

SECOND CARNEGIE INQUIRY INTO POVERTY  
AND DEVELOPMENT IN SOUTHERN AFRICA

Financing rural development - with  
particular reference to Transkei

by

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FINANCING RURAL DEVELOPMENT  
- WITH PARTICULAR REFERENCE TO TRANSKEI

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1. Introduction

This contribution to the Carnegie Enquiry attempts to explore the financial basis for rural development strategies in the black development regions of Southern Africa, with particular emphasis falling upon Transkei as a case study.

Our point of departure is the realisation that in third world societies broad-based "integrated rural development" is one important strategy to improve the quality of life of rural people and to prevent explosive urbanisation. With the gradual shift in the focus of development planners from industrialization to agricultural and rural development during the past ten years<sup>1)</sup> this relatively new concept of integrated rural development (IRD) has crystallized out as a key strategy element. Without going into the theory and/or practice of IRD in any detail, the following characteristics, derived from UmaLele's excellent study<sup>2)</sup>, may serve as points of orientation for our discussion.

- . The purpose of IRD is to improve living standards of the mass of the low-income or subsistence population residing in rural areas and to make the process of their development self-sustaining.
- . To achieve this involves the mobilization and allocation of resources so as to reach a desirable balance over time between the welfare and productive services available to the subsistence rural sector.
- . Mass participation requires that resources be allocated to low-income regions and classes and that the productive and social services actually reach them.
- . Making the process self-sustaining requires development of the appropriate skills and implementing capacity and the presence of institutions at the local, regional and national levels to ensure the effective use of existing resources and to foster the mobilization of additional financial and human resources for continued development of the subsistence sector.

It is generally known that subsistence agriculture constitutes the local economic base of a large part of the population in the black areas or states, even through the household cash income derived from this "activity" is often dismally low. Thus, in Transkei an estimated 513 000 households (averaging just under 6 persons each, including temporarily absent migrants) are classified as "rural", with only about 350 000 of them having some 'access to land' other than their dwelling site<sup>3)</sup>. Put differently, whilst it is generally known that very few of the rural households subsist exclusively from agriculture, employment estimates for Transkei have put peasant (self-) employment at about 140 000 in 1980, compared to local non-agricultural employment of about 180 000, migrant employment of 400 000 and 'unemployment' of almost 150 000. With an annual increase of almost 30 000 in the local labour supply, a virtually stagnant - if not declining - migrant labour demand and only limited success with industrial job creation, extensive pressures are exerted upon the rural sector to "absorb" more work seekers every year (3-5 000 ) whether underemployed or not.<sup>4)</sup>

The significance of the rural sector for the economy of Transkei can also be shown in another way. Devoid of any exploitable mineral resources, far away from major industrial centres or harbours, poorly located to compete with Ciskei-East London, Central KwaZulu-Natal and other industrial growth points, and ill-suited for mass-tourism or other significant service industries, Transkei has little else than its land resources to offer as a base for economic development - leaving aside migrants' remittances and government transfers which hitherto constituted the mainspring of local economic activity (i.e. the commercial sector and government administration as well as social services). No wonder, therefore, that development plans have placed major emphasis on "agricultural development" as key element in the whole process of development<sup>5)</sup> - however disappointing agriculture's performance may have been.

Closer analysis of past agricultural development strategies in Transkei reveals a disproportionate emphasis on a few large-scale, capital intensive irrigation schemes (e.g. Ncora and Qamata in the South-West) and the normal government support package of conventional extension and infrastructure services which have, on the whole, shown rather disappointing results.<sup>6)</sup>

In the light of the above facts and the poor results of these strategy thrusts policy makers and development planners have during recent years - in the case of Transkei since about 1978 - rediscovered the rural subsistence sector as important area for specific, concerted development stimulation.<sup>7)</sup> It is in this context that the concept of IRD has started to enter government terminology and concrete proposals about pilot projects and a broader IRD strategy have come to the foreground. Given the relatively small and closely interrelated planning and policy debating community in Transkei one can even trace back policy statements at ministerial level to the impact exerted by specific workshops, conferences and demonstration ventures.<sup>8)</sup> Leaving aside the way in which this reorientation towards the subsistence farming sector has come about, it is now a fact that "on paper" Transkei does purport to pursue a strategy of IRD, much in line with the strategies followed in other African economics.

In Annexure A the components of this strategy are summarized on the basis of a working document prepared for the Five-Year Plan of Transkei. This factual overview will constitute the background for discussions in the remainder of this paper.

It will be the task of the next section to explore the extent to which this (new) strategy has been operationalized so far, and the reasons why progress has, in fact, been so disappointingly slow as yet. In the discussion the focus will fall on three aspects, which may each reveal parallels to other countries, viz. the allocation of public funds, the organisational structure of rural development efforts and, thirdly, problems inherent to the nature of IRD.

## 2. The Implementation of an 'Integrated Rural Development' Strategy

### 2.1 Public Sector Funding for IRD

To assess the amount of money made available by government for the implementation of an IRD-Strategy we can, in the case of Transkei, concentrate almost exclusively on the budget of the central government. The reasons for the singular dependence are summarized below. It should, however, be noted here already, that in line with the strategy outlined in Annexure A it will be argued later that this singular dependence can and should be reduced in future.

- . Virtually all public sector funds in Transkei - both current and capital - are channelled through the budget of the central government.<sup>9)</sup> This also applies to semi-state bodies like the newly created Transkei Agricultural Corporation (TRACOR) and highly experimental bodies like the Transkei Appropriate Technology Unit (TATU). Even a relatively independent University research institute like the Institute for Management and Development Studies of the University of Transkei has so far relied on state funds for the bulk of its rural development related activities<sup>10)</sup>.
- . Whilst the country has 28 districts and four fairly distinct socio-economic regions there are, as yet, no regional administrative or development bodies of significance, let alone any with a solid financial base.
- . Small district towns, which might, in principle, play a significant role in a broader rural development strategy, are virtually starved of funds, so that they limit their activities to the bare minimum of urban infrastructure services. In fact, the decline in the financial base of Transkei's district towns since independence can be regarded as an important negative force in the process of rural development. Oddly enough it seems to be this dilemma which gave rise to the urge of some rural development planners that Transkei should create a whole series of new - rationally designed and planned - "rural service centres" as catalyst for a new IRD strategy. (See Annexure A, Sect. 1)
- . With virtually no "foreign aid" other than transfers from South Africa (which are channelled through the budget) reaching Transkei non-government funding of RD-efforts has remained limited to some church-sponsored projects and a few other small ventures.

