

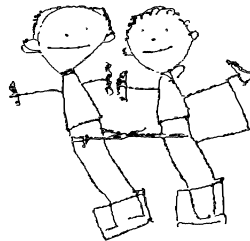
Kwa-Zulu Natal

*The Community Investment Programme.
Early Childhood, Community and
Local Economic Development.*

**ACAT
AFRA
Diakonia
KZNCC
Practical Ministries
Thukela Mzinyathi Christian Council
Place of Restoration**

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with



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www.thepeoplesagenda.co.za

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The Preamble to the Constitution of South Africa sets out the central aim of society as to: -

- “establish a society based on democratic values, social justice and fundamental human rights
- in which the quality of life of all citizens is improved
- and to free the potential of each person”

The Bill of Rights furthers these aims around the rights to equality, human dignity, life, freedom and security.

Local Government is charged with the promotion of social and economic development and with the provision of services. It has to encourage the involvement of communities and community organisations in the matters of local government.

“The much lamented crisis of capacity building in Africa is more a crisis of *institutional* capacity than a crisis of *technological* capacity in terms of skills, methods and technology.”

Africa's Management in the 1990's and Beyond,
World Bank, Washington, 1995.

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True generosity consists precisely in fighting to destroy the causes that nourish false charity. False charity constrains the fearful and subdued, the "rejects of life," to extend their trembling hands. True generosity lies in striving so that these hands - whether of individuals or entire peoples - need be extended less and less in supplication, so that more and more they become human hands which work, and, working, transform the world.
From "Pedagogy of the Oppressed", Paulo Freire

Executive Summary

The Community Investment Programme (CIP) represents a move beyond 'delivery' to the use of community as the active partner of the state in the realisation of enabled and responsible citizens realising economic and social rights. Appendix 5 provides a pictorial history of the last 150 years of increasing rural and township marginalisation.

It operates to raise the local income multiplier some 300% in the old 'black' rural and township areas that remain highly marginalised and dependent upon the 'global' South Africa for goods, services and jobs. It is thus a 'Charter for the Second Economy'. This is the quickest way to bring the poor, at least half the population, in from the cold where they are effectively economic prisoners of non-working local economies. This corrective to the main structural fault line of the economic legacy of apartheid, and which forms the dual economy of South Africa, promises to unlock the potential of all areas of South Africa. It provides a highly efficient and effective method to realise the incorporation of all into economic activity and to reward state expenditure with high multipliers and thus high returns via taxation to state expenditure.

The establishment of an economic democracy, that is 'competent' citizens daily exercising the key economic and social rights, is the central task of the second decade of political democracy in South Africa.

The main 'rights' the CIP promotes are reforms around Child Rights, the provision of Investment Rights, and the realisation of the 1997 cabinet promise that by 2020 all South Africans will enjoy the 'Right To Live In A Working Local Economy'.¹

Considerable synergy is possible between the various parts of the CIP so that poor local areas could be transformed in a few short years into active local economies. For instance, Soweto, is planned to become a 'suburb' of Johannesburg by 2030, (i.e. a population of 1.5 million without local work and still highly dependent on other places for work, goods and services). Soweto, rather, under the CIP, could become a working city that provided for all its residents within five to ten years.

The CIP works with citizens in community to build powerful local ownership institutions that represent the renewal of traditions of common ownership and joint working under the most modern of corporate forms. Village and neighbourhood become democratic property companies, albeit registered as co-operatives or Trusts,

¹ Rural Development Framework, Ministry of Lands, Pretoria, 1997

able to hold, receive, invest in and manage productive assets. Women become equal owners, the most progressive advance possible for them and their children. This formulation allows the poor to invest their considerable unused labour to build and to manage valuable assets that reward them with annual dividends. It is thus a vital extension of the formal sector concern with 'broad-based' BEE into the presently informal and dysfunctional parts of society.

The result is an agrarian and land reform programme driven by member communities able, as organised, registered and financed bodies, to enter the land market as they wish. This removes the state from the politics of direct intervention in the land market by establishing an enabling partnership with the poor.

The CIP provides a set of programme rights on offer to member communities through a Co-operative service body. That body has been 'founded' by civil society agencies in KZN. The body is actively seeking to include government and business as fellow members. Community members will soon dominate and come to enjoy an increasing voice until they dominate a 'reformed' partnership with the state and other parties.

The current development practice remains largely top down, state 'delivery' without any real partnership with community although the aims of local government point that way. The style of government, NGO and donor is to supply objects and services into poor areas when their economic marginalisation means that there is no or little effective local demand with which to buy new local production or to pay for new services. There is little attempt to understand and to act upon the structural obstacles to local success. Consequently, South Africa remains a society with very little 'learning' from the near constant failure of local development projects that attempt to work with, whilst ignoring, still dysfunctional communities struggling within non-working local economies.

The main official response to project failure has been to plug the income gap of the poor with a great increase in social grants. These suffer the same fate in that they do not set out to correct the gross inefficiency of sending funds to individuals for consumption purposes when that money leaves immediately for the 'global' economy and so generates little local economic development (LED) and hence provides no sustainable improvement in local conditions.

The proposal covers a half year of set up and three years of operations. The budget is modest given the 'reform' task and the rewards of pulling considerable state expenditure into far more efficient patterns.

INTRODUCTION

A number of civil society organisations in KZN have joined together to promote and to forge the implementation vehicle for what has been called, "The Community Investment Programme" (CIP). The founding member agencies are:-

- ACAT
- AFRA
- Diakonia
- KZNCC

- Practical Ministries, Port Shepstone
- Thukela Mzinyathi Christian Council
- Place of Restoration, Margate

These agencies work together with The Peoples' Agenda, a national movement around economic rights and localisation. Membership is open to all interested parties. There has been close communication with the Department of Traditional Affairs and Local Government. Part of that on-going discussion is a mutual interest in the implementation of rings of periodic markets as central to the localisation concern of the CIP. Periodic markets, as Cabinet agreed in approving the 1997 Rural Development Framework, should be but, as yet, are not a national programme.

The CIP elevates 'community' as the true partner of the state, of local government and of business in realising economic and social rights and thereby LED. It sees cultural renewal as a vital engine of development. This builds on Constitutional provisions, the Municipal systems Bill and many other official intentions that the people shall lead in a 'developmental state'.

