

Multiple livelihoods and socio-economic differentiation in a context of rapid political and institutional change

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Final Report

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Background and Objectives

The life-span of this project (short title **Multiple Livelihoods and Social Change**) was 1 April 1998 to 31 March 2001. The original end-date of 31 March 2000 was extended firstly by an additional six months of employment for the research officer (Rachel Slater) and secondly by a request for a further period of six months in which the director (Colin Murray) and principal collaborator (Elizabeth Francis) could consolidate the writing-up of research materials.

The project’s objectives, only marginally adapted in the light of experience from the objectives specified in the original application, were:

- To analyse socio-economic differentiation in two densely populated but relatively remote (former ‘homeland’) areas of South Africa
- To identify the intervening socio-economic, political and institutional variables that affect efforts to alleviate poverty through improved livelihood opportunities
- To develop a distinctive combination of methods for the study of multiple household livelihoods as they change over time, and for relating changes at the micro-level to changes at the macro-level

First-hand investigation was undertaken in two different regions of the country: ‘greater’ Qwaqwa, in the north-eastern corner of the Free State Province, bordering northern Lesotho and Natal/KwaZulu; and Madibogo, in Central District of North West Province. In view of the relatively short time available for the empirical work in North West, and of the particular challenge of relating the findings derived from intensive interviews to their immediate socio-economic and political context, it was decided to limit the work in North West to the large village of Madibogo and the smaller village of Madibogopan nearby. Three sites of the Qwaqwa work were originally identified: the ‘old’ homeland of Qwaqwa itself; a swathe of state-owned land known as the Qwaqwa Farms; and the Qwaqwa National Park. The work was extended, however, to embrace the rapidly growing town of Tshiame, which represented a further category of socio-economic constraint and opportunity, and a newly-settled farm known as Makholoeng, near Tshiame – both sites lying between the town of Harrismith and ‘old’ Qwaqwa. Within ‘greater’ Qwaqwa [hereafter

simply Qwaqwa], nine locations were selected with varied agro-ecological and settlement histories whose inhabitants pursued a broad range of livelihoods.

Methods

Francis conducted fieldwork in the adjacent villages of Madibogo and Madibogopan [hereafter simply Madibogo], which lie about 90 km south west of Mafikeng in the Central District of North West Province. Between March and June 1999 she conducted forty-one life history interviews with people in forty different households in these two villages and with farmers on nearby state land at Geysdorp. She used a unified interview framework that included questions about contemporary livelihoods. Interviews lasted around two hours. She also conducted interviews dealing with the local and regional institutional context with Paramount Chief Phoi at Madibogo, the chief at Madibogopan, their headmen, local councillors, other local political activists, members of local community-based organisations (CBOs), officials in the Central District Council, the provincial Departments of Land Affairs, Agriculture and Local Government and Planning, and the National African Farmers' Union.

Slater carried out research in Qwaqwa between August 1998 and August 1999, with supervisory visits from Murray and Francis. There were four main stages of the work, which are elaborated separately in the 'Appended material', part iii). Alongside these four stages of research, a longitudinal study was carried out which drew on interviews carried out in 1984-5 by Izak Niehaus, then at the University of Cape Town. Eighteen respondents from Niehaus' research were found fifteen years later and interviewed again to identify changes since 1984-5 and to try and link household-level changes to macro-level socio-economic shifts. The longitudinal study provided both a key source of information about changing livelihoods and an opportunity to triangulate the results of the life history interviews.

Findings

1) Poverty and differentiation

Poverty in Madibogo is widespread, but there are also substantial differences between households in terms of their access to land and livestock, to wage income and remittances and to welfare payments. The following categories are positions, between which households may move, rather than static groups. Secondary survey data confirm the heavy dependence of households in Central District on remittances and pensions. Households in Groups 2-4 were highly vulnerable to loss of income and assets. Group 1, however, was a distinct category of significantly wealthier households.

Differentiation in Madibogo

Group 1: Households which have experienced substantial income growth since the 1970s, or which have accumulated land, access to land and/or developed businesses. Their incomes are well over R50 000 per annum [5 households]. They combine large-scale, mechanised farming with business and/or professional employment. In 1999, the most successful households in this group were renting blocks of

state land and were about to be awarded the right to buy. They sit at the centre of networks of kinship and friendship which are spread over long distances and through which they have constructed their livelihoods.