Since IRD encompasses a whole range of activities potentially benefiting rural communities we have to look at the whole budget in order to assess the extent of RD-funding. Table 1 summarises relevant sections of Transkei's most recent budget. Perusal of this statement and some background information leads to the following picture:

2.1.1 With overall government spending estimated at R627 million in 1983/84 rural development related expenditure in the broadest possible sense of the word amounted to about R168 million, or 26,8 percent. This includes spending on schools, health services, roads, pensions, drought relief and agriculture, with the proportions under each heading determined on the basis of very tentative estimates. Not included are central government overheads and general administrative expenditures, most of which either relate to salaries for employees located in Umtata or would be too arbitrary to apportion. This amount of R168 million can be regarded as government spending on rural household needs, with about 92 percent of all Transkeian households located in rural areas and only about 42 000 in urban areas. Put differently, rural development related spending in this very broad sense amounted to about R325 per household/per annum. Broken down into the main components the following picture emerges

Rural Development related spending in Transkei (1983/84 Budget)

	<u>R'000</u>	<u>%</u>
Traditional leaders and tribal district administration	2 097	1,2
Agriculture	10 344	6,2
Education	53 899	32,1
Health	27 914	16,6
Pensions	58 000	34,6
Para-Statal organizations and special projects	6 910	4,1
Post Offices	575	0,3
Government transport and road construction	3 650	2,2
Social Welfare and drought relief	3 057	1,8
Other construction and repairs	<u>1 500</u>	<u>0,9</u>
	<u>167 946</u>	<u>100,0</u>

It is rather significant that spending related more specifically to agriculture constitutes only 6,2 percent of the total.

- 2.1.2 Focusing on rural development in the narrow sense, i.e. activities directly related to agricultural development and the improvement of the rural infrastructure, estimation of specific expenditure items becomes more difficult. An analysis of the relevant budget items against the background of other information which need not be detailed here, suggests a total amount of about R22 million (see items marked x in Table 1). This is only 13 percent of all spending related to rural households and a mere 3,5 percent of overall budget expenditure in 1983/84.
- 2.1.3 This extremely low ratio of RD-specific spending from the most recent budget of Transkei underlines the central message of this paper: the apparent acceptance of an IRD-strategy by Transkei's planners and policy makers is in no way reflected by the current pattern of allocation of public funds.

This conclusion is not altered significantly if we bear in mind that some of the ratios applied to the budget items (to derive the amount of spending on RD) are arbitrary or tentative, calling for a more detailed analysis of actual expenditures. Without doubt some of the amounts included are, in fact, of only very indirect value to rural communities. Besides, the most recent budget shows the "best" ratio, in as far as some major expenditure items expanded rapidly during recent years (e.g. education and pensions). On the other hand agriculture, the key vote for rural development, revealed a virtual stagnation in its spending compared to 1982/83, whilst the sub-vote "Rural development" under Commerce, Industry and Tourism - the only item in the budget which specifically recognized the concept of IRD - was increased only marginally from R800 000 in 1982/83 to R900 000 in 1983/4. The picture becomes even bleaker if we bear in mind that this latter amount had originally been R2,3 million but was cut severely in the late phase of budget preparation. What is more, with so much emphasis being placed on rural community organisations in Transkei's RD-blueprint (see Annexure A) it is incomprehensible from a strategy perspective (though quite understandable from a normal budget-political perspective) that this particular item, which was to cover grants to organisations like ACAT, TATU, IMDS, Zenzele, etc. was curtailed so drastically.

2.1.4 This bleak picture changes substantially if we look at projected expenditure within the Five-Year Planning period (1983/84-87/88).11)

Table 2 summarises project capital expenditures related to agricultural development and the rural infrastructure, i.e. comparable to the 3,5 per cent derived above. Projects specifically linked to peasant farming are supposed to add up to R115 million over the five year period, constituting about seven per cent of all development projects, or double the current rate. If estimates for projects related to employment creation in rural areas and improvements of the rural infrastructure are added, RD-related capital expenditure increases to 18,1 per cent, which would imply a dramatic improvement. By further including the relevant portions of capital expenditure for education, rural health services and other elements, the share of rural development related capital spending (broadly defined) would also be significantly higher than the 26,8 per cent discussed above (in particular if current expenditure on pensions is taken into account as well).

Whilst these figures would seem to confirm the broader thesis that RD has been neglected in the past, but has been 'discovered' more recently and will now start to get the necessary attention in the allocation of public sector funds, a few important qualifications are necessary with respect to the projected figures in Table 2.

. Although the five year planning period started in 1983/84, the 1983/84 budget has not revealed absolute spending in the order of magnitude consistent with the Five Year Plan, nor have priorities as yet changed in the projected directions. Both capital and current expenditures for 1983/84 were far below the levels projected for that particular year. In addition, for some sub-votes actual spending even had to be curtailed to levels below those shown in the budget, due to cash flow problems and overspending in some other sections.

. The discrepancy between actual and planned expenditure levels evidenced in 1983/84 is likely to further widen in the next budget (for 1984/85). This is expected because the plan provided for exceptionally high rates of increase (based on the rationale of

'catching up' with underspending in the past), whereas overall public finance constraints (linked to the business climate in the RSA) may lead to even lower budget grants from South Africa to Transkei. Since most of the RD-projects are either entirely new or of relative recent origin, it seems likely that, during a period of tight public finances they are amongst the first to be curtailed. This is, in fact what happened to the RD sub-vote during the preparation of the 1983/84 budget. Thus, with respect to capital spending the future looks less bright for RD-projects than the figures in Table 2 would seem to suggest. The same probably applies to regular (or current) budget expenditures for RD sub-votes as well. This realisation has, of course, been one of the reasons why the new IRD-strategy (as outlined in Annexure A) plans so much emphasis on grass root mobilisation, self-help action (groups), community groups and co-responsibility of local groups. How successful the strategy has been in this respect, will be explored in the next sub-section.