The approach promotes 'community as business', drawing upon the cultural dynamics of traditional society, notably 'Ubuntu', by modernising the institutions of community, both village and urban settlement. Community becomes the vehicle for democratic ownership, investment in and management of productive assets, for the local delivery of services and for the realisation of resident economic and social rights and as a central piece in the creation of working local economies.

The CIP is situated within the 'dual economy' analysis supported by government. It derives from the analysis of the marginalised areas (the second economy) and the urgent need for a set of policies and programmes that will provide for 'Localisation' to counter-balance the local ill-effects of the apartheid legacy of dependence on the global economy and the more recent problems with 'globalisation' that destroys 'local'.

President Mbeki has presented a picture of the first and second economies as a double storey house. In the top floor are the rich, living well. Stuck in the bottom floor, with no ladders to access the top floor, are the majority of South Africans who are poor. This depiction of the 'first' and the 'second' economy calls for investment in education and skills, in economic infrastructure etc. that creates the ladders the poor need to join the rich in the top floor.

There are two problems with the double storey house analogy and its solutions. The 'global' economy that provides for the rich on the top floor has and will not provide employment for all. There is no employment 'highway' to the top floor for all South Africans except in the very long run, if at all. The modern 'global' economy of South Africa has been growing but it mainly rewards capital and international corporations, lives on cheap oil, whilst proving little to labour. This 'growth' is seen in rising tax revenues. Alongside that is the new worry about the rapidly increasing social grants to the poor that help with consumption but do little to promote local economic growth amidst crime and the persistence of 'dualism'.

The global and marginalised version of the 'dual' economy starts from the fact that the bottom floor of the two storey economy is best described as the marginalised, non-working economies of the old 'black' areas, the townships and rural areas, where dependence on the global economy for jobs, goods and services remains almost total. Money does not stay to work in these poor areas. It is spent back into 'global' South Africa almost immediately.

The corrective is to both build the ladders for a few, but to realise that there is a large and quick historical opportunity to raise the local multiplier in the bottom floor of the economy three times or so with economic rights programming that confers Child and Investment Rights on residents of marginalised areas. These rights build both a large demand for locally produced goods and services and provide the means to build the local productive base. They do this by replacing the inefficient individual consumption provided by present social grants, with recipients travelling out to spend in towns and cities so that the money does not stay to grow the local economy. If jointly received and jointly spent to ensure child rights, welfare and education, to buy locally produced food for child feeding etc. some R60 billion could act locally to allow people to gain control of their lives whilst building working local economies driven by high local income multipliers.

Given the structural distortions of the long racist past, rapid improvements in local economic performance are possible that can also drive the national GDP considerably higher. Economic rights programming will build local effective demand, rewarding both local production but also using and paying for new infrastructure and training opportunities. The two economies can then merge over a short time without reliance on the global requisites of privileged capital and cheap oil with its excessive and long distance transport and chemically fed agriculture.

The End of Cheap Oil Will Force Localisation

The passing of the oil supply peak in the next few years, with high petroleum prices predicted to move up to US\$100 or more, will force all countries to rapidly alter their settlement, movement and transport patterns away from long distance to local interactions. South Africa's townships and rural areas still remain highly dependent upon distant cities for work, goods and services, the poor still commute long distances to work within cities, and the rich over use the private car to extraordinary lengths. Vast fossil fuel energy is consumed producing food (fertilisers) and transporting it and most other goods over long distances within South Africa and globally. Localisation has to become the touchstone of all planning!

The CIP seeks to realise four basic economic rights long denied the majority of South Africans caught as economic prisoners in the dysfunctional townships, informal settlements and rural areas. These rights are:-

1. Every citizen has the Right to **'Live in a Working Local Economy'**. This right forms the core of the promise of the Rural Development Framework approved by Cabinet in 1997.² Raising the local income multiplier in 'marginalised areas' from around a pathetic 1.3 today to 4.0 or so, a 300% increase in effective local demand that rewards

² Ministry of Lands, 1997.

local production, the introduction of periodic markets, and local banking and local currencies are the main components. The driver is the conversion of ‘consumption’ type social grants to ‘rights’ grants administered by community so as to provide locally created services and to build the related local productive capacities.

2. Every citizen has the right to **‘Know the Resources Available’**. This right belongs automatically to business persons, managers, heads of agencies and households with employment and assets. It has never been extended to citizens, suitably organised, as members of registered community bodies and service organisations. Re-ordering the Child Support and the Child Nutrition grants into Child Rights and also providing Investment Rights to registered community bodies are the central reforms sought. This moves the state from a provider of social consumption grants to an investor through citizens suitably organised. This realises the ‘partnership’ promised by the RDP between state and citizen.
3. Every citizen has the right to **‘Participate Fully in the Ownership of Productive Assets’**. This was the central economic right provided by traditional African society and fits the Constitutions concern with the growth of ‘social capital’. It is embraced within ‘broad-based’ BEE but not fully explored. In the formal sector it is best realised through democratic employee ownership that, alone, helps guarantee that improved company performance will enable the repayment of the large debt incurred to buy shares.

In the informal sector it requires communities to ‘modernise’ their joint ownership traditions so that they enjoy equal adult ownership of the limited common productive assets through registered (urban and rural) Trusts, a form of democratic property company. The issue equally to all members of annual exchangeable use rights over each resource (grazing, gardens, irrigation, woodland etc.) produces prices over each asset, providing for the first time the key instrument to manage investments. Having secured returns to investment, the vast unused labour of the poor can be directed into investment to double or better the cash available. In both the formal and informal sectors, women become equal owners with men, the most important reform possible for them in Africa.

The CIP is a broad agrarian and land reform programme. It works locally to build competent communities and working local economies. It is also the foundation of a dynamic people driven land reform programme. Communities under the CIP, receiving regular investment and child rights income flows, will soon be able to consider entering the land market themselves. They will be registered bodies enjoying levels of cohesion not known for a long time and with increasingly strong financial capacities. The model allows for a group within the community to seek to live elsewhere, to gain the support of the others to do so, for the Trust to buy the chosen land, for the group to settle on that land – still owned by all the original members. Once on their feet, the settlers can enter into a separation agreement with the Trust which would include a balancing out of the relative wealth of the assets of the two sites compared to the number of member owners, loan obligations vs. benefits etc. The CIP will develop a support system for member communities wishing to expand their land base and / or to add a new activity or crop to their production mix.

This is broad based BEE building dynamic ownership of local productive assets within neighbourhoods through formal member owned institutions. It also represents a fresh, citizen and economic rights led evolution of the Extended Public Works Programme.

