasons such as 'everyone can't have businesses' (i.e. there isn't enough customers in the community for lots of businesses) and 'some people are working'.

There was no perception of the skills needed for starting and making a success of a small business. The majority of businesses are established as a survival strategy (often copied from others) because these households are short of the cash needed to maintain their families in an urban setting.

The next part of the discussion focused on energy and the impact of electrification on their businesses.

Q7. When did you get electricity in your houses?

All said December 2003 (*which the project team knows is correct*).

Q8. How has the electricity affected your business?

All agreed that it had positively affected their businesses.

For cash loans, this was just lighting which meant that his customers could come in the evening as well as in the day.

It's impossible to keep food without electricity so this has helped XXXX, XXXX and XXXX – they can keep their meat much fresher and for longer and this means that there is less waste.

It's cleaner and cheaper to use electricity for cooking and ironing. It saves time.

Electricity is cheaper than paraffin – 10R of electricity can last 2-3 weeks whereas paraffin could cost 20R / week (4 litres lasts approximately 3-4 days, and costs about 2.5R / litre).

XXXX now uses a kettle to boil water for mixing the medicines and this is a lot quicker and easier than paraffin stove.

The group also mentioned that lighting in the streets had main a significant difference to the community. We explored this further.

Q9. How has street lighting helped your business?

Crime is a lot lower and those people that tried to rob small businesses can't hide anymore in the dark places at night.

XXXX makes use of the street lighting as she runs her braai business at the circle (from late afternoon to evening). This has allowed her to work for 3 extra hours each evening.

Q10. Are there any bad aspects to electricity?

No. We explored further to find out if any of the business owners had noticed extra competition for their businesses (our survey indicated that the number of businesses, particularly small spazas and tuck shops, and chicken pieces, had grown since last year).

Yes, there were more competitors for some of the businesses from our group, and there seemed to be more businesses generally in the community.

We had previously asked about when they started their businesses (see list at the beginning), and now asked about the equipment they used.

Q11. What electrical equipment did they use in their businesses?

<i>Business</i>	<i>Used in the business</i>	<i>Other equipment in the house</i>
Medicines	Kettle & stove	Iron, radio
Meat brai	Fridge	Iron, kettle, fridge, radio
Chicken pieces	Fridge	Iron, kettle, stove, TV, radio
Chicken pieces	Fridge	Iron, TV, radio
Fruit & vegetables		Iron, kettle, stove, radio
Cash loans		Iron, kettle, stove, radio [Surprisingly few TVs]

Another business came into the meeting at this point – XXXX runs a Shabeen

Q12. How important is electricity and electrical equipment to your business?

With a fridge we can keep ice cream, meat and drinks (project team noted that these businesses said that they were selling chicken pieces but they also make use of their fridges and sell other cold / fresh items).

XXXX uses her kettle to boil water for making the medicines and this is much better – quicker and easier.

Q13. What else is important to your business?

- Money for buying stock
- Customers – ‘you must have customers for your business’

Q14. Which do you prefer – running a business or being employed in a job? What are your plans for growing your business?

They would all like to grow their businesses but XXXX also indicated that if she could get a job instead then she would prefer this. Everyone else liked running their businesses because ‘you are the boss’ and can plan things yourself.

Ways of expanding businesses were:

- Keep more money aside so that they can buy bigger fridges (and sell more of the same but also expand their range)
- Expand the premises so that the business can be bigger

Q15. Most of you run your businesses from home at the moment, if a formal business area was set up would you consider moving? What would you need from a formal business area?

XXXX (fruit & vegetables) would move there but it would depend on the area being busy – there would have to be enough customers.

- Safe & busy
- Individual units that could be locked up by the businesses
- Toilets
- Availability of equipment for use by businesses or help to buy more equipment

Q16. Are your businesses growing at the moment?

Everyone said yes, and a number of people commented that they were now able to sell more of what they bought and there is a lot less waste (*because of more customers and fridges*).

Q17. How do you judge whether your business is growing?

Size of stock – if you are buying more stock then your business is growing.

Q18. Do you give credit in your business, and how does this work?

Yes, they give credit to customers they know and who have good record of paying back. Some customers do not always pay on time and this hurts their businesses. But, people in the community are poor and need credit sometimes – 'you can't not help them'.

Initial thoughts – putting the findings in context

The main problem highlighted in this focus group and others is that the small business owners have very little concept of the **finite market size** that the community offers – most are selling only to the internal market. Because the small businesses are a survival strategy, their owners do not have the knowledge that would enable them to recognise the need for and identify external markets (where relevant). Under these circumstances if the businesses are to grow there needs to be an inflow of cash from the external environment either through employed people (Mfuleni residents earning money outside the community and spending it inside) or by the businesses selling to people / communities other than Mfuleni (especially in towns or through contracts). The majority of businesses are either retail (spaza, chicken pieces, fruit & vegetables) or services; sewing is one of the few that 'manufactures'. Starting a small business as a survival strategy is an act of desperation and therefore the tendency appears to be to copy other businesses that appear to be, or are known to be, generating an income. The almost complete lack of skills training (amongst the business owners interviewed) means that the foundation that would lead to different types of business being established is missing. In addition, the level of risk that would be seen as associated with a new and unknown venture would be unacceptable to most of the households in Mfuleni.

5C.3: REASONS WHY SOME BUSINESSES HAVE CLOSED SINCE PRE-ENERGISATION

Aim: To investigate reasons why some ME owners have closed their businesses since pre-energisation

Thursday 18th November 2004

Participants: Owners of pre-energisation MEs that had closed (identified during the sweep)

[It should be noted that it was extremely difficult to locate respondents for this category since many of the shacks were closed up, the previous ME operators appeared to be away either working offsite, having gone to the Transkei or left Mfuleni permanently. The following feedback is only included therefore to be indicative since it based on just two respondents]

Welcome, Introductions and Explanations.

There was a brief welcome to the meeting including introductions for the participants and the project team members, and a short explanation of what the research was about and the purpose of the meeting.

Q1. What businesses were they running?

- Tuckshop (young male)
- Sewing (female)

Q2. When did you get electricity?

Both in December 2003

Q3. Did the coming of electricity affect the closure of your business in any way?

The coming of electricity had no affect at all on the closure of our businesses. The reasons were much more concerned with changes in family & household circumstances.

Q4. When did you close your businesses?

Both closed at the end of 2003

Q5. What things caused you to close your business?

- Sewing was closed because family conditions changed, there was illness and also she was not able to buy material (*lack of cash*).
- The tuckshop closed because there was too much debt, he had to give credit and there were too many people did not pay. Without cash he was unable to buy stock.

Q6. How did your market change after electricity?

No real change. A comment from the owner of the tuckshop was that he had noticed that people had a little less money for products and he thought that this was because they were having to buy electricity (*but in fact people were probably spending less on energy than they were before electrification*).

Q7. Will you start another business?

Yes both will do so – the same businesses - another Tuckshop and sewing business.

Q8. What do you need to start your businesses?

The most essential thing is money in order to buy stock to be able to start trading. The owner of the tuckshop also said that he would like to add another business, selling clothes.

Q9. Do you have electrical appliances for these businesses?

- Tuckshop – does not use any electrical appliances
- Sewing – electric sewing machine

Q10. Have you had any training, either skills or business?

Neither of them had received any training.

Q11. Where did you get the money to start your earlier businesses?

- Tuckshop – the owner had previously worked on a farm in Stellenbosch and had managed to save some money to start his business.
- Sewing business was funded by some money from her father's retirement package

The discussion was brought to a natural close at this point, as it was not thought appropriate to press for too much information from owners who were keen to run a business but had been forced to close due to personal circumstances.

The participants were thanked for their inputs.

5C.4: IMPACT AND VALUE OF SMALL BUSINESSES (PERSPECTIVE OF COMMUNITY MEMBERS)

Aim: To understand the impact and value of small businesses in the community from the perspective of non-ME owners (i.e. customers of the small businesses)

Tuesday 16th November 2004

Participants: Non-ME owners i.e. members of the community who are customers of the businesses in the community

Chris introduced the team and explained about the studies that we had been doing in the community. He explained that the purpose of the meeting was to try to better understand how they, as community members and customers, viewed the local small business and what value these had for the community.

The participants were asked to introduce themselves and write their name on a place marker (*unfortunately these were misplaced after the session together with the names of those involved*).

A map of Mfuleni (Phase 4) showing detailed layout with plot numbers was used to allow each participant to identify their own houses within the research community (*and to double check that all participants lived within the boundary of the research area*). Most people lived in the same area of Mfuleni.

Q1. Which businesses in the community are important to them?

The tuckshops are important when she has no money (only has a child support grant – 170R / month) because she is able to get credit. (*i.e. she is able to shop locally on credit rather than needing cash to buy goods in the shops / supermarkets in town*)

They identified the following businesses that they used:

- Top Ten Spaza
- Shwubada Spaza
- Hairdressers
- Dressmakers

Q2. Do you use the businesses closest to you or would you go to another part of the community or in Mfuleni?

They mainly use those shops etc which are close by because it is very convenient if you are in a hurry for something. (*also they are known by the shop owners*)

Q3. Can you get all the things that you need in the community? What things / services do you need to go outside for?

All said that they could not get everything they needed in the community. Examples of what they go outside for were:

- Clothes - the larger shops outside (in Mitchells Plain) have month end sales
- Furniture
- Bedding / blankets
- Electrical appliances
- Nappies
- Electricity (nearest vendor to Phase 4 is at the council offices – 2R return in taxi)

Q4. If you buy large items in town e.g. furniture, does the shop charge for delivery or would you usually transport it yourself?

The shop delivers for you but it cost a lot of money (150R) or for smaller items you can use a taxi but they also charge for each large package (2R and upwards depending on the size of the item).

Q5. How do you pay for things that you buy outside the community?

For large items such as fridges or furniture you can use lay bys (*instalments are made and then goods are delivered*) or hire purchase (*deposit paid – goods are delivery and then set instalments are paid for the agreed period – note interest rates are generally very high*). Might also pay by cash and always cash for smaller items and grocery shopping.

Q6. How do you pay the businesses in the community?

Mainly cash is used but sometimes they might also need to use credit.

Q7. Could you tell us how credit works in the community?