## 2.2 The Organisational Implementation of an IRD-Strategy

Although the main focus of this paper falls upon the financing of RD, organisational problems play such an important role that we have to briefly discuss them here.

In the first place the strategy implementation capacity of the key department - the Department of Agriculture and Forestry - is distinctly limited, so that it finds itself unable to play an active and innovative role in getting the strategy (outlined in Annexure A) on the way. These limitations, which are linked to staff shortages, lack of senior level (managerial) manpower, lack of an efficient countrywide network of offices, lack of transport and communication facilities (all the way down to the lack of efficient telephone communication) and other factors, have already been visible in the past, where most of the attention was concentrated upon the few large scale irrigation schemes and the implementation of conventional, low keyed extension services and infrastructure developments. As a result of these bottlenecks the Department is, in fact, reluctant to take upon itself additional responsibilities, in particular where these seem to demand a lot of innovation as well as regionally decentralized engagement.

In the design of the RD-strategy this bottleneck has, to some extent, been taken into account, viz. by emphasizing the decentralized nature of RD-efforts and the role of community self-help action. Yet, there can be little doubt that the Dept. of Agriculture would still have to play a key role. In contrast, there is currently not even a specific section for RD within the organisational structure - nor the budget vote - of that department. Recent attempts in this direction were centred in the National Planning Committee (though supported by the Department of Agriculture), whereas the budget sub-vote appeared as last item on the vote of the Department of Commerce, Industry and Tourism.

A strengthening of the organisational capacity of the Dept. of Agriculture presupposes additional funds to expand senior staff, though this alone will not suffice in the short run.

Closely linked to this first problem is the difficulty to achieve the necessary degree of interdepartmental cooperation in the implementation of RD-policies. An IRD-strategy, in its very nature, demands such cooperation since its fundamental goal is to help overcome the complex and integrated nature of RD-obstacles. In contrast, most government departments - given their understaffing at the managerial level - barely succeed in maintaining their routine activities, both financially and organisationally. Recent years have, unfortunately, repeatedly shown that departments find it difficult to initiate within their own spheres innovative, grass roots based development efforts, like, e.g. adult education and literacy training (Dept. of Education), labour intensive, capital saving construction techniques (Works and Energy), self-help core-housing (Local Government), informal sector business de-regulation (Commerce and Industry) and rural preventive health education (Health). But an IRD-strategy demands just this - though in various spheres, at the same time and with the interaction of several departments.

This dilemma may also explain why, in the case of Transkei, it has so far been virtually impossible to establish an effectively functioning Inter-departmental RD-Committee. At the most, departments are willing to attend periodic (consultative) meetings, which is, however, not enough to get a complex strategy going. So far, no department seems

to have felt to have the necessary staff and machinery to undertake this coordination task.

Another weakness of Transkei's administrative structure, the virtual absence of functionally effective regional and local administrations, is a further obstacle in the way of implementing a RD-strategy. Where the strategy document ascribes a key role to 'regional, tribal and local authorities' - down to the level of 'administrative areas' (of which there are about 900 in Transkei, each incorporating 2-3 villages) -, and where significant powers and functions are usually linked to the offices of (sub) headmen, chiefs and paramount chiefs (all of which are directly or indirectly controlled by the Dept. of the Prime Minister) the practical, day-to-day organisational machinery of these bodies is extremely fragile and in most cases quite inefficient. To use them for new functions in any other than a consultative capacity, would first demand a countrywide strengthening of their staff and their communication links within districts and regions and vis-à-vis Umtata. Thus, whilst decentralization could be a useful way of reducing the responsibilities falling upon central government departments and should be a way of effectively involving "the people" in the planning and decision-making process, the shortcomings of the regional and local administrative machinery make both impossible in the short run.

A fourth impediment concerns the nature and functioning of existing "community organizations", who are supposed to play the catalytic role in the implementation of such a 'grassroots strategy'. With the possible exception of ACAT, (a strongly religious organisation operating all over Southern Africa, with an effective top management structure) and a few ad hoc or pilot groups centering around individual personalities, Transkei has, in fact, no operative grassroots community organisations which can (or could, within a short time) mobilise rural communities towards the active involvement and articulation expected of them in terms of the IRD-strategy. Organisations like Zenzele and TUWO (the Transkei United Women's Organisation), which are often mentioned in this context, since they purport to have country-wide branches, are predominantly elite-oriented women's clubs with a far stronger "top-down" than "bottom-up" organisation. In fact, it can be doubted that many of these branches or groups would be able to mobilize common

village folk towards the type of self-help, basic needs oriented involvement expected of the strategy. Whilst it is a fact that both organisations have been associated with the rise of community gardens at the village level, an IRD-strategy demands much more fundamental community involvement than this.

Straddling all these more specific impediments are the twin underlying obstacles which seem to determine the success chances of this (RD) strategy as much as that of other major strategies like industrialization, education and commercial agriculture, viz. the lack of managerial skills and funds. As suggested with respect to a few of the above obstacles (and it actually applies to them all) more funds and managerial skills might alter the prospects significantly (even with respect to factors like the lack or inefficiency of community organisations). There is, however, one additional more fundamental obstacle which generally hampers the implementation of an IRD-strategy in a "homeland" like Transkei. This will be discussed in the next sub-section.

### 2.3 Grassroot motivation and social structures in the "Homelands"

Whilst a more detailed analysis of the socio-psychological and socio-political preconditions of an effective IRD-strategy falls outside the scope of this paper (and, in fact, falls outside the field of competence of this writer), a few general observations seem to be in place here.

- . Given the key role ascribed to 'participation by the people' in the unfolding of the IRD-strategy, the attitude of villagers towards the whole strategy - its goals, promises, demands and techniques - is of paramount importance. Do they regard a future in the rural areas as desirable? Are they content with the gradual improvement of their 'basic needs', after much 'slogging' on their part and with declining rates of subsidization (or 'hand outs') from central government - especially after they have been so used to the latter in the past?
  