4. All parents accept, and are enabled to carry out by the issue of Child Rights, the Ubuntu injunction that, “**All Children Are My Children**”. This programme feeds all children every day, enabling parents to sell food they have grown or prepared locally to schools and playgroups and so to earn the means to pay school fees as well. The community gains the means to guarantee the education and welfare of all its children whilst it grows the local economy.

A member owned body, the Community Investment Trust KZN, will be set up under the auspices of the ‘founding agencies’. This body will then develop the suite of programmes and the related funding to be placed on ‘offer’ to communities that chose to become members. The Trust will serve its member communities and it will act to ensure that public and donor funds are well used. To this end member communities are free, within programme principles and rules, to propose the uses of various funds. Those proposals are subject to approval by the Trust. Close monthly reports to resident members and to the Trust will strengthen the democratic structure of the reforms to be undertaken. A separate audit function, including evaluation of work undertaken, will exist and will report to members, community Trusts and to the KZN Trust.

The philosophy to be followed is that the model invites considerable local innovation and adaptation within broad principles and procedures. This model differs markedly from the present in which frequent failure in the field is hidden or simply ignored as the funding and control is top down and everyone in government and NGOs moves on to the next development fashion. The CIP suggests that the lack of effective local demand is a major contributor to project failures but is unrecognised and therefore not acted upon.

The community, often passive recipients, has little or no say and is frequently left divided and traumatised by the failure. That failure serves to justify the worst and most common mantra of the development fraternity, one that justifies their salaries, “We must first educate the people”. This has left South Africa, at least in local development terms, as a ‘non-learning society’. The CIP model, passing resources, opportunity and responsibility to local entities formed of democratic member / owners, is one in which a failure is welcomed in the sense that all will want to know what went wrong and why and what is needed to correct it since all seek to avoid similar failures and the waste of ‘their’ resources. It builds a demand for rapid and full horizontal flows of information and learning to all in the field.

The CIP will use www.thepeoplesagenda.co.za as its web site. The site promotes economic rights and localisation and is already well used including by political and human rights groups in many countries. It will be re-drawn to give prominence to CIP operations, to providing information and support to groups seeking information and to CIP member communities and the sub-sets of activities they follow from children to agriculture, marketing, local banking, small farmer dairy, periodic markets and so on.

The site already contains two Handbooks – for village management and for the planning and running of periodic markets. It will also allow member communities to share the considerable experience that will flow from early on so that it becomes a true “Learning Society”.

The model also allows the provincial Trust and its partners to ‘Stand back and to see the wood for the trees’ as it is not involved in the minutiae of daily decision making. Its job is to support innovation, to see that learning takes place, that there is constant reflection upon the unfolding experience and that economic democracy has meaning in the daily lives of all member / owners.

The nature of the programmes placed on offer to member communities will raise the return to public and donor funding by two to four times from the present inefficiency of state and social consumption grant funding into poor areas. Beyond that, they will create working local economies, build competent, active and responsible citizens, and create powerful local economic institutions. The latter are all foundation elements of development that are currently ignored.

The task, for which funding and state partnership is sought, is:-

1. to set up and equip the central KZN Trust (probably to be registered under Co-operative law);
2. to develop the member communication and information systems, including the web site.
3. to provide funds for the Child and Investment Rights programmes that member communities will expect. These may first have to come from agencies before government joins in by reforming present Child Support and Child Nutrition grant schemes;
4. to support the formation and working, with other players such as local government, NCASA, SACCOL, ARC, Land Bank, ECD agencies, permaculture bodies and business, of local and regional economic systems and services such as:-
 - ECD for all children,
 - support to teachers,
 - gardens and irrigation,
 - periodic market systems,
 - small farmer dairy schemes,
 - grazing and woodland,
 - local HIV / AIDS clinics
 - local composting of waste,
 - community banks,
 - local currencies,
 - rural afforestation,
 - bio-diesel,
 - bicycles for school children³.

³ Government aims to provide one million cycles to children, mostly rural, who travel long distances to school. The CIP intends to open up ways for children to earn income – growing food, delivering the post, raising tree saplings, participating in the markets in response to the rapid increase in local demand – so that they can repay bicycle loans that ought to be extended by the community, not government per se, through the Community Trust or Bank.

The initial aim is to engage so as to ‘offer’ CIP membership to five smallish communities in areas to be chosen that represent the main typologies and opportunities for LED and economic rights in KZN. One might be urban, perhaps an informal settlement.

The selection of the first member communities will be done with the provincial planners as there is a move by the province to plan the first regional periodic market system (a key component of the CIP). There is considerable synergy to be gained if enabled communities live within periodic market systems.

Each member community will progress at it’s own pace. They will be influenced and encouraged by those communities that find success and local innovation / adaptation.

Table 1. Budgets July 2005 to end 2008

No of Member Communities		5	15	30	
Years	2005	2006	2007	2008	Total
The KZN CIP Trust					
Formation and Establishment	200	400	1000	1500	3100
Operations and Programme Development	100	200	500	1000	1800
Community Membership Development and web site	200	300	500	-	1000
Total	500	900	2000	2500	5900
Programme Budgets:-					
Child Rights* (2000 children xR1500 =) R3,000,000 x no. of communities	-	5x3000 = 15000	15x3000 = 45000	30x3000 = 90000	150000
Investment Rights** (2000 adults @R1000, R2000, R3000, R2000, R1,000 per year.	-	5x2000 = 10000	5x4000 = 20000 + 10x 2000 = 20000 total 40000	5x6000 = 30000 + 10x4000 = 40000 + 15x2000 = 30000 total 100000	150000
Total		25000	85000	190000	300000
Grand Total	500	34000	87000	192500	305900

* Child Rights are proposed to be set at R1,500 per child per year.⁴ For each model member community that comes to R1,500 x 2,000 children = R3,000,000 per year.

** Investment Rights rise and then fall away over five years. Investment Rights are proposed over five years to build the resource base of each community at R1,000, R2,000, R3,000, R2,000 and finally R1,000 per year per adult member.⁵ Member communities with 2,000 adults will receive 2000xR1000, 2000xR2000, 2000xR3000, 2000xR2000, and in the fifth year 2000xR1000, or R2,000,000, R4,000,000, R6,000,000, R4,000,000, and R2,000,000, a total of R18,000,000.

The annual year will be from January to December to accord with the cycle of community meetings centred upon New Year. In the half year before implementation, each community will be supported to plan and prepare to receive the Child and the Investment Rights budgets due to them as CIP member communities.

