

## EXAMINING LIVELIHOODS AND RECONSIDERING RURAL DEVELOPMENT IN THE FORMER HOMELANDS OF SOUTH AFRICA

### KEY ISSUES

- Rural poverty and deprivation are widespread in the former homeland communal areas of South Africa, and have been largely unaltered by post-apartheid rural development policy.
- Research reveals households in the communal areas sustain themselves through diverse combinations of wage earnings and remittances; receipt of social (welfare) grants; limited agricultural production and various other (often small-scale) informal economic activities.
- Rural households demonstrate varied patterns of livelihood 'diversification' in relation to the above four activities. These patterns of diversification both reflect and reinforce material differences between households (i.e. rural 'social differentiation').
- A livelihood-informed segmentation of rural households shows that external linkages (especially employment) are a major determinant of a rural household's wellbeing and position relative to each other.
- All of the above have implications for rethinking rural development policy.

### BACKGROUND

Persistent poverty and under-development in South Africa's former homeland communal areas have been little changed by post-apartheid 'rural development' policy. Rural development policy has often been characterised by impulses towards top-down planning, a default assumption that agriculture ought to drive rural development, a reliance on resource-intensive income generation projects, and general inattention to the larger economy (including the role of urban linkages, employment and markets). Contested rural governance and weak public administration further inhibit rural development in the communal areas. Against this backdrop, livelihoods-orientated enquiry amongst impoverished rural households contributes to reassessing and rethinking rural development policy.

This policy brief draws on qualitative and quantitative enquiry undertaken in a former 'homeland' or 'bantustan', in the rural Eastern Cape (Neves, 2017). The research combined in-depth household interviews with longitudinal (across time) NIDS (National Income Dynamics Study) and area-based Census 2011 data. Integrating these enables the depth and specificity of household qualitative inquiry to be contextualised in relation to larger (quantitative) dynamics.

## RURAL LIVELIHOODS IN THE COMMUNAL AREAS

South Africa's communal areas were incorporated into systems of migrant labour and money a century ago. However, their rural residents have long faced increased joblessness (amidst 'de-industrialisation' nationally), alongside shrinking opportunities for local agricultural production ('de-agrarianisation'). In the context of these structural dynamics, impoverished communal area households sustain themselves through practices of livelihood diversification, informal oscillatory urban migration, and complex practices of social reciprocity (including sharing the 'carework' of the children, ill, disabled and elderly). The communal areas continue to be important sites of retreat, recuperation and retirement from the urban and industrial economy, for the African poor.

### Rural communal area livelihoods

Communal area households sustain themselves through:

1. Formal sector employment and remittances, which are significant local resources, despite low employment rates and earning levels. Agriculture accounts for less than a tenth of remunerative employment.

2. Social welfare grants, receipt of which is highest in South Africa's communal areas, and often underpins crucial 'carework' of dependants.

3. Informal non-agricultural economic activity. Although constrained and typically small scale, this is frequently enabled by resources (capital, skills, etc.) accrued from formal employment. Hence, the most lucrative activities are the preserve of better-off households.

4. Agriculture. Variable agro-ecology and larger processes of de-agrarianisation mean that communal area agriculture has, for decades, been marginal. Yet it remains important to those who engage in it. Much like informal economic activity, the highest returns from production (including livestock) are found among better off households.

### Livelihood diversification and rural social differentiation: A typology

The vulnerability of rural households and their position relative to each other is shaped by their varying engagement with the preceding four 'sources' of livelihood making. This engagement results in 'social differentiation', which drawing on Dorward et al. (2009) and Scoones et al. (2012), is presented in terms of the following four-part typology of rural communal area households:



Elite households 'MOVING OUT' of narrow locally-based activities, that have strong labour market linkages, with evidence of reinvestment and accumulation. They diversify into higher value activities, including agriculture. (Constitute up to 5% of the rural households.)



Middling households 'INCHING UP' and strengthening their livelihoods, but not reinvesting or 'accumulating'. They receive more than a single state old age social grant (or equivalent income). They may have (low wage) labour market linkages, some diversification and moderate levels of agricultural production. (They make up between a quarter to one third of rural households).



Poor and vulnerable households 'HANGING ON' with paltry (or past) employment linkages, that typically receive a single state old age grant (or equivalent income) as their single largest income source. They engage in limited livelihood diversification, and small-scale informal economic activities and agriculture. (Comprise as many as half of households in the research context).



A small minority of the poorest and most vulnerable of households 'DROPPING DOWN' into ultra-destitution. They are characterised by very tenuous or absent job market linkages and weak entitlements, and seldom even collect higher value (old age or disability) social grants. They engage in the most laborious and poorly remunerated of informal economic activities, and are often too resource or labour constrained for discernible agricultural production.