- . The all-pervasiveness of the migrant labour system, coupled with the more recent experience of rapidly rising migrants wages (and chances for significant upward mobility) and even an improvement in the quality of urban life of blacks in South(ern) Africa, have a distinct

influence on futures expectations of rural families, especially where almost every household has direct contact with some migrant. This is part of the well-known dilemma, viz. that a large proportion of rural households are rural- and agriculture-oriented only in the geographic or census-classification sense; in many other respects they are frustrated would-be urban settlers for whose daily income rural activities play a very limited role.

- . If local (sub-) urbanisation (i.e. the upgrading of central villages) were taking place at a rapid pace, rural families might prefer this pattern of urbanisation to that "offered" by the larger, more distanced metropolitan areas (where it is inevitably combined with influx control, squatter housing, urban unemployment, etc.). But, unfortunately, the lack of funds and interdepartmental cooperation has so far made this latter aspect of rural sub-urbanisation one of the weakest links in the whole strategy. In fact, RD-planners have not even progressed very far in the initial 'research task' of identifying an "optimal" (?) hierarchy of rural centres, whilst government has as yet given no indication that they would really make the necessary funds available once such a ranking has been effected.
  
- . Also linked to the above dimensions of this fundamental obstacle to RD are socio-political factors like the present tribal hierarchy of chiefs and headmen as well as the complex issue of land reform. Recent proposals for farreaching changes in the land ownership system of Ciskei, presented as part of the Swart-Commission's report,<sup>12)</sup> sound promising and intriguingly "simple" to implement (being based on the "free the market" ideology), yet the successful implementation of Leon Louw's proposals presupposes a massive rural-urban shift of the population. What the proposals really suggest are the introduction and spreading of commercial owner-farming with economic land units, even though Ciskei (and other homelands) may only be able to accommodate a small fraction of their current rural households on that basis. Safety valves like those built into this particular proposal (i.e., that regional authorities can control the nature and speed of the reform) are likely to either stifle the whole effort or be overrun by events.

What is at issue here is the question whether a 'communally' structured RD-strategy can really have a future in South Africa's highly individualistic, socio-economically stratified and capitalist society, especially if existing black/white and rural/urban income distribution patterns persist.

#### 2.4 Conclusion

In this lengthy section we have tried to explain why, notwithstanding a coherent IRD-strategy, first efforts at RD have not shown much success in Transkei. This applies to government initiatives as much as to smaller, privately initiated pilot projects, even though horizon's of expectation were more limited in the latter case and efforts could be more focused and controlled. The three sets of problem factors clearly show that financial constraints are not the only impediment, yet their inter-relatedness suggests that inadequate funding is a very important issue. Unfortunately, most recent trends in the funding of Transkei's budget, viewed in the context of South Africa's overall public resource constraints, would suggest that the financing of RD-efforts might become more rather than less difficult in the near future, unless its priority ranking in Transkei - and amongst fiscal planners in the RSA - is increased.

#### 3. Mobilizing Rural Development Finances

Against the background of the disappointing present progress with RD we now have to consider whether and how more resources could be mobilized for a comprehensive RD-strategy.

Our point of departure may at the same time be the most sensitive issue. Past experience in Transkei as well as in other Third World countries has shown that such a strategy can only succeed if both government and the people concerned are actively and genuinely committed to it. Only then can one hope to break the complex set of interrelated obstacles, with respect to which the issue of funding plays a key role, as we have seen above.

In the case of Transkei a realistic assessment of decision making groups and rural communities places a big question mark behind the attainability of this precondition, even though the document summarized in Annexure A and public utterances and resolutions during recent years might give a more

optimistic impression. At least one can question whether decision makers and financial planners in Umtata - and Pretoria - realise the full range and implications of a broad based IRD-strategy. On the other hand, only if tackled at that level and scale can one hope to achieve a breakthrough in attempts to overcome the urban-rural development gap and to reduce the rural-urban migration pressure.<sup>13)</sup>

In the remainder of this section we shall assume that such commitment does exist, both at the level of government and the level of rural households or communities.

Following from our earlier discussion of the envisaged RD-strategy and recent funding patterns Table 3 schematizes different categories of funding requirements appropriate for a broad based IRD-strategy of a region (or country) like Transkei. It would exceed the scope of this paper to detail every element and it would be quite impossible to place realistic expenditure values on each of the elements (though the latter could be an exciting topic for a research project). Underlying the list is the belief that, first of all, a promoting all-round effort needs proper (RD) planning and implementation machinery at the central, regional and local level (together with training facilities for the staff), a fairly large extension service (far better geared to practical needs than past schemes) and a range of specific (functional) "programmes", each of which concentrates on one particular obstacle, but is closely coordinated with the other programmes. Secondly, it is assumed that RD can only get off the ground if sufficient attention is given to the improvement of all aspects of the rural infrastructure and to some key aspects of rural job creation (like small-industries, self-help construction and adult education). By comparing each of these "requirements" with present budget allocations - and what is in effect being done with the allocated funds - we could get some perspective of the minimum funding requirements for some type of RD "take-off".

On the other side of the coin we have to consider the potential range of funding sources for IRD, bearing in mind that the present, largely central government linked basis of funding is far too narrow, and that all categories of sources, ranging from public to private (inside as well as outside the region) will have to be tapped or mobilized.

The list of categories proposed in Table 4 looks formidable, and certainly does suggest that funding possibilities are a lot wider than realised so far. Yet, closer scrutiny of the list will show that several of the sources would be quite new (e.g. 2.1-2.3, 2.5, 4.1 and 9) and their activation (or 'creation') might require considerable initial efforts. The latter would, however, be in line with our basic assumption, i.e., that government and rural communities are committed to such a strategy. As with respect to Table 3 it would go too far here to discuss and weigh up the pro's and con's (and potential impact or contribution) of each funding source. Suffice to say, that a great deal of the funding would, indeed, have to come from public sector funds in the RSA, but that the share of locally created or channelled funds should increase substantially, with the actual source and particular channelling depending on various practical considerations. It might, in fact, be a topic for some further research to explore each of these potential sources and their sensitivity vis-à-vis present socio-political, economic and other factors in Transkei (or some other area(s)).