The Budget treats only this first set of member communities to the end of 2008. Each is treated for budget purposes as having 4,000 residents, half of whom are under 18 and half are adults who become community member/ owners. The first year, 2005, is a half year for set up and programme development.

The number of member communities is predicted to be 5 in 2006, 15 in 2007 and 30 in 2008, or engaging some 102,000 adults and children in the last year.

The total cost is R300 million in Rights grants and R5.7 million in programme overheads.⁶ This will generate some R1 billion+ local economic activity over the three operational years. In 2008 it will exceed R600 million (the local multiplier rising to from 3.0 to 4.0) against a cost of R192 million. That is R5000 per person or R25000 per family of five. Of this activity, Investment Rights will generate some R200 million investment (cash and labour) held equally by all adult residents or some R1700 per adult or R3400 per family with two adults.

The net cost after tax is small, just R48 million over the four years. This is because the Child and Investment Rights stay and work in communities from 3.0 to 4.0 times before they depart to central parts of South Africa's global economy. This means that the total income multiplier in the national economy will be high as it starts from a high local circulation (4.0 or so); a factor that all other programmes ignore. The multiplier will be about 9 to 10 nationally. That means that there will be many points at which the flow of these funds can be taxed. This will be considerably higher, for

⁴ This figure is much less than the Child Support Grant, R180 pm or R2160 per year per child, and the Child Nutrition Programme R1,200 per primary school child per year, a total of R3,360 per child. The reason is that Child Rights funds, here R1,500 per child, 'stay to work' locally up to 4.0 times as against 1.3 for the present two 'consumption' grants. That is a local value of R6,000 as against just R4,368 for half the cost!

⁵ The BIG proposed R100 pm or R1,200 per adult per year or, for a family of five, R6,000 p.a. The figures for Investment Rights above accept that roughly half will have to be spent on materials, transport and the like to build productive assets so that only half would go to wages earned by members. Members also 'see the money' more than once as it circulates three or more times locally. Again a large 'saving' on state costs.

⁶ Each community will fund its own administration from the funds it generates running the Child and Investment Rights programmes.

instance, than the BIG as that proposal – a consumption grant – generates no local multiplier. Yet the economic work on the BIG claims a 48% tax ‘claw back’.⁷ Moreover, the two Rights programmes provide the means for citizens to care for their children and to run and pay for local services. State expenditure is re-directed to finance investment and social and economic action by citizens who take on the responsibility for children, education and local economic development in partnership with government. The amount of state expenditure ‘saved’ will be considerable under Education, Social Development and Health so that, together with monies recouped by tax from CIP generated activity (around 60%) will leave the net cost as small, perhaps as low as 20%. If the large labour contribution and sequential other local investment is added in the CIP is a winner: it unlocks half the citizens of South Africa into productive activity.

The CIP introduces a highly efficient pattern of state expenditure. There is no other programme that sets out to address the dual economy as does the CIP. Hence, it achieves a far greater effectiveness and financial efficiency. Most importantly, it creates ‘competent’ citizens, able to look after themselves, their families and to contribute to society from within working communities and local economies. This is the full economic and financial corrective to years of racist and apartheid policies and the more recent local costs of globalisation.

⁷ FACTS ABOUT A BASIC INCOME GRANT, BIG Coalition, 2002, drawing upon the *Report of the Committee of Inquiry into a Comprehensive Social Security (the Taylor report)*; *Economic Policy Research Institute*:

The Community Investment Programme

Objectives of the CIP

"A community is like a ship, everyone ought to be prepared to take the helm".
Hendrick Ibsen, 1828-1906, Norwegian poet and dramatist.

The second decade of democracy has to underwrite the political gains of the recent past with the formation of a working economic democracy.⁸ That requires a new set of policies and programmes that address the marginalisation of the townships and rural areas. It will have to be driven by social and economic rights exercised daily by citizens, mostly within suitably organised communities that operate as partners of the state, notably of local government.

This adds a new dimension to 'delivery'. Line functions of the state can be farmed out to CSOs to extend government's 'reach' under performance agreements. Communities, suitably organised and resourced under economic rights programmes, as partners of the state, should now undertake the more complex 'development' activities which include risks they must carry as 'businesses'. NGOs, religious bodies, business and co-operatives must compete to service 'community'. They should no longer act as an extension of government or be allowed to 'speak' for community and so parade as a gate-keeper into community.

Given the extreme marginalisation of local economies, the almost universal failure of 'development' projects, and the continuing high dependence of poor areas on the 'global' part of the national economy, the potential for economic and social gains is enormous.

The starting point is the realisation of a clear and replicable demonstration as to how communities, acting as partners of government, can: -

1. Translate the 'ubuntu' injunction, "All Children are My Children" into practice.
2. Equip all adults, and thus parents, with democratic ownership and resource management control over local productive assets in ways that build working and highly participative local economies.

South Africa, operating through local government and communities, still has to develop a strategy that can rescue all poor children from the cycle of poverty and underdevelopment that afflicts them and their families. If this can be done, just some ten to fifteen years from now a cohort of well educated, hopeful and self-motivated children can arise from the many sites of poverty to move into the national economy productively or to provide local leadership. If ECD is treated as the heart of part of a broader strategy, it will link into a range of programmes that have every chance of dramatically improving our now non-functioning marginalised local economies. Rather than the absurdity of, for example, Johannesburg's 2030 Vision seeing Soweto, with 1.5 million residents, some 40% of the city's population, becoming 'a suburb', rural areas, townships and informal settlements can become working local

⁸ The need to build an Economic Democracy to safeguard our political gains was the central theme of Premier Shilowa's Gauteng, Annual Address, March 2005.

economies – communities, towns and cities that reward local economic activity in their own right.

The title, the Community Investment Programme, suggests building community, and thus using a powerful cultural dynamic, as the main vehicle and partner for LED together with the resourcing of organised communities to carry out key local functions, provide services and become important productive units. To do that, there has to be a paradigm shift, a corrective to the dominant ‘globalisation’ model. A new balance has to be struck between globalisation and ‘localisation’. Localisation requires a new set of policies and programmes to exist.