You have to be a good customer and that means that you must have used the shop many times already and paid for your shopping. There is usually an upper limit that the owners won't go over and the first credit has to be small. You must be very well know to the owner and live near by. If you have been loyal to the shop then this encourages them to give you credit.

Everyone said that it was easier to get credit now than last year – the reason for this was that the community was much closer now that people had lived there for more than a year and had started to get to know each other.

Q8. What is employment like in this area of Mfuleni?

Some people have small jobs (50-100R /day for odd days here and there). Some of the men are now working on contracting jobs e.g. building the project show house in the community. The group commented that the building of houses (when it starts properly) is expected to include skills training and some temporary employment. There was a general feeling that incomes in the community have risen a little bit since last year.

Q9. When was the electricity switched on, and what difference has it made to you?

Electricity was connected for all of them in December 2003, and it has been very good.

It is a lot cheaper. Paraffin was used before for lights, stove (water heating and heat) and cooking. This used about 3 litres of paraffin a week which costs 10-12 R / week (40-50R/month). All used electricity for lighting and all but one of the group used electricity for cooking (the one who did not, does have money to buy a stove yet). (*Note from the surveys - most peoples electricity bills seem to be in the range of 10-20R / month*).

The first purchases associated with having electricity were identified as kettle and stove (note that most people will already have a TV and radio which would have been powered by a car battery, and may some will have had dual gas / electric fridge / fridge freezer).

Everyone noted that the street lighting had brought positive changes in that there was more security at night and there was less crime than before.

Q10. Does this mean that they feel closer as a community since the electricity came?

Yes, they did feel closer (*this was obviously a genuine feeling expressed by the group however it may be more associated with the passage of time for this relatively new community*).

Q11. Do you think electricity has had any impact on the small businesses – what difference has it made to you as customers?

The things that are sold now are fresher and colder, and ice cream, ice lollies etc are now available (everyone had experienced the benefits of the fridges / freezers used by the shops). There was a comment that some things are now cheaper, especially in the bigger spazas now have month-end specials (*this seems to be a result of this shop being a franchise and can offer specials in line with the brand*).

Q12. Is there any other change to the small businesses?

The group identified that the shops were now open longer as they had electricity for lighting and it was now safer for customers to go out after dark.

As a closing question we explored their views on:

Q13. What you need to start a small business?

The key things that were unanimously identified were money (in order to buy stock) and goods to sell in the business. [*It is interesting how these are always the first components of small businesses that are mentioned by both owners and non-owners – without exception no-one mentions energy*]

The need for a business plan and business skills was also mentioned.

Chris then asked them about:

Q14. Why they had not started a small business?

The group clearly recognised that there were already a lot of businesses and therefore a lot of competition. They considered that it would be difficult to start another business (of the same type; however our observations are that there are already a lot of similar businesses) within this environment. Exploring this further opened up the idea that any new businesses need to fill a gap in the existing market rather just add more of the same. The participants identified clothes selling as a missing business and then more generally identified that new businesses should focus on things that people currently buy from outside the community.

Q15. Is it necessary to get permission from someone in the community before you start a new business?

The participants did not think that any permission was needed for starting a business. As a closing question, the participants were asked if they knew why people in the community were so reluctant to open bank accounts [*this had been identified as an issue from the answers to this question in the quantitative interviews*]. The answer given was clearly the same from all participants and it was that people were not working and so it would be difficult to pay in the required regular payments [*however this does not explain why some of the larger businesses which generate a surplus also do not have bank accounts*].

Chris concluded the meeting after this closing discussion and thanked everyone for their participation and interesting insight in the usefulness of the community businesses.

5C.5: CONSTRAINTS ON WOMEN RUNNING, GROWING AND DERIVING BENEFITS FROM A SMALL BUSINESS

Aim: To explore women's lives in the community and to understand any constraints there may be to running a small business and to deriving benefits from these businesses (i.e. what are the constraints affecting the growth of these businesses)

Thursday 18th November 2004

Participants: Female owners of MEs in the community

XXXX Sewing

XXXX Fresh chickens

XXXX Shabeen & chickens

XXXX Selling offal

XXXX Spaza (*found out later that she is helping with Spaza in the Mfuleni flats area and that her spaza in Mfuleni is not currently operating a business*)

XXXX Sewing

The aim of this discussion was to explore in more detail what is involved in women's lives in this community, what difficulties and constraints they face in running their businesses, and how these could be overcome. The approach had been tested for the first time during the pre-energisation qualitative work in Ngonyama (rural context) last year and was now used to better understand the situation of women in an urban setting. Most of the women spoke good English but Linda provided translation as required. The meeting was held at XXXX house as she needed to be at home in the morning to prepare the soup for the community soup kitchen being held later in the morning (this also happens at her house).

The approach taken was to talk about a full day in the lives of the women at the meeting to create a picture of how household and business requirements and tasks are integrated.

The following diagram displays the gathered information in the form of a snapshot of the daily lives of women who run both a household and a business in Mfuleni.

Table -: Snapshot of daily lives of women in Mfuleni (summary of views expressed by a cross-section of lady business owners)

TIME	TYPE OF BUSINESS					
	Selling whole, fresh chickens	Sewing (but also works as community volunteer)	Sewing	Shabeen	Spaza	Selling cooked affairs
4am	Gets up very early; goes to find the chicken sellers in the street (must get there early to get the biggest, live chickens)					
4.30am	Light wood fire outside to heat up water for cleaning chickens					
5am	Husband kills the chickens and removes the feathers;				Washes herself; goes out to buy fresh bread from the bakers lorry	
6am	Work together to prepare chickens for sale		Prepares the porridge for breakfast; also prepares children for school; washes herself	Men come early to the shabeen to drink (especially after heavy night of drinking!)		
7am	Work together to prepare chickens for sale – chickens ready for sale by 8am (Whole chickens 30R each)		7.30am One child leaves to walk to school for 8am	Washing herself and doing housework	7.30am Spaza shop opens	
8am		Starts to prepare the soup for the 'soup kitchen'	8.30am Second child leaves to catch transport to school	8.30am Creche transport arrives	Housework / selling in spaza	
9am	Housework including washing clothes, cleaning the house, cooking for lunch (especially in winter); an overriding message was that during this time business (and / or volunteer) activities are integrated with household responsibilities					
10am						
11am		Usually able to find some time for sewing but depends on other commitments /		Shabeen not so busy during this time in the		
Noon						

1pm		responsibilities	week but always busy at weekends		
2pm			On Fridays goes to buy stock for the shabeen (husband looks after shabeen – joint business)	<i>Brother goes to buy stock for the spaza</i>	2.30pm Affal seller arrives in the community; goes to buy stock for the evening
3pm	Children start to arrive home from school – all the ladies said that this is a very busy time for them and it is not usually possible to focus on the business unless it can mixed in with other household duties				Makes the fire and cleans the brai
4pm	Household duties, attending to the needs of the children and helping with homework (general indication that the children are quite demanding in terms of helping with homework – most of the ladies cannot share this task as they do not have a husband at home)				4pm Affal brai opens
5pm					Working at the meat brai (business located at home); also attends to house-hold duties
6pm	Cooking and eating dinner, and at the same time watching TV and helping children with their homework (some days). Also all the ladies said that they like to spend this time talking to their children				Puts out the brai; attends to housework as needed
7pm					
8pm	Children bedtime				
9pm	Only 2 of the ladies had a husband at home and they said they sat together for discussions or to listen to the radio. Other ladies said that they liked to have quiet time after the children have gone to bed – liked to read novels / listen to the radio [We were suprised to find that only one of these 6 ladies had TV in their homes]				
10pm	Bedtime (10pm or early in some cases / on some days)				

5C.6: MOTIVATORS AND ENABLERS FOR SMALL BUSINESSES ESTABLISHED AFTER ELECTRIFICATION

(2nd focus group on this topic – focusing on tiny ‘survivalist’ businesses)

Aim: To investigate and understand the motivators and enablers for small businesses established after electrification (2nd focus group on this topic – focusing on tiny ‘survivalist’ businesses)

Wednesday 17th November

Participants: Owners of tiny/very small businesses ONLY seen in post-energisation surveys

Welcome, Introductions and Explanations.

Denise introduced the team and explained about the studies that we had been doing in the community. She explained that the purpose of the meeting was to try to better understand why and how small businesses were established by people the community. *We also wanted to better understand the motivations of people for starting these tiny businesses and whether these differed from those expressed by owners of the larger, more long-term businesses)*

The participants were asked to introduce themselves and write their name on a place marker (*unfortunately these were misplaced after the session together with the names of those involved*).

Q1. What type of businesses were they running in Mfuleni?

XXXX Selling braai meat
XXXX Tuckshop
XXXX Selling fresh chicken pieces
XXXX Making up and selling medicines

All the participants were ladies.

Q2. Did you all live in Mfuleni before electricity came?

XXXX came after electricity and all others before.

Q3. How long has your business been trading?

Two have been operating since May 04 for and the others for a little longer. So all the businesses have only been trading for a few months.

Q4. Could you explain about your reasons for setting up a small business?

They were unemployed and there was no prospect of work. There were no other opportunities to get income, and they needed to feed themselves and their families.

Q5. Why did you start the businesses that you did?

Generally because they felt that these particular businesses did not require a lot of money to start. Also to do something that no one else is doing (*this is interesting as the surveys identified a number of businesses that were the same or similar to these – particularly selling fresh meat and tuckshops*).

Q6. We then asked them about the kind of products they were selling?

Tuckshop sells cold drinks, sausages, ice cream, and sweets.

The lady selling fresh chickens buys chickens pieces from the supermarket and sells these with a small increase in price (which varies depending on the size). She did the same business before moving to Mfuleni.

Q7. Could you tell us about the things that you needed in order to set up your businesses?

- Money
- Transport i.e. a means of collecting stock
- Energy – electricity for fridges and heating water
- Cell phone
- Place to trade
- Customers

You mention, transport and cell phones, can you say a bit more about these?

Everyone said that they use taxis and public transport for collecting their stock. Cell phones are also very important because they use this to order and arrange stock.

Q8. We then moved on to energy usage and asked about the energy equipment / appliances that they use for their businesses?

Tuckshop	Fridge
Chicken pieces	Fridge
Braaied meat	Braai (cooking with wood) and a large pan
Medicine business	Kettle to boil water (plus empty bottles and buckets)

Q9. Was it difficult to get the electrical appliances and equipment for your businesses?