Ideally, i.e. in the case of an effectively functioning grassroots approach towards IRD, the dependence on public sector funds should not be much more than about 65 per cent (including the funding of infrastructure needs), but to first get the strategy going the share might have to be higher.

It should be noted here in passing that most of the problems discussed in sect. 2.2 under the heading "organisational implementation" - which were only in part related to the lack of funding - can be delegated to one or other of the expenditure categories in Table 4 and are here presented as if they can be "overcome" with the necessary funding. Naturally, funding is not the only pre-requisite; the availability of skilled and managerially competent people and their success in different types of learning processes are, of course, equally important factors, co-determining eventual progress.

If we apply Tables 3 and 4 to present day Transkei, it becomes obvious at what early, almost preliminary stage of an effective IRD-strategy the region still is. It would, once more, exceed the scope of this paper to speculate how, in what directions and with what funding the strategy might unfold - if it does. In the light of the recent start of the Southern African Development Bank one might be inclined to assign it an important role (e.g. through the funding of rural infrastructure projects, the furthering of RD-related research and/or the possible subsidization of specific rural

community (pilot) projects or schemes. On the other hand the strategy-paper (Annexure A) gave the impression that progress is already being made with the creation of a regional and tribal/local network of RD-support groups and that funding should (and could) be channelled through them. It is doubtful to this writer that much progress has, in fact, been made in this regard (excluding ACAT and TRACOR'S village maize schemes). Yet, far more detailed analyses are required to fully explore these developments and possibilities.

4. Prospects for a Breakthrough - in Transkei and elsewhere

At the end of this paper, which has tried to be neither overoptimistic nor too gloomy about the past and present process of RD in a region like Transkei, the central issue probably is the question whether one can realistically hope for - or expect - an early "breakthrough" in IRD-strategies in the homelands, given their governments' (and Pretoria's) realisation that failure with respect to RD will not only accelerate rural impoverishment, but will also further escalate rural-urban migration, irrespective of influx control and other political, economic or administrative controls.

For this writer the answer to the above question still remains open (which is tantamount to denying both outright failure and success), though a few observations - which themselves call for discussion - can be made by way of a conclusion to the paper.

- . Notwithstanding all the shortcomings in the funding and implementation of the first phase of RD in Transkei, it is a fact that its government and other decision making groups have, over the past few years, "(re) discovered" the rural areas and started grasping the process and pre-requisites of IRD. This probably also applies to the other homelands, with, unfortunately as yet very little (if any) intergovernmental communication about the issues, obstacles and feasible strategies.
- . Public sector funding (directly or indirectly) earmarked for IRD has been stepped up recently and is likely to be further increased, both for current and capital expenditure.

- . Training needs in this field are gradually being realised, and opportunities for training are welcomed.
- . Before any RD-strategy will effectively get off the ground rural landlessness is likely to further increase as will the rural-urban push.
- . Homeland governments - and Pretoria - are (reluctantly and belatedly) realising that increased urbanization inside the homelands is an important element in any comprehensive RD-strategy. This process, once it gets off the ground, is going to create new problems and will demand substantial funds, but it might eventually make the task of RD more manageable.
- . Traditional leaders (at local/tribal area level) and homeland governments are ambivalent about the "virtues" of strong grassroot (community) participation in RD-efforts. If dynamic and resourceful, such groups could, in fact, be the most important challengers to the present rural elite - and government (given the absence of effective trade unions and of powerful opposition parties). It is quite possibly this ambivalence - together with other problems which can help to explain why regional, tribal and village (administrative area) authorities are organisationally so weak in a region like Transkei. (It might, however, be significant in this respect, to contrast the pattern in Transkei with that in Kwazulu.)

UNIVERSITY OF THE WESTERN CAPE

FEBRUARY 1984



Transkei Budget 1983/84 (contd.)

	<u>RD-related Exp.</u>	<u>Total Votes</u>
	R'000	R'000
8.3 Govt. hospitals (40% of salaries)	15 700	
8.4 General/Medical Supplies, maintenance and repairs, etc. to Clinics/hospitals	8 484	
8.5 Construction/repairs of hospitals (25%)	<u>7 000</u>	
9. <u>Interior</u>	(59 140)	97 819
9.1 District Commissioners and Admin. (40% of salaries)	1 140	
9.2 Social Pensions (80% of total)	<u>58 000</u>	
10. Justice		3 769
11. Local Government and Land Tenure		3 758
12. <u>Commerce, Industry and Tourism</u>	(6 910)	69 520
12.1 Consultancy Fees (33%)	110 *	
12.2 Funding of TRACOR (40%)	4 400 *	
12.3 Promotion of Small Scale Industry (33%)	500	
12.4 Special Employment Action Programme (34%)	1 000	
12.5 Rural Development (100%)	<u>900 *</u>	
13. Police		17 941
14. <u>Post and Telecommunications</u>	(575)	16 948
14.1 Decentralised Post Offices (20% of Staff)	575	
15. Prisons		8 677
16. Public Service Commission		928
17. <u>Transport</u>	(1 400)	11 101
17.1 Maintenance and operating expenses of government vehicles (20%)	1 400 *	
18. <u>Works and Energy</u>	(3 750)	62 123
18.1 Construction and repair of roads (25% of Secondary/tertiary roads)	2 250 *	
18.2 Other construction and repairs (15%)	<u>1 500 *</u>	

Transkei Budget 1983/84 (contd.)

	RD-related Exp. <u>R'000</u>	Total Votes <u>R'000</u>
19. <u>Welfare, Sport and Cultural Affairs</u>	(3 057)	5 981
19.1 Social Workers (20% of salaries)	57	
19.2 Drought Relief (80%)	<u>3 000</u> *	
1-19: Total budget	167 946	<u>627 000</u>
Specifically related to RD *	22 000	

Source: Transkei Government, Estimate of Expenditure to be defrayed from the Transkeian Revenue Fund during the year ending 31 March 1984.