Group 2: Households receiving a regular income, in the form of more than one pension (R530 per month), comparably-sized remittances or trading incomes [16 households].

Group 3: Households receiving one pension (R530) or small but regular remittances [13 households]. Critical resources for being in Groups 2 and 3 are a wage income, access to remittances or receipt of a state pension. If households lack access to these resources, rights over land, which can be leased out in exchange for grain, may partly compensate.

Group 4: Households with irregular incomes [6 households]. The most common processes precipitating a fall into this group are retrenchment or inability to find work, children's marriage (precipitating loss of remittances), or the arrival of new dependants (especially through child-fostering). The dependency ratio may also be increased by the return of young, unmarried members of the household who have been unable to find work. Other factors which can push households into severe poverty are illness, injury (often from incidents of violent crime) or the death of a wage-earner. Lack of access to welfare payments may prevent a household from coping with the consequences.

Positions in these groups are shaped by processes associated with the formation and development of households, together with longer-term processes of accumulation and loss of assets. Growing unemployment has greatly increased vulnerability, though this has partly been alleviated by increased state pension and welfare payments, which have weakened links between old age and extreme poverty. The poorest households are those of prime-age adults unable to obtain regular work.

One of the key differences between Madibogo and Qwaqwa was the relative prevalence of job opportunities in Qwaqwa. In the 1980s factories were established in or near Qwaqwa in order to take advantage of industrial relocation subsidies. They provided jobs for thousands of people, predominantly from the town of Phuthaditjhaba and villages close to the factories. As a result, a process of differentiation between 'town' and 'country' became apparent in Qwaqwa. By the late 1990s, however, subsidies had ceased, factories had moved elsewhere, and some teachers and public servants had been retrenched or moved to other towns in the Free State. Thus local employment opportunities were severely reduced. Over the same period substantial reductions in formal sector employment had taken place at a distance from Qwaqwa, mainly in mining and related activities, which significantly reduced the opportunities open to migrants from Qwaqwa.

In the 1980s, there were few opportunities for people to pursue livelihoods in the informal sector. The Qwaqwa government granted a limited number of licences to businessmen (rarely women) to run small tuckshops, *shebeens* (drinking dens) and transport services. These were able to take advantage of the high concentration of people in the villages, albeit mostly poor and unemployed, to turn their businesses into highly profitable enterprises. Some entrepreneurs accumulated large stocks of capital in this way and invested in multiple business activities. Deregulation of licences took place in the late 1980s and thousands of people entered the informal economy as a result, quickly saturating the market. This diminished the opportunities of accumulation open to the entrepreneurs. A small group of them, however, was able to take advantage of the opportunity to diversify into farming through the lease of Qwaqwa Farms to individuals from Qwaqwa who had to demonstrate savings of at least R20,000. Beneficiaries of this form of land redistribution were, therefore, already successful businessmen and by no means the 'poorest of the poor'.

Differentiation in Qwaqwa was thus shaped by the following processes: first, the emergence and decline of a local working class employed in factories around Phuthaditjhaba through the 1980s and largely retrenched in the 1990s; second, the upward trajectory of a small stratum of entrepreneurs who profited during the 1980s from the sheer concentration of population and generally restricted access to business opportunities, and some of whom diversified into farming in the 1990s; third, the opening up of informal economic activities from the late 1980s, leading however to saturation of petty trading by the late 1990s and sharply diminished average returns; fourth, increasing 'welfarisation' in the sense of greater dependence on pensions and other state transfers; fifth, a continuing downward trajectory for many people in 'rural' Qwaqwa into deeper poverty and insecurity.

2) Livelihood strategies

In both regions, the most critical household resource is a regular income, especially from employment, remittances or a pension. Other resources can substitute for these, but they are less reliable. While pensions, upon which dependence has increased, are relatively reliable (so long as the person concerned survives), none of the available sources of livelihood can be considered secure. Farmers and livestock-holders face severe ecological risks in the semi-arid area of Madibogo, and scarcely less so in Qwaqwa. They also face fluctuating commodity and input prices and interest rates. Other local sources of livelihood are also risky. Commodity markets and informal economic activities are quickly saturated and traders are vulnerable to theft. Most local employment is casual and insecure. Migrants may not remit. Access to social welfare resources may depend on successful negotiation of patronage relations. Some risks are co-variant, increasing their impact on the local economy. The most successful households display flexibility and the ability to identify and respond to changing opportunities, underlining the importance of access to information. Also important is an ability to maintain relationships over distance and time.