No, it was not easy as they had very little money. They all said they paid cash and bought using the lay-by process. One person said that they were paying off their fridge monthly (*this is HP, where the appliance is delivered prior after payment of a deposit rather than lay-by, where the goods are delivered after several months when full payment has been made*). Everyone bought their appliances in Cape Town.

Q10. How has electric lighting been for your business?

Good. Also extended trading hours. Tuckshop opens earlier and stays open longer in evening in winter. Street lighting also good for stall sellers on circle and good for other business. Makes people feel safer. Crime less. People also move around more.

Q11. Do you have any thoughts about growing your business? And if so, which elements (money, premises, energy etc) do you think most important to grow your business?

Yes, they all said that they would like to.

- Money to invest to be able to buy more stock would be the main limiting factor.
- We consider that we have grown if we can add extra separate businesses to the existing one

- Separate premises so that the business space is physically divided / separated from the house (living space)
- Need to have better premises
- Buy a second fridge

Q12. How are you planning to grow your businesses?

None of them had any specific thoughts about planning growth, and although they would like to grow, not really sure how to.

Next we wanted to explore their perception of the customers available within the local community of Mfuleni, and to see if there was any understanding of the finite market available for lots of very similar businesses.

Q13. Do you think there are enough customers in the community to grow your businesses?

Yes we think so. When we discussed this amongst the group, some were less sure about this. *(They recognized that there were a lot of businesses now and that many of these were the same)*

Q14. Since electricity has come are there more businesses? Do you have much competition for your particular business? Are your customers local or from outside the community?

Yes, there are more businesses, in particular Shabeens and sewing.

No, they did not feel that the competition was strong.

Yes, all said their customers were local apart from medicine business – she is selling outside Mfuleni community.

Q15. How do you promote your business?

Notice boards are put on the outside where the business takes (e.g. on their gates or houses) – advertising. Word of mouth e.g. people telling each other that so and so has cold drinks available or fresh meat etc

Interviews and focus groups had previously identified that the credit provided by the local businesses was an important source of short term financial assistance to community members. This was investigated here.

Q16. Do you give credit to your customers? If so, do you have any bad debt problems and what happens when customers do not pay?

Yes we have to give credit as many customers need credit to be able to buy things especially for buying food.

Another said yes, we give credit and they *(some people)* take too long to pay.

If people do not pay then we have to fight for the money and sometimes we just lose it. Sometimes some customers threaten us if we chase them for their debts (particularly some of the men).

We also wanted to understand the availability of training for small businesses.

Q17. Has anyone been involved in any training courses? Do you know of any training that is available to small businesses? What training do you need?

No-one had been on any training courses.

No. They did not think there was currently any training in Mfuleni for small business.

Do not know; perhaps on money management and budgeting.

(The last comment further supports our evidence that there is a general lack of money management and budgeting skills within households which also adversely affects many of the businesses – we have also seen this in the Eastern Cape community; cashflow issues and the inability, for purely day-to-day financial reasons, to separate house and business finances has been repeatedly given as the reason for closure of a business)

Q18. What difference does your business make to your household?

All said that it is very important. We are able to feed ourselves and our families. Also, we do not have to borrow.

We finished off with a key question about their preference for running a business or a having a job?

- 3 said that they would prefer a business because they then have control and money.
- 1 preferred to have a job because running a small business was hard and you have to have money to keep the business going.

The meeting was closed with thanks to the participants for their valuable inputs and insights into running a small business in Mfuleni, and wishing them all the best for their businesses.

5C.7: REASONS WHY BUSINESSES ARE DOING LESS WELL THAN THEIR OWNERS WOULD LIKE I.E. PERCEIVED IN THEIR EYES AS ‘FAILING’ OR ‘UP AND DOWN’

Aim: To understand why some businesses are doing less well than their owners would like i.e. perceived in their eyes as ‘failing’ or ‘up and down’

Wednesday 17th November

Participants: Owners of businesses that are known to be failing (from sweep / interviews) or that are not meeting their aspirations

Chris introduced the team and explained about the research in the community. All the participants also introduced themselves and their businesses.

XXXX Chicken pieces / Shabeen / Spaza
XXXX Spaza shop
(this lady is living at XXXX but the spaza that was there last year was closed - later found out that this lady is helping to run a Spaza in the Flats area of Mfuleni – the family plan to re-start the XXXX Spaza next year)

Q1. Why did you start your business?

Both said that they and their husbands are not working (both had a disability grant in the household) so they needed to supplement this income.

Q2. When did you get electricity and did you have your businesses before this date?

All got electricity in December 2003 and had their businesses before this date.

Q3. How has electricity helped your business?

General comments were that electricity has helped a lot – they used to have candles before but can now use electric light and that electricity is cheaper than the fuels used before.

We then explored how they are using the electricity.

Q4. What are you using electricity for in your businesses, and which appliances are you using?

Spaza Fridge, electric lights
(but the spaza being run by this lady is not in research area)
Chicken pieces / Fridge, music, electric lights
Shabeen / Spaza

They were asked how their businesses were going and the two that were operating (note: one is not in our area) said they were doing well.

Q5. How do you judge whether your business is doing well and are they?

XXXX said that a lot of customers are coming to her shabeen now to drink cold beer. The shabeen has grown but there are a lot of people selling chicken pieces (a lot of competition).

XXXX said that her spaza (note: she is talking about the spaza in the Mfuleni flats area) is doing well but the only growth is in soft drinks and not in groceries – these are not doing well because there are also other shops. The other shops are bigger and have grown since electricity.

Chris said that it seemed to be that selling cold drinks and beer has grown because of fridges but other parts of their businesses have gone down because of increased competition. They agreed that this was the case.

Q6. What makes it difficult to do business in Mfuleni?

Everyone agreed that transport was very difficult (i.e. getting stock is time consuming and expensive).

A key issue with many of the businesses in Mfuleni and Ngonyama is the provision of credit to customers who are then unable to pay these debts. This causes difficulties for the business owners in that it reduces the cash available for maintaining stock levels.

Q7. Do you give credit in your businesses? Has this changed at all since last year?

Yes, all give credit and most people pay when they said they would (this is generally at the month end, on other pay days and when pensions / grants are collected). Some people are not paying their debts but this is no different to last year.

Q8. What would you need to grow your business?

More stock, bigger premises and also interesting in learning more about how run a small business (money management).

Q9. If you were able to get some investment for your business (say 2000R), what would you do to grow your business?

XXXX said that she would extend the size of her shop / shabeen and hold more stock (different things and bigger amount).

XXXX said that she would expand the variety of stock that she had (*note that this lady has had training in Khaylitscha on how to run a spaza including handling the business, budgeting, and money management*).

The interviews had also identified that most of the businesses do not have a bank account (either personally or for the business). We asked about this.

Q10. Why do most people not have a bank account?

People are afraid to open bank accounts as the government will know that you have a business. You are not allowed to have a job or a business if you are receiving a grant.

5D: MFULENI YEAR 2 POST-ENERGISATION QUALITATIVE MEETINGS AND EVENTS

5D.1. VISIT TO SMALL BUSINESS WEEK – CAPE TOWN 31 OCTOBER – 2 NOVEMBER 2005

This exhibition sponsored by the Department of Economic Development, City of Cape Town, was attended by Chris Hazard from IES to gain a broader insight into support facilities for micro enterprise. The main elements of the exhibition were as follows:

Seminar Program for Small Business

This consisted of a series of training sessions, presentations and workshops for small business proprietors for a modest charge to delegates. Subjects included such matters as business plan preparation, business opportunities, electronic business tolls and the Web, life skills, small business taxation, market research, marketing and exporting.

Exhibition

The exhibition took place in association with the Seminar Program in one of the exhibition halls at the Cape Town International Convention Centre. Major exhibitors included City of Cape Town, Red Door, Wesgro, several SA commercial banks and a host of small business support service providers. Plenty of brochures were available for attendees and the exhibition appeared to be well attended.

Contacts made

Contact was made with the following bodies and details of the ME: Energy Impacts Project were discussed and a summary document of the project was left with them:

- City of Cape Town: Economic Development Directorate
- Red Door: Small Business Support Body (*see later visit note*)
- Standard Bank
- ABSA Bank
- WESGRO: Western Cape Development Agency

Literature

A wide range of literature and brochures was available and the following were collected:

- Red Door
- Various consultancy and small business training services
- City of Cape Town Economic Development Dept.,
- WESGRO
- Various Banks: Standard, ABSA, First National

- BIZ Network: FN Bank
- Provincial Govt: Dept., of Social Services and Poverty Alleviation
- Women supporting Women Netwprk (WSMN)

Business Week Newspaper

There was a broadsheet newspaper with various articles about small business development with advertisements for various support services. The articles

included:

- Message by the Mayor of Cape Town and the Chairperson Finance and Economic Development
- Advice and tips on starting a business from scratch, business opportunities, case studies, black economic empowerment rules, what a website can do for your business, is Sunday banking the owner for business owners, printing, retirement planning, health hazards at work, how to make product guarantees work for your business, how to cut overheads, time management, business school bursary's, Govt., fund lags behind on loans funding, licensing to access new markets, networking, awards, skills shortages and finance to expand your business.
- There are a large number of advertisers including Telkom, Sasol, Engen, Sanlam, Enablis Consultants, ABSA, Standard Bank, Fiat Commercial Vehicles, MWEB Services. Renault Commercial Vehicles, Old Mutual, SAP Computing Services, Hewlett Packard, Red Door, City of Cape Town and numerous small services providers.

Commentary

In relation to the micro enterprises in Mfuleni, none of them asked, knew anything about the seminar or exhibition. This was because the primary focus of the event was small rather than micro businesses. This raises an important matter for consideration by the local development agencies and Cape Town City Council regarding the relevance and role of micro enterprise in growing small businesses.

It would appear that consideration needs to be given to this issue and the allocation of more resources to micro enterprises, especially those that have potential to grow and contribute to livelihood creation for the poor.

The visit to the exhibition and conversations with a wide number of the relevant exhibitors did enable some additional contacts to be made for members of the project team to hold meetings with the local important players to communicate the project and gain further contextual input regarding enterprise development in Cape Town and how it might impact Mfuleni, the target rural community investigated.