Table 2: Projected Capital Expenditure related to Rural Development  
1983/4 - 1987/88 (in 1983/84 prices)

	<u>Rmill.</u>	<u>Rmill.</u>	<u>%</u>
1. Peasant farming related		115,0	6,9
1.1 Soil conservation and land use planning	35,0		
1.2 Live stock development	12,0		
1.3 Mechanisation (tractors and implements)	45,0		
1.4 Co-operatives and Credit Schemes	7,0		
1.5 Supply of inputs	4,5		
1.6 Live stock/Crop marketing and storage	8,0		
1.7 Training, research and transport	<u>3,5</u>		
2. Rural Infrastructure and Employment Creation		185,0	11,2
2.1 Development of appropriate technology	3,0		
2.2 'Rural development' (community projects)	35,0		
2.3 Drought relief	30,0		
2.4 Youth programmes	1,5		
2.5 Siyazakha (direct employment creation)	25,0		
2.6 Rural water supplies	15,0		
2.7 Secondary and tertiary roads	61,0		
2.8 Small-scale (rural) industries	11,0		
2.9 Regional administration	<u>3,5</u>		
Sub-total for Rural Development		<u>300,0</u>	<u>18,1</u>
Total of all Development Projects		<u>1 655,9</u>	<u>100,0</u>

Source: Republic of Transkei, Development Priorities and Public Sector Spending 1983-1988 - White Paper, Umtata July 1983. Figures extracted and adapted from Table 5.

Table 3: Categories of Funding Requirements for an IRD-Strategy

Capital and Current Expenditure

1. Directly related to Agriculture

- 1.1 Departmental (H/O) Planning and Administration (e.g. Directorate of RD-Agency)
- 1.2 Regional RD-Offices and Staff (minimum of 4 regions)
- 1.3 RD-Coordinating staff and offices at Tribal and Adm. Area level (including Rural Service Centres)
- 1.4 Training Programmes for departmental staff (H/O, regional, A/A)
- 1.5 Extension Service (country wide, decentralised network of RD extension officers) including training facilities
- 1.6 Stock control and upgrading Programme
- 1.7 Crop development and diversification Programme
- 1.8 Rural Credit Programme
- 1.9 Rural Supply (Inputs) Programme
- 1.10 Rural Marketing Programme
- 1.11 Soil Conservation Programme
- 1.12 Rural Mechanization Programme

2. Rural Infrastructure

- 2.1 Tertiary/feeder road Programme
- 2.2 Rural Water Supply Programme
- 2.3 Rural Health Services Programme
- 2.4 Rural Schooling Programme
- 2.5 Rural Service Centres: Provision of basic urban facilities
- 2.6 Maintenance and repairs of rural-based government Structures
- 2.7 Rural key-point electrification Programme

3. Rural Industries and Services

- 3.1 Promotion of small-scale industries and commercial enterprises
- 3.2 Rural communication Programme (postal and telephone services; bus transport)
- 3.3 Promotion of self-help construction (incl. low-cost housing support programme)
- 3.4 Promotion of Adult Education, literacy and Youth Programmes (including RD-training)
- 3.5 Promotion of Community (RD) organisations (incl. co-operatives)

Table 4: Categories of Funding Sources for IRD

A. Public Sector Funds

1. Homeland Central Government (e.g. Transkei)
  - 1.1 Departmental Votes - existing allocations and reallocations to RD
  - 1.2 Direct allocation to (new) RD-Agency (reduction of other votes)
  - 1.3 Increase in Overall Government expenditure (funded through increased revenue)
  
2. Homelands - Other Government Levels
  - 2.1 Regional Authority funding (raised through new regional taxation or sale of land)
  - 2.2 Local authorities funding (raised through new revenue sources)
  - 2.3 Rural development levies (channelled through central or regional government)
  - 2.4 Sale of Services to rural households
  - 2.5 Contributions by Community Organisations (compulsory/voluntary)
  
3. RSA - Public Sector
  - 3.1 Annual budget Support (general or specifically earmarked for RD)
  - 3.2 RSA-government guaranteed loans from capital market
  - 3.3 SA Development Bank, Small Business Development Corporation, etc.  
- loans and/or grants earmarked for RD projects/programmes
  - 3.4 Direct Programme assistance from RSA govt. departments/semi-state institutions (e.g. related to research, training and planning)
  
4. Third Country and Multi-lateral Assistance
  - 4.1 Intergovernmental/agency project finance
  - 4.2 Multi-lateral programme participation/assistance (e.g. research and interstate programmes like ACAT)

B. Private Sector Funds

5. Non-government Organizations: Project, programme and/or cooperation assistance from church bodies and other NGO's in Transkei, RSA and elsewhere

6. Self-help inputs: Own labour and/or other 'in natura' contributions by local rural households, incl. temporarily absent migrants
7. Own Savings/investments from income created outside the Rural Sector e.g. migrants remittances, urban-rural transfers, investment in land, etc.
8. Re-investment of profits from RD activities inside rural Rural Sector
9. Investments from non-rural investors (from inside/outside the homelands)

Annexure A

Transkei's Rural Development Strategy

As background to the discussions in this paper the following summary of "A Framework for Agricultural Development (in Transkei)" has been extracted from a working paper entitled "Agricultural Sector Five Year Plan" which has been prepared for the National Planning Committee of the Transkei Government in 1982, at a stage when several state departments and consultants were preparing background material for a comprehensive Five Year Plan. For reasons which need not be expounded upon here, such a plan has so far not been realised.<sup>14</sup> The content of this sectoral document<sup>15</sup> can be regarded as a systematic statement of intended policy by government and para-statal organisations, even though it has not been formally passed by Cabinet.

Following a general overview of the "Current Situation", in which the document paints a realistic, if rather gloomy picture of progress to date, Section II outlines "The Framework for Agricultural Development", distinguishing three basic elements of a comprehensive strategy, viz.

- . the improvement of traditional farming (by means of an IRD strategy);
- . the development of commercial agriculture (especially through TRACOR's maize Schemes, the establishment of other private companies, associations or cooperatives to undertake larger projects and the introduction of new crops, etc.) and the improvement of output in the 400-odd privately owned farms; and
- . the consolidation of large scale irrigation projects (like Ncora, Qamata and several smaller ones).

From the tenor of the whole document - and the underlying new strategy - it is clear that the main emphasis is to fall upon the first element, with the second regarded as an important complement, which might, in the longer run, increase in relative significance and which should be related to the first wherever possible. In contrast, the third element is assigned a much lower priority in this strategy document, in fact far lower than has been the case in the more recent past (and, possibly lower than might be politically acceptable to government.