Present policy is moving in that direction but remains caught in the ‘supply’ of objects, services, Social Grants and temporary EPWP work. This means that a large part of total official expenditure does not set out to partner ‘community’ and that the monies spent do not ‘stay to work’ in the marginalised poor areas of South Africa, if they ever arrived in the first place. One can produce locally but one cannot sell locally is a truism that explains the almost universal failure of projects. “Delivery’ and LED is not being used to alter the paucity of local effective demand and to mobilise the vast labour and personal resources of the majority of adults caught in the non-working local economies of this country.

By ignoring the possibility to raise the local income multiplier from around 1.4 to 4.0, government is missing the greatest dynamic that can make LED a success. The residents of rural areas can carry much of the cost of education, health and investment in local productive resources. They can ‘take charge’ of LED and of service delivery as government’s partner if the flow of state funding first picks them up as the main development actors, builds much needed local economic institutions, is circulated three times or so more frequently than today to reward local production, and if that large additional ‘effective local demand’ is partly dedicated to pay for local service and investment needs.

All citizens require ‘empowerment’. Government, by altering its inefficient spending pattern in poor areas, can become a major ‘investor’ through citizens. Citizens, now organised, enabled and as equal owners of greatly improved local resource bases, will be able to pay much of the costs of local services. For the 60% of all families, now trapped as economic prisoners in the marginalised non-working economies of township, squatter camp and rural areas, ownership is the ‘high’ road to ‘competence’, to the ability to look after oneself, one’s family and to contribute to society.

Despite the tradition of communal ownership and of ‘Ubuntu’, today belonging to a village does not mean that one owns much of value. Rural land supports little productive activity. Indeed, most ‘members’ of villages own few or no cattle and few plough or garden. The village is dysfunctional with no joint investment or management of the land base. A few ‘use’ the land. The few graze small low capability breeding herds and plough with no payment and thus no compensation to those other owners, the majority, who do not use the land or contribute to its improvement or conservation. The village is now a ‘User’ community at a low ebb of activity upon degrading resources. 15 million, a third of the population, and most of the poorest South Africans, live in such villages.

Most South Africans own little or nothing and nearly half still remain dependent upon non-existent jobs and, increasingly, social grants.

The agencies listed above wish to introduce the CIP to KZN. Late last year, 2004, they agreed to begin by founding a Co-operative governance body that, in turn, would invite communities to join the CIP on known terms and conditions together with key stakeholder representatives. As the number of member communities grew and formed their own Community Trusts, so they would gain greater representation on the main Co-operative governance body until, after a few years, they would 'capture' it.

History of the CIP

The origin of the CIP goes back to the decision in India in the last of the four years of drought (1972-76) to turn the provision of 'public works relief' – temporary labour jobs - upside down. The Employment Guarantee Scheme, influenced by Gandhian economics, extended a 'right to work' under programme rules to all rural adults in Maharashtra State. Each adult had to register to work locally. Within three weeks work had to be provided for six weeks so long as 50 people had registered in that locale. If not, a dole was paid for a month. This required the state to 'prepare' numerous projects kept 'on the shelf'. It gave life to smaller ministries able to find innovative programmes working with farmers and community bodies. Loans were built in based on tables that projected the likely returns of different investments. Villagers used the 'right to work' to forge village investment budgets. If they wanted a road, they would all register and so 'construct' a large investment budget. Later, planners and villagers moved work to areas where there were good resources to be developed. In this way, for instance, coastal forests were re-built by people from hundreds of kilometres away who then became forest owners and moved to live in these areas.

The Community Investment Programme (CIP) arose in the drought of 1992-94 when some 947 'affected' communities were given Investment Budgets of between R40,000 and R1,000,000 aimed to provide those without income or pension with 66 days community work. It was funded by the IDT, called The Relief and Development Programme, and run through a special office. The communities treated these funds, under programme rules, as equally owned 'investment' funds to great effect. They built useful assets, hiring themselves to work at a discount of 70% of the ruling government labour gang wages (R7 or so compared to R55 per day). There were great gains in terms of community mobilisation, organisation and capacity. The R100 million budget was spent in 26 months with a mis-appropriation of just R7,000 as the money clearly belonged to all. Unfortunately, the new government, after 1994, wishing to pursue its new programmes, ignored the lessons learned and so the CIP died.

For instance, a small hand-built road that opened up a valley for farming or a canal that delivered water to some fields were investments made by all the members. How then to treat the valley and the water as equally owned? The answer, explained in the accompanying Appendix 1 under the grazing example, is that all must receive annual 'use rights' to each resource. These rights are then traded amongst members every year, creating a price and allowing each member to buy, sell and to be the size operator they choose to be at the price that rules. No longer should only the few with

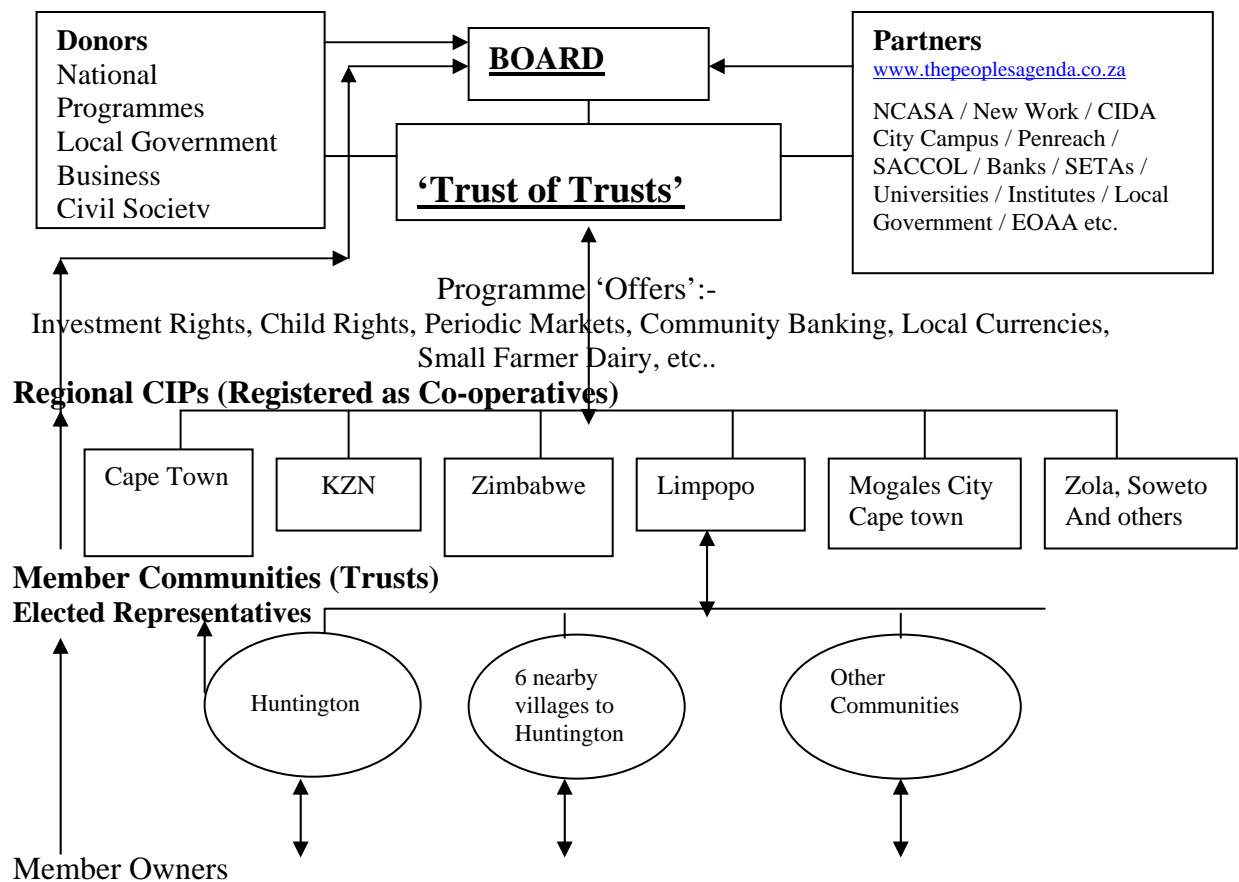
cattle attend meetings to discuss the grazing land. All the members, as active owners, investors and managers / husbanders must want to attend. See also Busiesvlei, how a small farm labour township used R40,000 to transform itself (Appendix 6).