5D.2. DISCUSSION MEETING – REAL ENTERPRISE DEVELOPMENT (RED DOOR), CAPE TOWN

15th November 2005

Meeting with: Olivia Dyers, Manager of RED Door
Mr. Martinas – Renewable Energy & Economic sector development

Aim: To introduce our project and some of the early findings and observations that may be relevant to the work of RED Door, and to understand more about the aims and operations of the RED Door organization.

Denise introduced the project and gave a brief overview of some of the early analysis results from both Mfuleni and Ngonyama. Olivier indicated that another person who may be interested in the results of the project would be Belinda Piertree from the international NGO, One World.

She confirmed that the level of micro-enterprise that was present in the communities was generally only 'survivalist;' and introduced a new but very descriptive term for the owners of these businesses – '**necessity entrepreneur**'.

The discussion then focused on the availability of business support services for micro and small businesses, and particularly sources of financial assistance (*during the survey work and subsequent discussions with business owners and stakeholders, it became clear that there was a complete lack of knowledge regarding micro-finance and no-one that we had spoken to knew where to go for small business loans*).

Olivier explained that there were several sources of finance for businesses:

- **KHULA Enterprise** (part of the DTI) – operates as a wholesaler of finance to banks, retail, financial intermediaries; it acts within the commercial and banking sector and is therefore governed by strict rules and procedures
- **INTSIKA** (closely linked to the Department of Economic Development & Tourism) – is a national organisation established under the Small Business Act and administered through the local SMME offices (see interview notes for Ngonyama Yr2 Post-Energisation Qualitative – Mr Pathi Takota); she indicated that their funding was not constant and often very late (*which has been putting people off applying*)

Another source of local advice to small businesses is through the Local Business Service Councils. These tend to rely on NGOs for outreach and therefore the emphasis is towards social rather than on business development skills. The funding for small businesses is diluted with other funding; this results in a loss of focus and competing priorities. In addition, these offices often have very few resources for the large areas that they serve.

In 2003, the small enterprise development agency (SEDA) was established (*see additional notes from pamphlets*).

To date, Red Door has only been established in the Western Cape to provide 'primary health care' for businesses. There are currently 9 offices at present although 35 are planned in total. Expansion has been halted in order for the effectiveness of the delivery to date to be fully evaluated and for changes to be made to the delivery mechanism. It has already been established that the requirement for business owners to make an appointment once they have made contact with a centre was not appropriate and that a more immediate 'reactive' service, together with mobile facilities, would be far more suitable.

In 2005, Red Door has been allocated 2 million Rands of funding for whole province. The offices in the area where our project is working were all opened in Nov 2004:

Mitchells Plain / Khayelitsha / Atlantis

The Provincial Department of Enterprise Development is currently funded with 20 Million Rands however they are expecting to be able to secure additional funding to further develop the programme.

Each Red Door office provides free advice and non-financial support to small businesses, and employs a Manager, a Receptionist and 2 advisors. These offices are also able to assist 'unbankable' (*i.e. those who not be eligible for loans from traditional sources that require collateral*) clients to identify suitable financial support. The number of people visiting each of the current offices had far exceeded the expectations (15 000 over 9 offices in the last year) and there were plans to increase these numbers. There is a current programme to train the trainees to ensure that there are sufficient staff available to provide mentoring to Red Door clients (micro-enterprise owners and prospective owners).

There is a growing political will to focus on small business support. Local councils are major spenders and so could leverage off this procurement opportunities to promote small businesses and their products. There is also an opportunity to stimulate the business service providers sector through the use of a voucher scheme, whereby small businesses are able to access advice and services to a specified value from a wide portfolio of training and service providers. These vouchers are available to anyone who comes to one of the Red Door offices (and a small number of other organisations). There is also a plan that each of these offices will offer a basic training course for micro-enterprise owners once a month. Currently, the offices and the organisation in general do not undertake much advertising / marketing (*this may in fact explain the lack of visibility of Red Door within the community, and amongst micro-enterprise owners and local stakeholders*).

There has been a recognition that small businesses are often not in a position to bid for para-statal / government tenders, and 10 million Rands have been made available to improve their access to information and bid rate for small businesses. Red Door is currently examining the Canadian model of a 'business space' – operating space and market space – as a useful future approach. They are also developing a new relationship with the Department of Labour's Sectoral Education and Training Authority (SETA).

There are a number of positive changes that will act to drive development of the SME sector and the associated support services. The macro-economic strategy for the province is now in place. There is a growing network of Local Economic Development Officers (*one of our interviews in the pre-energisation phase was with Patrick based in Mfuleni*). There is also an expanding Public Works programme that will involve skills training. The '1000 by 1000' initiative has been devised to support 1000 people (and tiny businesses) with innovative ideas and business proposals with a grant of 1000 Rands.

5D.3. DISCUSSION MEETING – ENERGY RESEARCH CENTRE (ERC), UNIVERSITY OF CAPE TOWN

Bill Cowan & Gisela Prasad

16th November 2005

Aim: To provide an outline of the project and the analysis / preliminary findings, and to explain the aims of the stakeholder workshop (*being held on 8th Dec 2005 to which ERC are invited*).

ERC are managing the rural component of the Sustainable Energy, Environment and Development (SEED) Project that involves work on Integrated Development Planning (IDP) and Integrated Energy Centres (IECs).

In rural areas, SEED focuses on energy and environment issues in the context of rural development. The entry point is the end-user's need for energy services, with a focus on the capacity of communities and their service-providers to integrate sustainable energy solutions into socio-economic development. It works in selected rural districts in Eastern Cape and Northern Province in co-operation with local government, non-governmental and civic organisations as well as provincial and national energy planning and supply agencies. The main partner organisation is the Environment Development Agency that is well established in both provinces. Backed by the programme, the SEED Advisors will develop local sustainable energy action plans, conduct information campaigns for local end-users and train local authorities, NGOs, and other service providers.

They have also been involved in an assessment of the impact of the free basic electricity (FBE) provision in South Africa. This has examined whether and how FBE has influenced the livelihoods of poor households in urban, peri-urban and rural communities:

- Durban (urban)
- Bloemfontein (peri-urban)
- KwaZulu Natal (3 rural communities)

Gisela commented that their surveys had not uncovered any micro-enterprises (*this is possibly because much of the energy provision was through solar power and the level of supply provided may not be sufficient to run fridges, freezers, sewing machines, irons or other equipment which we have found to be the basic assets of most small businesses in the communities*).

Possible route for publication / dissemination of the findings from our project could be the *Journal of Energy in Southern Africa* and also in the *Energy Management News* produced by ERC.

Bill Cowan confirmed that he would be attending the workshop on 8th Dec.

5D.4. DISCUSSION MEETING – ESKOM (EDGEHEAD)

Participants:

Danie Pienaar	Sales & Marketing Manager
Thandi Nkonzo	Community Development Officer (recently joined – 7 months)
Lindwe Byeala	Social & Economic Development Officer (will be leaving shortly)
Andre Kuhn	Electrification Manager
Bassie Basson	Delivery Controller – Vending
Andre Louw	Commercial Energy Advisor

A brief meeting was held to discuss the initial project findings. Issues of relevance that were raised included:

- Upfront vending
We raised issues regarding the problems that the micro-enterprise owners and community members had highlighted to us in both the urban and rural communities.
- Minimum purchase of electricity is 10 Rands

Arrangements for holding the stakeholder workshop at Edgemoor (kindly offered by Eskom) were also discussed.

5D.5. COMMUNITY FEEDBACK MEETING, MFULENI - 7TH DECEMBER, 2005

No notes taken here

5D.6. STAKEHOLDER WORKSHOP – ESKOM MARKETING CENTRE, CAPE TOWN

8th December 2005

Those present:	Dr D.Banks Andre Louw Andre Kuhn Thandi Nkouzo Bill Cowan Thembinkosi Sigander Roben Penny	RAPS Consulting Eskom Distribution Eskom Electrification Eskom Economic Development Energy Research Centre, UCT Economic Development, City of Cape Town ME Training Consultant
Project Team:	Denise Oakley (<i>Project manager</i>) Paul Harris Chris Hazard	Future Energy Solutions, UK IES (Pty) Ltd IES (Pty) Ltd

Matters Presented :

The following matters were presented to the stakeholders:

1. Overall aims of the project and why these are of interest.
2. Study approach and methodology
3. Measuring change – quantitative results and summary of findings
4. Qualitative results and summary of finding
5. Key findings and implications

During the above presentations and associated discussions a number of questions were raised for clarification that were answered. In addition a number of relevant observations and further topics for consideration by the research team were raised, namely:

- Is it possible to vend electricity from cell phones in rural areas?
Not yet but it is coming.
- In the rural sample did ME operators take into account replacement cost of vehicle.
No.
- Were there any village banks, similar to those in Ghana in the rural; area researched?
While there were people making loans at very high interest there was no 'village bank' lending at interest rates typically around 4%.
- Would ME's have been created and/or grown without electricity?
We believe no.
- Has oil price impacted in the rural area?
No not so much on taxi fares but certainly on higher price of paraffin which now makes electricity highly competitive.
- A potentially important externality in the first year of post-energisation surveys in the rural area (Ngonyama) was the removal of all Disability Grants (due to perceived widespread fraud). During the year 2 post energisation surveys many of these had been allocated again following re-application.
- Did the research investigate electricity fraud/theft?
No, not focus of project.
- Was the impact of Aids on ME investigated at all?
Not directly researched or a subject on which questions were asked directly. A number of the

reasons given for business closures appeared to be linked to business owners 'going away' or 'having gone away' (in general back to their homes in the Eastern Cape). A few people in a small number of MEs / their household were observed to be ill in both the urban and rural sites and this may be AIDS related.

- Some of the big ME's linked to a wage earner in the family who invests necessary capital to fund and sustain growth of the business. Participants agreed that they had also observed this elsewhere.
- It was also considered important that as well as the quantitative and qualitative data, results and findings, the project has also provided a standardised methodology for measuring impacts of modern energy on ME that may be useful for other researchers. Details of the finalized methodology will be available, together with many lessons learned, in the Final Report.

Facilitated whole group discussion of following key topics:

Who should receive project results/findings and how should they be presented?

Given that a key project deliverable will be a maximum of 4-5 Technical / Policy Briefing Notes, the audience was asked to indicate those target groups for whom the project results would be valuable. Particular attention still needs to be given to 'what messages' need to be communicated.