Introducing the section on "The Improvement of Traditional Farming", the goals are stated as follows:

- . achieving integrated rural development at grass roots level;
- . orientating projects towards people in rural areas (ie. small scale, low per capita investment and management primarily aimed at self-help activities of individuals and groups); and
- . facilitating the absorption of a large share of Transkei's growing labour force.

Development efforts in this sphere are seen to centre around five elements, with a radically improved and expanded field (extension) service<sup>16</sup> of the government's Dept. of Agriculture and Forestry envisaged as operational centre-piece. These elements will be summarised briefly now.

#### 1. Rural Service Centres and the Resettlement Scheme

Linking on to the Resettlement Programme of the 1950's and 1960's, though with greater attention given to soil erosion and the increase of production, and bearing in mind the need for integrated programmes, "government will actively promote 'rural service centre' development, with each centre serving a number of administrative areas in providing co-ordinated facilities. Detailed regional surveys will be made to ascertain the number and location of rural service centres". (pp. 18/19)

"Such centres will include housing and offices for government employees concerned with RD, and they will be the location for services to rural communities, including agricultural supply, storage and marketing depots, a small pool of mechanical equipment for hire, a clinic and, possibly, private stores and suitable small industries." (p. 19)

To implement this strategy the following planning efforts are foreseen during the next five years:

- . The improvement of rehabilitation planning procedures to provide fully integrated RD-plans and to revise existing plans: To achieve this several government departments have to be co-opted onto central and local planning committees, with Regional and Tribal authorities also represented and involved.

- . Plans are to be phased and implemented in such a way that Regional, Tribal and local authorities fully agree, with the focus on basic needs of the rural population.
- . For the construction of capital works at local community level a gradual shift from the present system of providing the full cost to a system of partial subsidization is to take place.
- . In the implementation of these plans increasing attention is to be given to community organisations (Farmers Associations, women's groups like Zenzele and TUWO, Savings Clubs like ACAT, Co-operatives, etc.). These organisations are to become the channels for extension work and other assistance and they are to become the main focus for providing credit to rural communities (supervised and assisted by the relevant government departments).
- . To protect natural resources an extensive inspection service of the Department of Agriculture and Forestry is to monitor soil erosion, the eradication of noxious weeds, the prevention of veld fires and the control of stock numbers.

## 2. The Improvement of Crop Production

Given the unquestionable potential to raise yield levels in the traditional farming sector of Transkei, yet bearing in mind the well-known set of interrelated constraints (like late planting, lack of draught power, poor weeding and insect control, low fertilisation, poor soil conservation, lack of seeds, credit and marketing facilities, inadequate research and a seasonal lack of able bodied men) the RD-strategy postulates a "carefully programmed and co-ordinated" development package, focusing on a wide range of crops - like maize, cabbage, peas, and other vegetables - and including the following elements:

- . a drastically expanded extension service,<sup>16)</sup> focusing on the improvement of basic management practices (like earlier ploughing, land preparation and planting, higher plant populations and better weed control);
- . a subsidised tractor and equipment scheme to supplement draught power (the present centralized scheme is to be supplemented by a more decentralised, project-based scheme, linked to the improvement of commercial agriculture, and the introduction of technically more adapted equipment);

- . new channels for the distribution of agricultural inputs (hitherto almost exclusively done through the Department of Agriculture), either by revitalizing the co-operatives or by involving the community organisations mentioned above;
- . expansion of marketing facilities, through TRACOR, co-operatives and/or community organizations;
- . extension of credit facilities through community related groups (in order to keep the cost of servicing small scale loans as low as possible), co-ordinated by TRACOR and the Extension Service;
- . the expansion of multi-purpose savings clubs (along the lines of ACAT - Africa Co-operative Action Trust - which has already achieved a breakthrough in a few regions); and, finally,
- . the implementation of applied crop research, focusing on the specific potential of the four agro-ecological regions of Transkei and incorporating trial and demonstration plots as well as the Extension Services.

### 3. Livestock Development

Bearing in mind that large parts of Transkei are relatively better suited for livestock farming than crop production, and taking into account the complex role played by livestock in the indigenous rural economy of the region, livestock development ranks high as an element in the new IRD-strategy. The specific goals are:

- . to ensure sustained production through careful land use planning and the promotion of sound management techniques;
- . to increase off-take through improved marketing;
- . to maintain the health of the herd through stringent disease control measures.

With respect to cattle (beef production) the fragile ecological balance and the severity of soil erosion and overgrazing prohibit any further increase in the total stock, even though the complex role of cattle in traditional society calls for an effective increase in the (potential) off-take. The reasons underlying the present low off-take are well-known, as are the reasons why cattle is of such high value to subsistence households. Key elements in an upgrading strategy include the following:

- . Provision of paddocked grazing areas and stock dams (as originally provided by the Resettlement Programme), with greater emphasis on effective rotational grazing, a better upkeep of the fencing and its maintenance by

- the community (rather than government).
- . Improved extension work, to gradually upgrade the quality of veld and of livestock management, in close co-operation with local authorities and groups of farmers.
  - . Closer co-operation between veterinary services, extension workers, public health authorities and marketing organisations.
  - . Improved cattle marketing facilities, linked to local slaughtering facilities and locally controlled feeder-lots.

A similar approach to the one outlined for cattle is propagated for small stock (Sheep and goat), of which small herds are held by some 80 percent of rural households and which constitutes an important source of income for poorer households. At present home slaughterings and village sales still dominate the off-take, with wool sales becoming increasingly important as a source of cash income. The latter trend has been linked to the provision of sheep shearing sheds in rural areas and the improvement of marketing channels. Through extension work much effort is in future to be given to an improvement of the present low quality of wool, in particular through better nutrition as well as parasite control. Some experimentation is also underway with the use of raw wool for the production of clothing in small cottage industries. In addition, steps have been taken to rationalize the marketing of hides and skins.

Aside from cattle and small stock attention is also given to poultry and pig farming at the subsistence agriculture level. The large importation of eggs, chicken and poultry into Transkei suggests considerable potential for commercial production. With the emphasis on low capital projects, the initiative rests with TRACOR and the Department, though responsibility is to shift to local communities.