In relation to the above typology, the research reveals the importance of formal labour market linkages and the unequal ability of rural households to diversify into more remunerative forms of informal economic activity, including agriculture. These patterns of livelihood diversification are, hence, intertwined with social differentiation, and have a number of policy implications.

## RETHINKING RURAL DEVELOPMENT POLICY

1. Put a livelihoods focus at the centre of rural development policy, in order to understand diversification and facilitate household segmentation. Doing so facilitates understanding of the inability of the poorest, most vulnerable and labour constrained households to engage with conventional development interventions (e.g. agriculture, income generation projects).
2. As rural underdevelopment cannot be addressed in an insular and parochial manner, there is a need to advocate for and facilitate inclusive, pro-poor economic growth across the wider economy.
3. Strengthen rural households' access to external (including urban) labour markets, through mechanisms such as youth wage subsidies, and interventions to overcome job search costs, skill and informational deficits.
4. While the constraints on agriculture in the communal areas are considerable, where appropriate strengthen small-scale agriculture through basic production support, and by tempering policy biases towards formal markets, large-scale producers and production systems.
5. Leverage existing potentials and activities, much of which are unrelated to agriculture, by supporting enterprise and employment in the local rural non-farm economy (RNFE). This includes local retail (including food retail), the largely overlooked 'carework' economy, and the burgeoning construction sector, which account for most employment in the communal areas.
6. Act to address the inhibiting or 'crowding out' effects of extractive, concentrated (often anti-competitive), metropolitan-based firms and interests, as they undermine efforts to foster inclusive economic growth, including in agriculture and the RNFE.
7. Recognise that social welfare grants are complementary to practices of livelihood making (including informal economic activity and adult outmigration). Welfare transfers remain key public policy interventions for rural households. Work to strengthen their positive impact by ensuring high take-up rates, preventing elite capture or maladministration, and expanding potential beneficiaries (such as working age adults).
8. Lay the foundation for effective rural development interventions by resolving ongoing and debilitating contestations over rural governance (especially the role of unelected 'traditional authorities'). In addition, remedy deep-seated administrative weaknesses by clarifying institutional mandates, easing administrative bottlenecks and improving intergovernmental co-ordination. Finally, link rural development policy to land reform and efforts to affect 'agrarian transformation', from which they are currently largely disconnected.



*The communal areas remain marked by substantial infrastructure and service deficits. By David Neves.*

## RECOMMENDATIONS

- 1 Place a **livelihoods approach** at the centre of rural development, in order to facilitate clear household segmentation and optimally focus interventions.
- 2 Facilitate **inclusive, pro-poor economic growth in the wider economy**, as rural development cannot be exclusively addressed in a local or insular manner.
- 3 Strengthen and facilitate rural households' **access to existing external (often urban) labour markets**.
- 4 Support **small-scale agriculture**, where it has potential, including through appropriate production support.
- 5 Support **rural non-farm economy (RNFE)** enterprises and employment, as agriculture is not the sole driver of rural development.
- 6 Address the **'crowding out' effects** of concentrated, extractive, metropolitan-based firms that undercut the potential for inclusive economic growth.
- 7 Recognise and strengthen the effectiveness of **social welfare grants**, which are complementary to practices of rural livelihood making.

- 8 Resolve contested **rural governance**, and address weaknesses in **public administration**. Meaningfully connect rural development to land reform and agrarian transformation.



Migratory linkages connect rural to urban areas. By David Neves.

## REFERENCES

- Dorward, A., Anderson, S., Bernal, Y.N., Vera, E.S., Rushdon, J., Patterson, J. and Paz, R. (2009). Hanging in, stepping up and stepping out: Livelihood aspirations and strategies of the poor. *Development in Practice* 19(2): 240–247.
- Neves, D. (2017). *Reconsidering rural development: Using livelihood analysis to examine rural development in the*

*former homelands of South Africa*. PLAAS Research Report 54. Cape Town: PLAAS.

- Scoones, I., Marongwe, N., Mavedzenge, B., Murimbarimba, F., Mahenehene, J., and Sukume, C. (2012). Livelihoods after land reform in Zimbabwe: Understanding processes of rural differentiation. *Journal of Agrarian Change*. 12(4): 503–527.

**Acknowledgement and disclaimer:** “This document has been produced with the financial assistance of the Programme to Support Pro-Poor Policy Development (PSPPD), a partnership programme of the Department of Planning, Monitoring and Evaluation (DPME) and the European Union. The contents of this report can in no way be taken to reflect the views of the Department of Planning, Monitoring and Evaluation and the European Union”.