The following key groups in South Africa were suggested:

WHO:

- Government, Dep. President (who has special portfolio for Econ. Dev) and relevant Government Ministries namely: DTI, Finance, Labour, Local Govt, Environment & Tourism and DME.
- Provincial and Local Govt Economic Dev. Departments
- SALGA
- REDS/Eskom/ NER
- PPC's - Energy, DTI, Econ. Dev.
- Relevant political forums" Cosatu/ANC/DP etc
- Academic and Research Community
- Relevant commercial business – appliance suppliers/ Franchise Assoc of SA/ Banks
- Business Service Providers, Business Training, Cell Phone Companies/Micro Finance providers etc.
- ME Business Support Agencies e.g. Red Door
- SA Dev Bank
- Non Grid Concession Operators
- Relevant NGO's and Community-based organisations (CBOs) – Women's self help groups, Learn to Earn, faith-based groups etc

Key international bodies to be advised are UNDP and the Global Environment Facility (GEF) who have a remit to remove barriers to the effective and efficient use of energy (including electrification), including stimulation of private sector involvement and small business development.

WHAT:

(note that point 1. below falls within the current project; points 2 – 7 will be used to inform potential follow-on dissemination activities for which funding will be needed)

1. Brochure with concise information and messages for different audiences. Bullet point format. *(this will be one of the key outputs from the research project)*
2. Manual / detailed guidance on development of micro / small business based on the findings and insight from this project

3. A mechanism needs to be developed for reaching ME's (*with relevant messages*) on the ground by leveraging the existing communication routes of other parties e.g. through local newspapers / community-focused radio shows. This may also require additional 'train the trainer' initiatives to ensure that there are sufficient people available to advise / support micro & small business owners with the findings / messages derived from this study
4. Presentations to institutional organizations / Govt officials / donor agencies & development banks, etc.
5. Standard presentations for use by others e.g. those involved in the stimulation of small (*these will need to be carefully tailored to the presenter groups and their proposed audience*)
6. Take the findings / messages around South Africa – 'road show'
7. Presentations at Small Business Conferences.

What are the barriers to mobilising modern energy for ME's?

This discussion focused especially on the reasons why so little production / manufacturing enterprises might have been observed during the research; what were the key barriers that were preventing this type of enterprise developing and / or using energy as a means of increasing the efficiency of production / manufacturing. The following barriers were identified:

- Structure of SA economy i.e. developed economy already producing at low cost
- Lack of access to credit
- Not aware of possibilities of using electricity for ME. Knowledge of the possibilities of using electricity for processing, machinery etc
- Cheap Chinese imports. Crafts
- Capital intensive and lack of access to capital
- Barriers to entry are high relative to retail / some service businesses
- Transport costs for access to market
- Higher input costs Rural to Urban
- Hard to compete – similar products produced cheaper
- Lack of marketing skills – market understanding, market research, trends etc
- NO AGRO PROCESSING in rural area noted. (This was considered very worrying by a number of the participants; had also been observed by some during their own current projects)

What policy and practice changes and new institutional relationships are needed?

- Promotion of elec. based businesses at the time of electrification plus the development and use of brochures that promote different ways to use electricity (*this may stimulate new business ideas based on processing, machinery, etc*)
- A competition for new ideas and success stories of micro / small businesses
- Change Agents to pull service into community and mobilise community OR Empower community directly
- Multi purpose community centers (*the meeting was informed that these may be a useful route for promotion of electricity use and for reaching micro / small business owners*)
- Provision of very local business support services – fax, photocopying, PC's, internet access, etc (*these services are being provided through several of the pilot Integrated Energy Centres*)
- Co-ordination between all players with a role in electricity provision AND small business development, support, etc
- Greater accountability for delivery among all stakeholders/players; KPI's in job contracts should be focused on delivery. What gets measured gets done.
- Common Vision as a driver versus individual benefit
- Discipline and adherence to rules and instructions
- Greater access to and more efficient appliances

5E: NGONYAMA PRE-ENERGISATION QUALITATIVE – FOCUS GROUPS

5E.1: ENERGY USAGE, EQUIPMENT SELECTION AND COPING STRATEGIES (PRE-ELECTRIFICATION)

Aim: To explore energy usage, equipment selection and coping strategies for small businesses

Tuesday 18th November 2003

Lead by: Paul Harris
Notes taken by: Denise Oakley

Community participants (current energy users):

XXXX Spaza
XXXX Spaza, Bricks, Potatoes
XXXX Sewing

Paul introduced the purpose of the project and today's meeting. He indicated that we would be looking at their various businesses to look at the different types of energy and how these are used. We will also be discussing what impact electricity might have and what their thoughts were on the changes this might bring for their businesses.

Q1. What energy is used? And how?

Paul asked the participants about the energy that each of them use in their business and what it is used for.

XXXX uses LPG for fridges, and a petrol generator for lighting, grinding & welding and for pumping water from a borehole. He does not use paraffin but does sell it in his shop.

XXXX uses a hand sewing machine and uses paraffin for lighting – she does not sew at night.

XXXX uses LPG for fridges and lighting, and also uses paraffin in a fridge (DO note – **not sure if this indicates dual LPG-paraffin fridge**). He indicated that it is better to use LPG for the fridge as paraffin is not capable of producing freezing on hot days. The paraffin fridge is OK for keeping cold drinks.

Paul indicated that petrol is also a fuel – XXXX and XXXX both said that they used petrol for transport to wholesalers and markets (Queenstown) and to bring back stock in bulk.

LPG gives a brighter light than paraffin. XXXX said that the generator produces a much brighter light (good quality light).

Q2. Where and how do you get this energy from? Are there any times when this energy is not available?

XXXX and XXXX get LPG and paraffin from a wholesalers in Queenstown. LPG is not available in the afternoons and at night, and during Holidays. XXXX cannot get LPG on Sundays in Queenstown.

Q3. What changes will there be with electricity? What would stop you being able to use electricity?

XXXX cannot sew quickly with a hand machine and cannot work at night because the light is not good. She only has a hand machine so will need money for a new electric machine and overlocker.

XXXX uses a generator at the moment for welding and plans to switch to electric generator. Suppliers will provide tall fridges for cold drinks when the electricity is switched on. He would like to create more businesses. He already owns an electric welder and a number of electric fridges.

Paraffin was considered to be an important backup to power failure (from both the using and selling perspective). Sunlight was still considered important for outside work e.g. providing good working environment for making bricks. XXXX will select paraffin as his backup for lighting for his business because he is already selling this.

Q4. What about the cost of electricity vs other fuels?

XXXX expects an electric fridge to be a lot cheaper to run than an LPG fridge.

XXXX also thinks that an electric fridge will be cheaper to run than LPG, and it freezes things more quickly. Also electrical appliances are cheaper to buy and operate. An electric fridge stops automatically but you have to stop an LPG fridge manually. He anticipates extending his opening hours when the electricity is switched – petrol for the generator is more expensive than using electricity for lighting. He will be able to use lights for longer (evening opening hours).

XXXX used electricity in Cape Town for light and sewing, and so has experience of the improvements it brings.

5E.2: MOTIVATION FOR ESTABLISHMENT AND GROWTH OF SMALL BUSINESSES (MEDIUM / LARGE BUSINESSES)

Aim: To explore motivation and enablers for establishment and growth of small business (first group on this topic)

Thursday 20th November 2003

Lead by: Paul Harris
Notes taken by: Denise Oakley

Participants (owners of medium / large businesses in the community):

XXXX Small spaza
XXXX Selling sweets, snacks and wire wool (*actually only a small business*)
XXXX Sewing

Also invited were XXXX (Taxis / Tractor hire), XXXX (daughter of spaza owner who was ill), XXXX (selling household linens) and XXXX (car repairs)

Paul introduced the project and explained what the session would be discussing. He also thanked them for attending and assisting us with important aspects of our work.

He started off by introducing definitions of different types of business – retail, service, manufacturing, commercial farming, etc – and then asked them to introduce themselves and say what type of business they were doing.

Q1. Why do you think that people set up businesses?

XXXX said that there are no jobs for people – they have got children and need to pay school fees and look after their house.

XXXX used to work in Cape Town, she opened her spaza using money from a pension (*disability not old age*).

XXXX said he had to be the business for living.

Q2. Why did they set up their particular business?

XXXX was interested in sewing and already knew how to do this.

XXXX was waiting for her pension and thought about whether to open a spaza.

XXXX said that he only had a little money so could only buy sweets, snacks and steel wool.

Q3. Why do some unemployed people not set up a business?

All people are different so some are not motivated for business.

Q4. Are people looking to set up new businesses in the community?

XXXX commented that she thinks her spaza shop is increasing (growing) and so she is looking for new businesses (*means looking for new products to sell*).

Q5. Have there been any new types of business opened in the last 6 months?

They didn't think so but suggested that if someone could open a butchery or a fruit & vegetable store then this would save taxi fares to Queenstown (*however this would also generate increased competition for the existing shops that already sell these items*)

Q6. To start a small business, what do you need?

The following list was created as a result of a short discussion (then each person was given 4 stars and asked to allocate each to their top 4 'enablers' of small business):

	Star scores (12 in total)
Cash / money	* * *
Training (<i>'without this business will go down'</i>)	* * *
Equipment (<i>e.g. fridge, sewing machine</i>)	*
Transport (access to or your own)	*
Energy	
Water	
Phone (<i>i.e. cell phone</i>)	
Customers	*
Stock	*
Premises	* *

Q7. How do you measure the success of your business against those of others?

XXXX said that if she had more customers than other shops but they also had stock available for buying, then she would be doing better than the others

XXXX identified profit as her measure – she knew that she was doing well because her profits from the sewing business had enabled her to expand into selling ready-made clothes and shoes.

XXXX indicated that it was the profits from the snacks and biscuits that was enabling him to buy other things to sell (e.g. steel wool).

5E.3: PURPOSE AND VALUE OF SMALL BUSINESS TO THE COMMUNITY

Tuesday 18th November

Lead by: Denise Oakley
Notes taken by: Paul Harris

Community participants (who are not ME owners):

XXXX
XXXX
XXXX
XXXX
XXXX

Introduction: Name cards were handed out and everyone wrote their name. Cool drinks were also given to each of the participants and biscuits were available during the discussion.

Background to project given – role of electricity in starting and growing a small business.

Our team introduced – Denise UK, Paul SA.