The Main Points Regarding the CIP are:-

1. The CIP requires changes to the internal community member to member and to the member to land relations. It is an agrarian reform programme based on the renewal of traditions adapted to the long era of land shortage by instituting the most modern of institutions, the democratic (equal adult member/ owner) property company – legally the Community Trust. This is a renewal of tradition within an effective community resource management body that extends equal ownership of jointly held assets to women – Africa’s most important reform.
2. The registered and operational ‘Swi Ta Lunga Trust’ exists at Huntington in Limpopo. Cape Town has asked for a similar approach for two of its new and rapidly growing informal settlements fuelled by the economic and service implosion of the Eastern Cape’s large rural areas. A collaborative CIP with farmer groups and communities in Zimbabwe is being put together as a demonstration of a key piece of that country’s Recovery through localisation.
3. The economic aim that informs the financing mechanisms used is to address the dual economy of South Africa, particularly the marginalised economy where there are no working local economies and poor local cash multipliers.
4. It backs the right of communities to make and to register their “Communal Rules” as provided for in the Communal Land Rights Bill. In doing so, it provides a third way, the modernisation of tradition. This moves beyond either the status quo of continued tribal control or the simplistic privatisation of land that would lead to massive landlessness – the two positions that dominate the debate. It opens up a more organic, community self-managed process that could save enormous state costs to survey and process registration – now set at R1 billion a year for some 15 years! It provides the internal management pieces to invest and manage resources that were missing in the failed 1,000+ Community Property Associations.
5. The CIP is able to correct and to fill gaps in social and economic security:-
 - The **Basic Income Grant (BIG)** is still being actively supported by civil society but not by government. If it was adopted, the CIP, being more socially and financially dynamic, effective, and able to build local productive bases should be ‘offered’ to communities willing to move from the BIG to the CIP. Both recoup taxes to reduce the net cost substantially. The CIP, first supporting investment and not consumption, produces a higher local multiplier, builds community organisational and local productive capacities, produces high social and economic returns and is much closer to being self-financing;
The **Child Support Grant**, is mainly an adult consumption grant that has little child or local economy benefit. It should now be merged with the Child Nutrition Scheme to produce a Child Rights Grant that communities manage on behalf of all their children. As the CIP demands, and as Education Minister, Naledi Pandor, has now stated, Child Nutrition Programme funds must go to purchase locally produced food and so support LED. At present the Child Nutrition (feeding) grant goes to children of poor parents in primary school. There is a complex means test that raises the overhead costs of administration and adds to corruption. Only some 20% of children aged 2 to 11 years old receive these grants. Some 8 million children under 11 years do not receive these grants. A universal grant – as the

proponents of the BIG argue on efficiency grounds – is urgently needed and is the model used here.

Figure 1. Community Investment Programme



- **“Community as Business”:** Villages and neighbourhoods register as Community Trusts. The largest SMME programme in Southern Africa: potential is 40,000 in South Africa, 10,000 in Zimbabwe.
- **Equal Adult Ownership** of common properties. The most important gain for women in Africa
- Transformed communities as Resource Husbandry, Investment and Asset Management bodies
- **“All Children Are My Children”** becomes a full ECD programme for 0 to 11 year olds driven by universal child feeding rights that buy only locally produced food and so create demand for ‘rewarded’ local production in a differentiated local market
- **Investment Rights** help to unlock the greatest under-used resource, community labour, to build the local productive base
- **Dividends** in the form of exchangeable ‘Use Rights’ leads to Ruling Prices over each resource
- **Communities, now organised, form co-ops and companies, often in partnerships, to undertake needed local services and production**
- **Business / Investors** gain large body of diverse Community Trusts as worthwhile partners
- **Government** gains organised citizens as partners in ‘delivery’ and increased tax base
- **The Right to ‘Working Local Economies’** with high local income multipliers, community banking and local currencies ensure that ‘money stays to work’ and rewards grants
- **Regional organisation frameworks, economies of scale and regional competitiveness** founded upon periodic market, service delivery and intra-district transport systems.

- As problematic, the funds have to be controlled by a ‘contractor’ who buys the food for the beneficiary school. The contractor, an NGO, church or businessperson, always buys from distant wholesalers or markets. The school and the community never see the money and gain no local activity except cooking the food. Education Minister, Naledi Pandor, has now stated that the Child Nutrition Programme funds must go to purchase locally produced food and so support LED, but without any formal follow-up programming.⁹ This requires a massive community based investment and productive scheme to produce the locally produced food it would demand – the **Investment Rights** component of the CIP (see below).
- 6. Support to a community engaging the CIP must be for three to five years so that all members have the chance to learn it, debate it and see it in operation. Otherwise the quest for reform is unfair.
- 7. Economies of scale are possible if several communities are invited to join in one region. These economies lower markedly the overhead costs of the support programme, allow for more co-operative regional management to be installed, and make possible regional components like periodic markets and delivery systems, community banking and local currencies.