In another area, the production of fresh water fish to supplement local animal protein supply, research has been ongoing for some years (at the University of Transkei), and broader efforts are in preparation.

#### 4. Infrastructure Development

Whilst it has not been mentioned explicitly in the particular section of the planning document (of which the above sections are a summary) the improvement and expansion of the physical and social infrastructure are also regarded as important elements in the envisaged IRD-strategy. This

includes the expansion in the network of secondary and tertiary roads (linking isolated villages to the road network), the establishment of postal and minimum telecommunication services in all the rural service centres, the expansion and improvement of rural primary schools and of basic community health facilities. Furthermore, the provision of water in close proximity to residential areas also constitutes a key element in the RD-strategy. Higher priority is given to this goal than to the further expansion of capital intensive, large scale irrigation schemes.

#### 5. Involvement of the Rural People

As suggested in earlier subsections the involvement of rural people in project identification, planning and implementation is regarded an essential part of the RD-strategy. To achieve this, the present system of Regional and Tribal Authorities is to be strengthened and further decentralized. Through the involvement of community organizations and committees the dependence on government personnel is to be reduced. At the same time the planning and executive machinery at the village and Administrative Area level is to be expanded substantially, so that it might eventually be able to play a central role in the implementation process of an IRD-strategy. Naturally, this will need a major reorientation in the training and decision making processes as well.

#### Conclusion

Critical analysis of the above programme or strategy (which is about the only fairly systematic statement of Transkei's new IRD-strategy) reveals major gaps and an overall tenor of (over-) optimism. In the light of past performances and the well-known complexity of political, economic and social constraints on government as well as private (voluntary) efforts the strategy may look like little more than a declaration of intent. Yet, it does enumerate the major elements of a systematic strategy, and more detailed discussion could show that considerable attention has already been given by policy planners to each element as well as to their interaction.

NOTES AND REFERENCES

1. On the shift towards IRD cf. Livingstone I., "On the Concept of 'Integrated Rural Development Planning' in Less Developed Countries", in Journal of Agricultural Economics, January 1979.
2. Lele U., The Design of Rural Development: Lessons from Africa. Baltimore, Johns Hopkins U.P., 1979, p. 20. Also see Long N., An Introduction to the Sociology of Rural Development, London, Tavistock, 1977.
3. During recent years a considerable amount of empirical research has been undertaken on Transkei's rural sector. See for example Bembridge T.J., Problems of Agricultural Development in the Republic of Transkei: A Preliminary Summary, Unpublished paper, Fort Hare, May 1982, and Thomas W.H., Socio-Economic Development in Transkei, Centre for Extra-Mural Studies, University of Cape Town, 1983. Both these papers were presented at a conference on the 'urban-rural nexus in South Africa', arranged by the Unit for Futures Research at the University of Stellenbosch. For summaries which cover other homeland areas as well, see Spies P.H. (ed.), Urban-Rural Interaction in South Africa, Stellenbosch UFR, 1983, especially ch. 3. For ongoing empirical research see the surveys undertaken by the Institute for Management and Development Studies at the University of Transkei (see note 10 below).
4. Cf. Thomas W.H., "Unemployment and job creation - Transkei's perspective" in Development Studies Southern Africa, vol. 5/2, Jan. 1983, pp. 222-248.
5. Cf. Republic of Transkei, The Development Strategy 1980-2000, Umtata 1978, and Republic of Transkei, Summary of First Five-Year Plan 1981/82 - 1986/87, Umtata, February 1982.
6. Cf. Swynnerton, Agricultural Development in the Transkei, with Particular regard to the Role of the Transkei Development Corporation, unpublished consultant's report, Umtata 1979; also see Ellis-Jones J., Agricultural Sector Five Year Plan, unpublished Report, Umtata, February 1983, especially Section 1, "Current Situation", as well as "Agricultural Development Strategies for Transkei" in Transkei Development Review Vol. 2/2, November 1983, pp. 14-24.

7. On the development planning process see Thomas W.H., "Development Planning in South Africa's Black States: A critical assessment, with special reference to Transkei" in Studies in Economics and Econometrics, November 1983, pp. 37-53.
8. Cf. (i.a.) the papers presented at the 'Rural Development Symposium' held in Umtata on January 22, 1980 as well as the conference papers included in Transkei Development Review Vol. 1/1, April 1981, esp. Ellis-Jones J., "Integrated Rural Development: Elements of a Strategy", pp. 31-36. A further Workshop on Rural Development in Transkei was arranged by the Institute for Management and Development Studies in October 1982 at the University of Transkei and opened by the minister of Agriculture and Forestry.
9. For a more detailed discussion of Transkei's budget financing see Thomas W.H., "Financing Socio-Economic Development in the Black Homelands of South Africa" in Journal of Contemporary African Studies, Vol. 1/1, 1981, pp. 141-166.
10. On the role and functioning of the Institute see "IMDS-Report for the First Two Years 1980-1982" in Transkei Development Review, Vol. 2/1, November 1982, pp. 99-110.
11. Republic of Transkei, Development Priorities and Public Sector Spending 1983-1988 (White Paper), Umtata July 1983.
12. Cf. Republic of Ciskei, Report of the Commission of Inquiry into the Economic Development of the Republic of Ciskei, Bisho, December 1983, esp. Section 3.4, pp. 14-22.
13. Cf. Urban-Rural Interaction in South Africa, op.cit.
14. See Republic of Transkei, First Five-Year Plan 1981/82 - 1986/87, Umtata, September 1981.
15. Agricultural Sector Five-Year Plan, prepared by J. Ellis-Jones for TRACOR and the National Planning Committee, Umtata, February 1983. Also see by the same author "Agricultural Strategies for Transkei", Transkei

Development Review, Vol. 2/2, November 1983, pp. 14-24. Also see Clark R., An African Rural Development Strategy for Transkei, Unpublished Paper prepared for the National Planning Committee, Umtata November 1982.

16. For a penetrating analysis see Bembridge T.J., The Transkei Extension Service: Investigation and Recommendations, Fort Hare, Dept. of Agricultural Extension and Rural Development, October 1980.