Q1. Ice-breaker map exercise – Can you “find your house on the map” and tell us which small businesses do you know of / use that are nearby?

For house owners in Area 10 – XXXX and XXXX

Identified MEs:	XXXX	Aprons & underwear
	XXXX	Mats
	XXXX	Dressmaker

For house owner in Area 9 – XXXX

Identified MEs:	XXXX	Spaza
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For house owners in Area 7 – XXXX and XXXX

Identified MEs:	XXXX	Spaza
	XXXX	Dressmaker
	XXXX	Spaza

They also identified several MEs in Area 5:

XXXX	Dressmaker
XXXX/XXXX	Curtains etc
XXXX	Spaza

Q2. Where did you used to buy things before there were shops etc in Ngonyama?

All the participants were born in Ngonyama and before there were businesses in the community they used to purchase all goods in Queenstown

Q3. Why do you buy locally?

The main benefit of purchasing locally is the availability of credit. If there is no money – they can buy on credit (but not possible to do this in Queenstown where cash is always needed).

Credit is considered valuable, but they have to pay a bit more. Although they know that this harms them (costs more overall), they do still purchase on credit

Q4. How does the credit system work?

If they buy on credit, then interest is added on top. But if you pay back early (*i.e. on time*) then there is no interest charged.

When do you pay back and why?

They pay back at the month end when they receive their child grant, or sometimes weekly / end of the month if there are other incomes (e.g. wages).

Q5. What is not available in the community?

- Cleaning agents, Handy Andy, Jik,
- Red meat, sausages
- Hairdressing
- Clothing (Edgars)
- LPG
- PVA paint
- Carpets, lino
- Trotters ...

There was a comment that people do not tend to buy in bulk as they don't have enough money for this.

Q6. Has it helped having business in community, and what do you buy locally?

Yes, all agreed that it was a help having things available very close by.

Things that are bought locally included:

- Paraffin, candles, matches
- Soap
- Bread
- Meat mostly chicken, soup packs and sausages
- Cabbage
- Fruit.

Maize and some vegetables are grown personally.

Q7. What businesses are missing in Ngonyama?

- Butchery
- Car battery charger (costs R8 / time)
- Cell phone battery charging (costs R5 / full charge plus you have to wait for 3 hours to retrieve)
- Prepayment cell phone time ("card" is purchased and is used to add airtime to a cell phone)
- Milk and dairy
- Vegetables

Another possible business that was suggested was house wiring (*no one is doing this as a business is in the community*)

A further suggestion was that businesses set up next to the clinic would be a very good idea. Other new businesses suggested included butcher, fruit and vegetables, and LPG.

Q8. What are the main problems with businesses in Ngonyama?

There are not enough local shops. Plus shops seem busy. They don't have enough stock. The spaza shops in particular do not give good service.

Q9. Which shops do you use in Queenstown? And what about transport costs?

Shoprite, Spargs?, Pick n Pay are the types of shops used (*these are the larger supermarkets*)

Things are cheaper in town but they regularly compare prices to take into account transport costs.

Going to Queenstown incurs transport costs – R10 each way. Plus you have to pay for parcels and other heavy / large items e.g. R4 per large packet (e.g. sack of mealie meal, king corn etc), R10 / LPG bottle, Battery R2 – all each way. Sometimes can work out about R40/trip.

Hence, they try to do all their big shopping in Queenstown. BUT, there is no credit in Queenstown so also need to be able to do shopping locally.

[IMPORTANT OBSERVATION:

Balancing prices and transport costs and also their immediate credit/cash situation]

Q10. How will business change when electricity arrives?

A general comment from the whole group was that they hoped it would make a big difference. How? Phone charging can now be done locally i.e. individually at home. Meat can be bought in bulk – because they will have freezers. Plus no longer need to hire generators to provide outside lights for funerals.

Q11. What about in your homes? Do you have any electrical appliances already and do expect to buy some new ones?

The group members would expect to purchase extra appliances in Queenstown, through the system of layby (*that is pay instalments first and once whole amount is paid they can take away the appliance*). There was a suggestion that perhaps some one could set up a local business selling appliances, but they thought that the prices would be higher.

Q12. If you could change the spaza shops in the community, what changes would you suggest?

Should provide a bigger range of things in the shops. There was a general consensus that XXXX has the biggest shop. XXXX has the best and has the largest range, plus most of them agreed that he delivers a good service.

Longer hours would be better, but criminals would be a problem.

Q13. Next we explored whether any of the group had thought about starting a small spaza i.e. making use of a fridge for income generation?

If she had enough money then XXXX said she would buy a fridge and open a shop.

Why do you think that some people have opened a shop – what makes them different to other people?

They either had money to start a business or they started very small. The 'pink' spaza was given as an example of a small spaza that started with very few products (vegetables and potatoes) then grew to have a larger range. This also applied to XXXX who had previously run a spaza and was in the process of re-starting his shop.

Everyone also agreed that XXXX started big (*interviewers note: this is true – he was able to start a big spaza shop using money he made in the mines – also had 3 other shops*).

5E.4: MOTIVATION FOR ESTABLISHMENT AND GROWTH OF SMALL BUSINESSES (TINY / SMALL BUSINESSES)

Aim: To explore motivation and enablers for establishment and growth of small business (first group on this topic)

Thursday 20th November 2003

It should be noted that this meeting was held under difficult circumstances (in a minibus taxi) as the room being used for the meeting had been closed up by the managing organizations.

Participants (female business owners):

XXXX Selling matches, candles and paraffin
XXXX Sewing
XXXX Sewing

(XXXX also invited but could not attend)

Q1. Why did you set up your business?

They needed additional money (*to supplement various grants*). XXXX liked sewing and was trying to use this to generate a bit of extra income.

We also asked why other unemployed people do not start a business; the group considered the key reason to be *that these people did not have money to start*.

Q2. What are the most important things that you need in your business?

The following were suggested:

XXXX Electricity, place (*for running your business*), sewing machine
XXXX Cash / money, stock, customers (*for running your business*)
XXXX Cash / money, sewing machine, place (*for running your business*), customers

Q3. How do you judge the success of your business and what do you use to compare your business to others?

Quality of the finished products

If you have a shop, then the number of customers is an important indicator.

5E.5: CONSTRAINTS ON WOMEN RUNNING BUSINESSES AND THEIR ABILITY TO DERIVE BENEFITS / RESTRICTIONS ON GROWTH OF THEIR BUSINESSES

Aim: To explore and understand any constraints on women running businesses and deriving benefits, and what may restrict growth of their businesses.

Thursday 20th November 2003

Participants (female business owners):

XXXX Selling sweets, snacks and wire wool
XXXX Sewing
XXXX Xhosa beer making and selling / also sells snacks at school

Also invited XXXX who is selling households linens outside the community. The lady who was sewing left before the meeting started to tend to her sick sister.

Comments provided by the group in addition to those activities shown in Table 5E1:

Q. We asked whether any one else (e.g. husband) helps with the household tasks / cooking especially if you have to go to Queenstown for stock or when you are engaged in aspects of your business (e.g. to give you some dedicated sewing time)?

One of the ladies indicated that her husband did help her, in fact they often share the tasks associated with the business or he would, for example, pick up stock items for the beer making (*if the ingredients are purchased in bulk then these are large (10 or 25 litre) sacks*).

Another said definitely that her husband did not help her if she had to go to town for stock – he would not help with household duties or do any cooking (*this is an interesting observation and may change following electrification as recent studies of electrified homes in Cape Town have revealed that men are more willing to cook and prepare tea for themselves if they can use electrical appliances such as kettles and ovens which make these tasks much easier, cleaner and quicker*)

All three ladies thought it was amusing that we should ask this question and it was obvious from their reaction that there was no real expectation that their husbands or partners would help them in the house (*although they did expect their older children – both boys and girls to help them sometimes*). It was also evident that in reality the men would not expect to be asked to contribute to these tasks, and in all likelihood would be unwilling to help. This provided a small insight into the gendered division of roles that were maintained within these households.

Table 5E1: Snapshot of Daily Lives of Women in Ngonyama (Summary of Cross-Section of Views)

5am	6am	7am	8am	9am	10am	11am	Noon	1pm	2pm	3pm	4pm	5pm	6pm	7pm	8pm	~ 9pm
Wake up																
	Cooking porridge for children's breakfast	Children ready for school leave at 7.45am	Sweets and snacks business starts in order to sell to children on their way to school	Cleaning of house inside and outside	Selling snacks and sweets at school during break					If possible, this time is kept as a rest time (chatting to friends who call by, visiting others, listening to the radio)			Start to prepare supper for the family	7.30 – 8.00pm Supper with the family (Note 1)	Children help with the washing up of the supper dishes	
	Washing children / preparing for school; prepare lunch boxes		Prepare breakfast for rest of family		SEWING - on most days tries to start by 10am		Preparing lunch; children home from school for lunch		SEWING - on most days tries to work for 2-3 hours on orders from customers							Most families retire to bed around 9 – 9.30pm

5a m	6am	7am	8am	9am	10a m	11a m	Noon	1pm	2pm	3pm	4pm	5pm	6pm	7pm	8pm	~ 9pm
				Xhosa beer making starts (fire is made and ingredients heated)					3 days / week (Mon, Wed, Fri); washing and ironing							
				If brewed beer is ready then also served most of the day in the round house (cooking area) up to 3 days (husband, older children also help to serve and keep an eye on the customers)												
				1-2 days / week: Buying of stock in Queenstown e.g. raw materials for Xhosa beer making or materials etc for sewing (usually also buying groceries at the same time)					Monday / Friday – goes to Queenstown for stock (snacks & sweets)							

RED – indicates activity associated with small business

BLACK – activities connected to running the household

5E.6: EXTENT AND IMPORTANCE OF FARMING AS AN INCOME-GENERATING ACTIVITY

Aim: To understand the extent and importance of farming as an income-generating activity in the community

Tuesday 18th November

Community participants:

XXXX

XXXX

XXXX and XXXX also invited but XXXX is ill so XXXX had to look after spaza and children)

Run jointly by: Paul Harris & Denise Oakley

Notes taken by: Denise Oakley

This session was only attended by two ‘small’ farmers and aimed to explore the nature, extent and importance of farming in Ngonyama, and any significant trends affecting agricultural production.

Following the introductions, we asked each person to say a few words about their farms and what they produced.