The proposal is ‘reformist’. It is driven by several economic rights principles that South Africa has inched towards but which ‘delivery’ has blocked their realisation.

1. It seeks to place LED as a corrective to the non-working nature of local economies within the ‘marginalised’ areas of South Africa, notably townships, informal settlements and rural areas that hold half the population as economic prisoners. It is possible to raise the local multiplier from around 1.3 to 1.4 to 4.0 or higher. This would reward state funding many times over, raising effective local demand markedly so that local production can be rewarded if the local market can be somewhat ‘differentiated’, and thus help to create ‘working local economies’ - a fundamental economic right. The government's vision¹⁰ is that, by 2020, South Africans will have: -
 - dignity, security, freedom from poverty
 - full and productive employment
 - a more diverse agriculture and working local economies
2. The CIP seeks to establish the central partnership as between state and community as was envisioned in the RDP. This step acknowledges culture as a development imperative and driver. This paradigm shift is vital if the crisis with ‘delivery’ is to be handled. It would engage directly half the population now idle and passive with sublimated anger that needs to be channelled into constructive activities. .

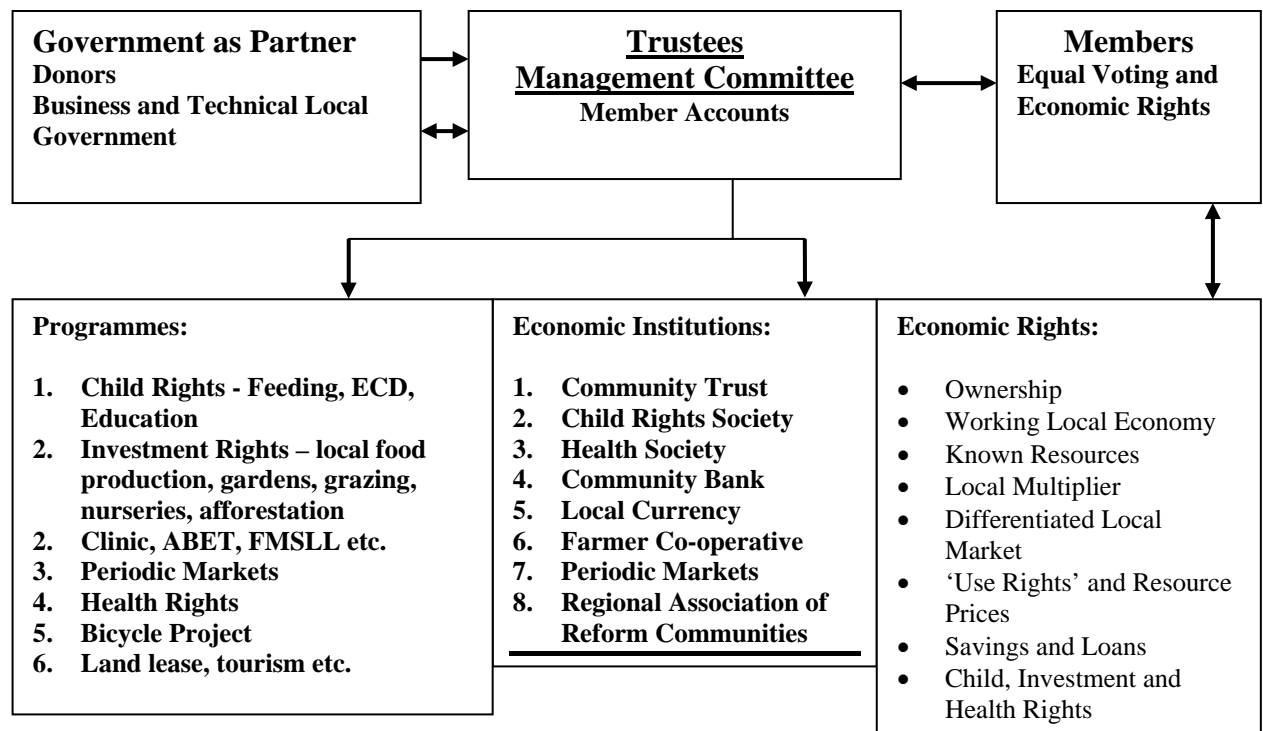
⁹ The Mercury, July 19th 2004. p3 The Child Nutrition Programme (R800 million to reach 4.6 million ‘destitute’ children in 17,000 schools at R1700 per child per year total cost) must be used by communities to purchase food produced locally so that it supports LED and that, in many schools, it has absolved poor parents of the need to pay the fee set by the School Board.

¹⁰ See first 30 pages of the Rural Development Framework, Ministry of Lands, Pretoria, November 1997.

3. The parties, government and community, have to learn 'to organise for partnership'. The method is economic, child and other rights 'programming'. This creates 'programme offers' to potential community programme members. Within each programme there are clear goals, methods, rights and responsibilities in order to receive resources in exchange for community mobilisation, organisation, registration and management of new institutions. Some state programmes, like the SMIF, seek to innovate in this direction.
4. NGOs and other bodies that at present have been invited to 'partner' government (The National Religious Leaders Forum and Social Development's 'Consultative Forum') either work on contract to fulfil 'line functions', like registering children for grants, or learn to earn their money in service to resourced community bodies which pay them.
5. The enablement of organised citizens, parents and groups like farmers to become the key actors as partners of local government in realising local economic development and service delivery.¹¹
6. Lay the basis for the reform of social grants, now R70 billion a year. These are paid out to individuals as consumption grants. This involves high overheads to manage and to transfer monthly into 9 million plus accounts. It, more seriously, denies South Africa the opportunity to improve the spending efficiency of social grants. It is now very low as this money immediately leaves poor areas for the national 'global' economy and so never stays to circulate and to work to build working local economies. Neither does it first buy citizen mobilisation and organisation and build local institutional capacity.
7. A programme that encouraged and rewarded all neighbourhoods, urban and rural, to organise and to register as local Trusts. All adults own the Trusts equally, a major advance for women. The Trusts build and hold local productive assets and run local member services, would unlock vast citizen energies. There are some 10 million economically idle adults who, if within a modern local institution that turned cash and labour investment into member / owner dividends, would contribute labour worth some R18 billion each year. To do that, they need to enjoy a cash investment flow that complements their labour as it buys cement, pumps, transport and engineering services. That flow must be around R10 billion per annum. The poor could grow their ownership of productive assets at the rate of R28 billion per year. As local investment, this flow of cash and labour energy would generate a local income multiplier of 3.0 rising, as production came on stream, to 4.0. This represents a vast increase in national savings and investment of some R74 billion per year owned by the poor. This is Broad-Based BEE!