Generalised poverty and unemployment are putting processes of household formation and maintenance under strain. Household formation is often a drawn-out process which depends upon there being resources available to cement a stable relationship and meet the costs of setting up a household. Without such resources, young people are often unable to form a separate household. Household formation is also reversible and may be halted by job loss or other contingencies.

3) Institutions and vulnerabilities

Many formal and informal institutions shaping livelihoods act in such a way as to generate or reinforce vulnerability to risk. The legacy of *apartheid* lies not only in deep inequalities in access to land, capital and skills, but also in access to information, to the state's welfare resources, to law enforcement measures and mechanisms for equitable dispute settlement. Our research revealed significant inequalities both in Madibogo and Qwaqwa on all these counts. Some of the most important formal institutions shaping livelihoods are those governing land access (particularly the land market, the Department of Land Affairs and the Tribal Authority) and the enforcement of property rights and contracts; capital and commodity markets; the labour market and institutions governing access to social welfare (in which the Tribal Authority also plays an important role). In Madibogo, new local government

institutions sit uneasily alongside the Barolong boo Ratlou Tribal Authority. In Qwaqwa, the democratic election of new local authority councillors was a threat to the established power of traditional authority, and in some places, such as Mandela Park near Phuthaditjhaba, power struggles between councillors and traditional leaders undermined people's livelihoods. Meanwhile, the restructuring of the local state from the mid-1990s brought about a loss both of employment and of infrastructural investment.

In the late 1990s, there was great uncertainty surrounding the long-term future of chiefly authority and it appeared for a time as though the role of Tribal Authorities would be scaled down in favour of democratic local government. Imminent government policy changes over land tenure and land reform, however, will strengthen Tribal Authorities' power over land allocation. Such a policy is likely to bolster the importance of identity in resource access at the local level in the former 'homelands'. The more general vast inequalities in land access look likely to remain largely untouched. Beneficiaries in Qwaqwa, for example, were already wealthy businessmen. Thus rural households will continue to face vulnerabilities resulting from lack of access to land. Differentiation around identity and access to the state will be sustained. Such inequalities in access to land may be paralleled by continued inequalities in access to resources for which Tribal Authorities are the gatekeeper.

In both regions of our research, we found high levels of distrust. Often people had found themselves 'dumped' in unfamiliar places alongside new neighbours whom they did not know, and the construction of 'community' was correspondingly difficult. While people do rely heavily on informal institutions such as kinship relations and other social networks for information about potential jobs and help with accommodation, etc., as well as 'loans' that are actually gifts, or help with childcare, 'kinship' cannot be assumed to be an infinitely available shock-absorber.

Multiple livelihoods should not, therefore, be uncritically celebrated as a solution to the problems of mass poverty and unemployment. They are a response to a highly risky environment, and their construction and maintenance often depend on a degree of flexibility and access to information which some people lack and on the negotiation of social relationships spread over space. They may not be sustainable in contexts where many in the younger generation are finding it difficult to form households in the first place. Despite these caveats, they are the most common response to unemployment and poverty in the former 'homelands'. They are by no means confined to the poor, for they also shape the activities of large-scale farmers and entrepreneurs. The combination of high national unemployment and a dearth of local livelihoods makes it critically important to support initiatives to open up more livelihoods opportunities in places such as Madibogo and Qwaqwa.

Applications

As is true of other rural areas in South Africa, the populations of Qwaqwa and Madibogo are highly differentiated. For most households, however, security maximisation and risk spreading are priorities shaping their livelihood strategies. Many of the risks people face have institutional sources, some of which are amenable to policy intervention.

4.1. All would benefit from:

- integrated planning to support or enhance livelihoods which recognises livelihood diversification and is not sector-based;
- better provision of accountable law enforcement through community policing (raised in the Madibogo feedback meeting);
- support for local organisations building trust and social capital;
- access to market information and non-local markets;
- better transport and communications infrastructure;
- government procurement policies favouring local suppliers;
- institutions providing affordable banking and finance.