XXXX

Tomatoes, onions, peas, spinach, potatoes, carrot Fruit (*interview was told of poor fruit yields from the trees on his plot due to lack of water, and possibly some disease*) Pigs, chickens, cattle

XXXX

Cabbages, potatoes, onions

Both farmers indicated that they tried to produce a surplus for sale but this was becoming increasingly difficult.

Sorghum and wheat are not grown much in the community – young plants tend to get eaten by the birds.

Q1. Is farming increasing or decreasing in the community?

XXXX said that rain affects the farming, and that although there is some increase in farming on the house plots in the community, this could be better / more with water (*i.e. with irrigation – although potable water is provided at a large number of stand pipes – at least 1 per 10 houses - in the community, there are no pumped irrigation systems being operated except on a few large hillside ‘commercial’ farms; hand pumped irrigation from wells on individual plots is evident but the water table has dropped making this more difficult*).

XXXX commented that farming is important as it benefits the community (*local food production*).

XXXX explained that although he has his own plots of land around his house, he also farms other peoples land and shares the produce. The law says that the owner of the land must also share the costs associated with farming the land e.g. ploughing with a tractor. He indicated that there are 4 people in the community that do this type of farming. XXXX said that he had not tried to hire land to produce extra crops.

Q2. What are the main constraints to farming in Ngonyama?

- Land is difficult to get hold of
- Water is also constrained

XXXX explained that there was an old Act (1880s) that limited the ownership of land and therefore very few people owned land. They are able to farm the land around their houses –

Q3. When people have surplus produce, where do they sell this – where are the markets - internal or external?

Most people would sell inside the community. Transport costs restricts access to external markets so tendency to sell inside. Very few people sell outside the community.

If someone sells outside, this would be to Fruit & Veg Village or simply selling on the streets in the towns.

Other issues that were raised:

- Fertilizers are expensive compared to manure and are not used by many people
- There was interest in cooperative formation and both said they would be willing to attend a meeting on this (*agreed that we would try to contact the agricultural department – there is an agricultural research station in the community but never anyone there!*)

5F: NGONYAMA YEAR 1 POST-ENERGISATION QUALITATIVE – FOCUS GROUPS

5F.1: BUSINESS ENABLERS AND THE IMPACT OF ELECTRIFICATION ON 'MEDIUM' SIZED BUSINESSES

Aim: To explore business enablers and the impact of electricity on 'medium' sized businesses

December 2004

Participants (owners of 'medium' sized businesses in the community):

XXXX Small spaza
XXXX Shabeen
XXXX Welder
XXXX Xhosa beer making

Session led by: Denise Oakley

Notes prepared by: Paul Harris

Scene set with an explanation of the purpose of the session; this was to explore how businesses are started and also the role of electricity.

Q1. Introductions and business types

	<u>Started in</u>
Welding/fabrication	2000
Spaza	1989
Spaza/shabeen	1997

Q2. Why did you choose your particular business?

XXXX said that she thought spaza's can make money easily and provide a quick return on your initial investment. XXXX agree and said that she had started a shabeen's for the same reason; it was easy to make money and you start with a relatively small amount of capital - R200. XXXX had learnt the technical skills of welding and saw no other people doing it in the community. He had seen an opening in the market and taken the opportunity.

Q3. Why do some people start a business and others not?

XXXX thought that it was to enable people to buy small things in community then they would not have to go into Queenstown (a service for the community).

Present saw that there was a clear need in the community because people do not have the skills or the equipment to be able to fix things

Q4. Is there a difference between people who do or do not start a business?

XXXX thought that the difference between these people is laziness (*of those who don't start a business*).

XXXX also agreed and said that those people who don't start businesses have or can get enough money for shoes/clothes/food – so they just become lazy.

Q5. Are skills needed for business?

XXXX focused on technical skills saying that he needed to be able to weld and cover chairs, and that skills were definitely needed.

Both XXXX & XXXX (who run retail businesses) considered that skills in handling customers were needed. Although they felt they had these (*both are successful businesses*), they indicated that they still need more skills in this. All thought that skills in (business) management are important.

Q6. What else do you need to start a business?

XXXX Premises that are separate from the house.

XXXX Money needed for stock (materials).

Q7. Is electricity important, including whether the improvements in lighting had made a difference to them in their businesses?

Present electricity makes things quicker

XXXX lighting helps a lot (also uses wood *for traditional beer making*)

XXXX very important – fridge and lights

XXXX Fridge has helped with drinks/ice-cream and meat, ice ...

We then started to think about specific enablers and the role that they might play in the business.

Q8. Is a (cell) phone important? Why?

All considered that having access to a phone was important for their business activities.

XXXX thought that a phone was helpful in getting orders through friends. XXXX indicated that he would be able to sell through his cell phone – he would give people the number so that repeat business can be made.

Q9. Is the availability of transport?

Yes – transport was very important; it was essential in order to be able to get stock (*from Queenstown*).

Q10. Rating of enablers

The group discussed the different things that you need for starting and running a business, and then we thought about the relative importance of each of these.

XXXX said that cash loans and advice were very important.

Has anyone had business advice? No, no-one had seen any opportunity for getting advice or received any.

XXXX thought that transport was essential – for stock and wood (which she is now starting to sell and which can't be carried for long distances without transport).

Everyone agreed that these were important.

Q11. When we were just talking there about important things for running a business, no-one mentioned electricity or energy?

XXXX & XXXX – fridges were the key

(both of these businesses rely on fridges as they store and sell cold drinks; they were much more aware of the energy services & associated appliances than the electricity itself)

Q12. Has electricity changed the business?

XXXX, who uses an electric welder, said that electricity was cheaper than the petrol needed for running a generator.

There was a general feeling that electricity is cheaper than other fuels. XXXX said that this was definitely the case for LPG for fridges e.g. now R100 lasts long time with an electric fridge. She also said that they were benefiting from electric lights – they can now close later. People can see the lights and this makes the business much more visible after dark.

Q13. Security – does electricity help?

We wanted to know whether security was a problem in the village, particularly after dark, and whether this had improved with more lights (although here electrification did not include street lighting).

The group said that security is not a problem in this area.

Q14. Impact on other fuels used in your business?

Comments given were more focused on energy use in house than in their businesses.

It's quicker than using paraffin and cleaner *(for cooking and / or space heating)*. There is much less impact on your eyes and there is no smell. Electricity means that the pots that we use stay clean *(several people in a number of interviews and focus groups have also mentioned this)*.

Q15. How is the availability of electricity – is it easy to buy, always available?

We were interested to find out more about this as difficulties in purchasing electricity had been raised by the majority of ME owners during the one-to-one interviews.

It is difficult? We have to go to Queenstown and it can cost us R22 for transport just to buy R10 worth of electricity. *We asked if they bought electricity for each other to save on / share transport costs.* No, they do not buy for each other, mainly because other people may be more careless with your pre-payment card (and lose it). There are real difficulties in buying electricity if you don't have your card. You can only buy at the vending container and not at Shoprite, Cash & Carry or the other supermarket-based vending points.

Q16. Availability of other fuels now?

XXXX said that paraffin was becoming more expensive. XXXX indicated that there was always an additional charge for transport on paraffin *(taxi charge extra for transporting the larger – 20 litre – containers of paraffin)*. This is usually R5 / container.

Q17. Post electrification – has there been business growth and expansion?

There was a general feeling that businesses in the community are expanding ('growing up') and that they are stocking a wider product range.

From a personal perspective, XXXX said that his own business was growing as having the electricity meant that he was able to work again (his generator had been broken for some time).

Q18. Has there been any increase in competition?

There is a higher amount of competition in the area (*more businesses being started*) and the level of trading one by these seems to have increased. XXXX said that she was selling more beer now (*she hinted that she thought that this was just natural growth of a good business*).

Q19. What difference has electricity made in general to community and households?

It has made some big differences – no candles and paraffin any more and no need to hire generators for funerals and weddings. XXXX said it was easy to sit outside now (*most houses have an external light*). XXXX said that it that the lights made it much brighter at funerals (*there are usually funeral meals, drinks, singing and dancing after funerals that go on well into the night, and even the day*).

Q20. More generally, what difference has electricity made in the houses?

Cooking and cake making are now possible / a lot easier. Food and tea can be made a lot quicker.

5F.2: BUSINESS ENABLERS AND THE IMPACT OF ELECTRIFICATION ON MICRO / SMALL BUSINESSES

Aim: To examine business enablers and the impact of electricity on micro / small businesses

December 2004

Participants (owners of medium / large businesses in the community):

XXXX Fruit and vegetable stall
XXXX Small spaza
XXXX Shabeen
XXXX Small spaza

Q1. As an introduction we asked everyone to tell about themselves: When did you start your businesses and why did you start this specific business?

Fruit & vegetables Early 2004

She started a fruit and vegetable stall (by the taxi / bus stop on the main road) because she considers it the easiest way to get money. People buy things like cabbages in the community because its cheaper than going into Queenstown for small amounts of fruit and vegetables. XXXX also said that its more helpful for the community than selling beer!

Small spaza Dec 2003

She said that she needed money and thinks that she can make from running a small spaza [interviewer note from quantitative survey – check if operating during post Yr1)

Shabeen Early 2003

She was unemployed and needed to make some money; she thought that she would be able to make more money selling beer that by selling other things.

Small spaza During 2002

She started a small spaza selling meats, drinks and snacks because no one else is selling these things in her area of the community (Area 6). She had noticed a gap in the market.

Q2. Why do people not start businesses even though they are unemployed? What is different about you?

Some people do not have the money to start.

They might be afraid of competition and therefore do not think it is worth starting a business.

Consider that competition is too strong.

XXXX says that people are just not thinking about starting a business. XXXX also says not it is just something that people are thinking about.

[Interviewer note: it is interesting that they are aware of competition as one of the issues that people may think about in terms of whether they might start a business. Competition amongst the small / medium spazas is quite strong in the community.]

Q3. Are there any skills that you needed before you could start your business?

- How to handle customers
- Book-keeping
- Managing the business
- How to keep the money (just) for the business (i.e. ensuring that there is always money to buy more stock and that business and house money is kept separate)

Q4. What other things ('enablers') do you need for a business?

- Money / investment
- Premises (preferably not in the house)
- Space (to work in or store stock)
- Stock (*i.e. things that you can sell*)
- Transport (*both to buy goods and get to customers*)
- Cell phone
- Electricity – fridge / lights

Q5. When you started your business, what was the most important one of these?

- Money / stock (2 people said this)
- Fridge (electricity) (2 people said this)

Q6. Is training important and has any one had any training?

Everyone considered that training was important but no one had attended any training courses. No one had ever seen any information or advertisements for training being offered.

Q7. We then explored what energy (type / purpose) was being used by each of the businesses, and whether / how this had changed since the electricity was connected.

Use of **electricity**

Lights (all 4 businesses consider electric light to be important – the F&V stall moves to the house after dark and customers still come there)

Fridge (3 of the businesses are using electric fridges)

Prior to electricity – gas fridges were used by the spazas, and a petrol generator was used by the shabeen to run the fridge (*but this was expensive and she had problems finding enough money for both petrol and stock*)

Q8. Are there any problems in getting electricity?

All said that it was expensive (22 Rands) to go to buy electricity in Queenstown (nearest vending point); if electricity is running out / run out then they must go to the town even if they do not need to buy stock.

With the high cost of a taxi to town, we explored the idea that one person might be able to buy electricity for a number of other people.

Q9. Why don't people buy / collect electricity for other people?

Some people are selfish but also they are afraid that people will take their money and / or the electricity card. [*Stealing the card is actually not an issue in terms of enabling someone to steal electricity as the code number provided for the purchase by the vendor will only work on the owner's meter; not having your card makes it more difficult to buy electricity as there is only one vending point for people who do not have their card*]

Given the lack of service businesses that we had identified in the community, we explored this to try to understand why people have not thought of / established these. We introduced laundry services and hairdressers as examples of service businesses.

Q10. What types of services do you use and where are these available?

No one had about the fact that there were very few services (only taxis, welding) available in the community. Services that they used, other than taxis, were dry cleaners, hairdressers and electricity vendors. They decided that actually they buy very few services and agreed that now electricity had arrived this might be an area in which there could be some new opportunities for businesses in the community.

Q11. What has been the effect of electricity on the number / growth of businesses in the community?

Business (*referring to their own*) had grown since electricity. XXXX said that she had extended her product because she could now sell things that needed to be kept in a fridge / freezer.

Asked if there was stronger competition for their businesses since last year, they indicated that business for them (fruit & vegetables / shabeen) was about the same.

We asked a final question to get their feelings and thoughts on:

Q12. What impact electricity had at home and in the community more generally?

Everyone appreciates the good quality of electric light in the home and for business.

XXXX said that she does not need to go to Queenstown to charge batteries any longer, and that she can now play her radio and TV for as long as she likes. She has already bought new electrical tools and a grinder.

Several of the ladies commented about cooking on electricity – they liked this and there was a comment that meat cooked a lot faster.

5F.3: WOMEN'S DAILY LIVES AND RUNNING THEIR OWN BUSINESSES

Aim: To explore a typical day in the lives of ladies who run their own businesses

December 2004

Participants: 4 ladies that have a sewing business

The sewing businesses were selected because there are many of them in the community and also, unlike some other businesses e.g. spazas, we have not observed any involvement of husbands, partners or children.

Welcome and introduction.

The purpose of the research was explained, what we trying to do today and their role in participating in the focus group.

We wanted to understand a typical day in their lives – how do they fit sewing into their days and gain a greater understanding of the dynamic between household and business responsibilities. This is linked to the need for the ladies to look after homes as well as find / make time to engage in their sewing.

Table x provides a view of the many activities that form a 'typical day' in the lives of women in Ngonyama who are also running a business (taking inputs from all those attending).

Q1. How has electricity impacted life?

- fridges mean that you can keep things cool
- ironing is easier
- kettles make boiling water a lot easier
- washing machines are possible.

Q2. Do you have more time due to electricity?

All agreed - Yes!

Q3. What is extra evening time used for?

- sewing if not involved in other matters (*more time for business activities*)
- working in their vegetable gardens (*almost all households grow cereals, potatoes and some vegetables*)
- used to stop sewing at 18H00 but can now sew later (*again emphasis on extending hours spent on small business activities*)

Q4. Are you happy with the amount of sewing that you do? Would you like to do more?

All said they would be interested in doing more sewing, if this was possible.

Q5. Sewing projects

During the one-to-one interviews with a number of the sewing ladies we had been told about various sewing 'projects' that had been attempted in the village, and were also aware that issues surrounding at least one of these were sensitive due to wrong-doing on the part of one or small number of people from the community. We asked about these projects and facilitated the discussion in such a way as not to raise the names of any specific individuals.

Table 5F1: Snapshot of Daily Lives of Women Business Owners (Sewing) in Ngonyama

6am	7am	8am	9am	10am	11am	Noon	1pm	2pm	3pm	4pm	5pm	6pm	7pm	8pm	9pm	10pm	
Washing Maybe some cleaning	Husband getting ready for work	If working, husbands are away from home from 8am to 5pm															
BREAKFAST TIME						PREPARATION AND LUNCH (for children)						PREPARATION AND SUPPER					
	Children get up and get ready for school – leave at 7.50am	Scho ol starts at 8am							Children home from school					Children usually in bed by 8pm			
									Helping children with homework								
			SEWING (WITH BREAK FOR PREPARATION AND EATING OF LUNCH – SOME CHILDREN COME HOME FOR LUNCH)														
		Other activities that might be done in this time (probably on 3 full days / week) are: <ul style="list-style-type: none"> • Washing / ironing clothes • Going to Queenstown for shopping / STOCK (using taxi) • Preparations for funerals • Helping families prepare for Bakhweta (rites of passage into manhood for teenage boys) • Community matters 															
														Tending gardens around the house			
																USUAL BED TIME	

KETTLES
ELECTRIC STOVE

ELECTRIC SEWING
MACHINE
ELECTRIC IRON

ELECTRIC STOVE

ELECTRIC STOVE
TV
RADIO

5F.4: IMPACT AND VALUE OF SMALL BUSINESSES IN THE COMMUNITY

Aim: To explore the impact and value of small businesses in the community

December 2004

Participants (Community members who do not run businesses):

XXXX
XXXX
XXXX
XXXX
XXXX

Scene setting: background to our project, to gain an understanding of the value that the small businesses have in community and to discuss the role and need for non-business owners (i.e. customers). Everyone prepared a name badge and introduced themselves.

Q1. What businesses do you use in the community? What for?

- Cement – building
- Groceries – spaza's both small & big used.
- Fruit & veg
- Phone shop
- Sewing

And what do you buy outside the community?

For groceries and large items, they use the wholesale/supermarket in Queenstown, and buy small purchases in the community.

The types of things bought outside (in the local town, Queenstown) are:

- Clothes
- Electricity
- Lucern (washing powder)
- Blankets (These are too expensive in the village)
- Dishes
- Shoes

Even with transport, it's often cheaper to go to town. Buses cost R6.50 each way.

Example given of price differentials between wholesaler and local purchase was:

R16 for mealie meal in town >>>> R40 in village

Q2. What services are available in the village?

Minimal services available in area, except the following were identified:

- The possibility of hiring a tractor / planter machine & driver for ploughing and
- Brick layers

Q3. What other services/retailers would you like in the village?

- clothing
- hair salon
- wholesaler / stores – 50 kg mealie meal, 12 kg sugar – at lower price
- dairy
- poultry
- baking
- shoe repairer
- electricity vending point
- transport of large items to the village.

Q4. We wanted to explore how people pay for purchases in village (is it cash vs credit)?

- General feeling was that it cash only – as storekeepers often refuse to sell on credit
- Queenstown – cash only
- Credit is a problem – interest – double the value
- Interest charged even on short times
- Local credit is sometimes available and is very much related to relationships & social networks

Q5. What is the typical income for households in Ngonyama?

Pension	R740
Child support	R170

i.e. $R740 + 2 \times R170$
= R1080 / month

Salary typical – minimum wage R1800 / month
Medical sister R10 000 / month

Q6. We were also interested in how many of the households in the village owned or had access to lands for planting

- Many new houses do not have fields
- People who do not have fields are worse off than those who do
- Sometimes fields are rented But others have title deeds for their land
- Selling of houses is allowed
- No shared lands (*although we had heard from one or two farmers who do farm land owned by other people and share the work and the produce*)
- To buy an average house in the village costs approx R10 000

Q7. Had there been any differences in businesses in the community since electrification?

They thought that overall business was essentially the same as before electricity - some businesses rise and some fall. One of the main problems is that they have to go to Queenstown to buy electricity (*there is no electricity vendor in the community*).

Q8. And as a last question, we asked what differences electricity had made to their lives/homes?

Everyone said that it had made a big difference!! Comments included:

- That they were saving money as compared to using paraffin: R50 / month (electricity) vs R100 / month (paraffin)
- Having electric irons and fridges is great
- We can make hot tea very easily on the stove or using a kettle to boil water
- Making savings in time and money on not having to charge car batteries and cell phones (either we don't need or we can do this at home)
- Paraffin heater was used at the pre-school and this was not good

5G: NGONYAMA YEAR 1 POST-ENERGISATION QUALITATIVE – STAKEHOLDER MEETING

5G.1: STAKEHOLDER MEETING

Large Business Leaders Session – Planning – “Challenge and Motivation”

This was a special session organized to discuss how the larger businesses (all run by proactive entrepreneurs) could contribute to the expansion of employment opportunities within the community. The meeting was planned to involve the community leaders and the owners of the five largest businesses:

XXXX attended the meeting in his capacity as a ward committee member but unfortunately none of the other invitees were available to come to the meeting. *(In hindsight, a learning point from this is that perhaps the meeting could have been held in the evening when there was potentially more chance that the business owners would have been free to attend.)*

The other participants who were present were the traditional leaders and the ward councillor.

The aim of the meeting was to expand their vision of what may be possible through the small businesses in the community, and to consider where the opportunities may be. We had hoped to be able to develop a social conscience amongst the leaders and the owners of the largest businesses that may facilitate a more co-operative relationship, and lead to some concrete actions within the community. This particular session was not focused on gathering information and understanding as all the others had been (i.e. it was not focused on our research question) but was to provide feedback on what we have established and learnt from the work, and on limited business training we had provided. It was our hope that those that were or could be influential in the community would be able to build on this and start to think their business activities as making a potentially significant contribution to community development.