4.2. Uncertainties surrounding the distribution of powers between traditional authorities and elected local government continue to generate political instability and mistrust. The impact of these tensions on people and their livelihoods would be lessened if the Department of Land Affairs could proceed further with reforms to improve security of tenure. This need is particularly pressing for people living in informal settlements.

4.3. Farmers and would-be farmers would also benefit from resolution of the uncertainty surrounding the land reform programme and from access to affordable finance. The problems experienced by larger commercial farmers throw doubt on the feasibility of current policy emphasis on promotion of commercial farming. Most farmers are part-time. Efforts to promote group farming on a part-time basis would require substantial training and infrastructural support.

4.5. Households vulnerable to impoverishment would benefit from institutional reform which would promote people's ability to pursue multiple livelihoods strategies (see above). The poorest of the poor would also benefit from better information about access to welfare resources which exist and from interventions channelling access through accountable institutions which are less subject to the politics of identity and patronage.

4.6. The distinctive combination of methods of research that we developed - of 'retrospective' methods such as life history interviews and 'circumspective' methods such as the intensive pursuit of inter-related household clusters, within the framework of an analysis of more macro-level trends of change and of shifting institutional contexts, has generated widespread interest through the process of dissemination of our results (see below) and will be carried forward to influence the methods applied in two of DfID's recently-established Development Research Centres, at DESTIN (LSE) and IDPM (Manchester), in which Francis and Murray are respectively involved.

Dissemination

A series of dissemination meetings was arranged in South Africa in the first half of April 2000. In North West Province, we (Murray, Francis and Slater) held a public meeting at the tribal office in Madibogo on 3 April, which was attended by about 90 people, and at which we presented some findings of the fieldwork, especially those

that related to Madibogo and its wider environment. Participation was vigorous, with many questions asked and comments made. On the following day, 4 April, we held a workshop at the office of the regional Department of Land Affairs, attended by over 20 officials of the DLA and provincial government departments, representatives of the Central District Council and the principal NGO (TRAC) and university academics. Again, this provoked lively discussion. On 7 April, we held another workshop in Johannesburg, attended by an official and an adviser (Martin Adams) from the national DLA, representatives of the National Land Committee, of CARE South Africa and the German Development Service, a land and policy activist (Aninka Claassens), the DfID Social Development Adviser (Bridget Dillon) and several academics from the University of the Witwatersrand. Despite careful advance negotiation, we felt that this was the least constructive of our feedback meetings, partly because the DLA (as putative host) was in a period of acute policy uncertainty and staff demoralisation, and partly because the workshop was remote from both of our principal fieldwork sites. A much more successful meeting took place outside Bloemfontein (Free State) on 10 April, hosted by the regional DLA, which had been supportive of Slater's fieldwork in Qwaqwa. This was attended by officials of the DLA and of the Departments of Local Government and Social Welfare, Sechaba Consultants (Maseru, Lesotho), and a number of NGO activists. Finally, we held a meeting in Qwaqwa on 12 April, with 20 participants, variously from the DLA, the provincial Departments of Agriculture and Social Welfare, SANCO, Qwaqwa Tribal council, the Free State Development Corporation, Phuthaditjhaba Transitional Local Council, Qwaqwa Transitional Rural Council and the Qwaqwa Farmers' Association. Response was mixed but on the whole positive.

Our second major dissemination initiative was a two-day workshop held in Manchester on 9-10 June 2000. There were 34 invited participants: most were academics and PhD students, mainly from Britain, the Netherlands and South Africa. Others were consultants, with representatives of DfID (Arjan de Haan, who also acted as one of the rapporteurs), the Natural Resources Institute at the University of Greenwich and also the Overseas Development Institute. Sixteen papers were presented, under several different and complementary themes relating directly to the concerns of our project: introduction to livelihoods research; diversification of livelihoods; comparative longitudinal study; gender and livelihood strategies; livelihoods and labour forces; regional farming systems; quantitative and qualitative methods; livelihoods and land reform in South Africa. Comment afterwards was very positive: participants felt that the workshop was lively and congenial and also provoked much vigorous debate on important and topical questions.

A total of 22 Working Papers has been produced under the auspices of the Multiple Livelihoods and Social Change project. Three more are planned shortly. These WPs have been distributed to a mailing list of interested persons and organisations, for the most part in South Africa itself. We also have plans for a book and a special issue of the *Journal of Southern African Studies* which will appear in September 2002.