¹¹ This takes further, and clarifies in terms of action, the easily dissembled term, 'empowerment', as sought for residents of municipalities under the Municipal System Bill.

Figure 2. Community Trust



8. A Community Trust would achieve prices over each resource it controlled. It would do this by issuing equally to all members annual exchangeable 'Use Rights' over gardens, grazing etc. By buy and selling these rights amongst members, prices arise. This is the most fundamental reform possible if there is to be resource management in Africa, let alone in South Africa. Do read further.¹²
9. At R20,000 investment to create a local part-time job, it would directly create towards 2.5 million mostly part-time jobs a year. Full-time jobs follow on from additional local economic activity (a truth hidden from national planners). Over a few years, it would absorb the unemployed, create worthwhile 'community management' jobs and economic associations to support family enterprises that bought and sold mainly within local 'working economies', and build the local tax and partnership base for successful local government. The issue is when and how fast such a programme can be launched and how is it to be done.

Child Rights: The Reform Of The CSG And The CNP

It is now possible to create a comprehensive, parent and community led, '**Child Rights**' programme that creates demand for locally produced food and services for all children, and allows parents to produce and to sell the required food and so to earn the income to pay school fees and secure the welfare of their children.

¹² See Appendix 1 'Village Reform and Investment Rights'.

Child Rights combine the Child Nutrition Programme with the Child Support Grant in dynamic ways. The injection and circulation of such monies enables the community to decide to give themselves 'A Charter for the Children' through which all their children will be well fed, domestically loved and secure, and attend developed ECD facilities and good primary and even high schools.

We recommend a universal Child Rights Grant of R1, 500 per child p.a. This will generate R6, 000 local annual economic activity per child – a high return on public expenditure with a significant ability to increase tax returns to cover at least half the cost.

The community, now suitably enabled, can extend two important rights to all their children that are not in the Constitution: the right to good parenting and the right to 'intellectual and moral growth'. The latter is realised by a full ECD programme with quality trained and supervised teachers and professionally supported pre-schools, play groups and junior schools.

Investment Rights

The second part of the scheme is the '**Investment Rights**' programme that enables communities to transform themselves into Trusts (of the democratic property company type) equally owned by each adult resident.¹³ A number of Community Trusts can then form a Co-operative governance system eligible for membership of NCASA. They will develop a series of co-operatives that support / service particular member activities.¹⁴

The Investment Rights Programme is part of a Community Investment Programme (CIP) applicable to both rural and urban settlements. It provides annual grants per resident that are invested jointly in productive assets. This action serves to unlock the enormous under-used labour of the poor. The labour invested by the community can double or more the value of the cash available for investment. This is so because, for the first time, all investment by the community, cash and labour, is rewarded with subsequent dividends issued annually by the Trust in cash and in exchangeable 'Use Rights' over each productive asset.

We recommend a sliding scale for Investment Rights from R1000 to R 3000 and back to R1000 over five years per adult member of registered Community Trusts. This, on average, with the resultant high local income multiplier, is as effective as the BIG's proposed R1, 200 to every person (R6,000 for a family of five per year), is only a third as costly and is 100% developmental. A part of this public investment can go to earn a share of each Trust's annual 'Use Rights', up to a maximum of 15%, to the local Council as a form of land tax. Each Council would sell the Use Rights back

¹³ The real poverty of much of South Africa is the poverty of institutions that represent, serve and are answerable to local populations. The absence of 'enabled communities' as *the* partner to local government is the source of much of the weaknesses with 'delivery'.

¹⁴ For example: 'Rings of Periodic Markets, Small Farmer Dairy, Community Banks etc.

community members, thereby realising a cash dividend. This could be treated as a form of improvement tax.

Box 1. Investment Rights: Grazing Illustration

Suppose that there is a village with 100 adult members and one grazing area. The technical carrying capacity – the number of animals to be grazed - is set by the members at the AGM when they prepare the Management Plan for the area. Say, this year it is 1000 livestock units. Therefore, in the first round, each member will receive (as a use right) an equal dividend of ten grazing units for that year ($100 \times 10 = 1000$). During the next month, the members can exchange, that is buy or sell, their grazing rights. A ruling price for grazing will emerge, say R100 per unit. That means that those without cattle can receive R1,000 if they sell all their ten grazing rights ($R10 \times 100$). Those who do not sell can use the land to graze their cattle as a business venture. And they can buy in more grazing rights from members who wish to sell at the ruling price.

The prices arrived at will provide key indicators for community and family decision making. For instance, for this year the total income of the grazing land is R100,000 ($R100 \times 1,000$). No longer may the Chief 'give away' the grazing, as in a drought, to a nearby commercial farmer for a personal consideration worth a tiny fraction of R100,000 - a few thousand Rand has been all too common!

The equal distribution of community grazing rights allows the poorer members to consider selling, say, nine units and using that income, R900, to help acquire another animal. Should many members use such income towards the purchase of additional animals, then the price of grazing will be driven up. In short, it is a self-regulatory system managed within the community.

For example, in a drought, the members may cut the carrying capacity in half, reducing the grazing rights per member by half as well. This will force a greater selling-off of animals and raise the price of grazing, both useful responses to a drought.

In the next round, at the AGM, the members can decide upon a new feature - to retain for investment, say, 40% of the value of their grazing rights, or, in this example, R400 per member or in total for all the members, R40,000. This has to be retained in cash. This 'fee' represents what in a company would be profits retained for re-investment before the net income is allocated to dividends. In other words, the members, like the Board of a company, first secure the future of the village as a productive environment for the earning of their livelihoods by retaining (in cash) 40% of the total value of the grazing rights, their dividend for ownership, to be paid out to the village owner members. Those who do not have cash to pay the 'fee' can sell their grazing rights in the market to obtain the R400 they must give to their Grazing Company.

The Use Rights are exchangeable and so achieve prices. Member residents can convert them to cash incomes if they do not wish to use them (garden, orchards, rented-in agricultural land, workshop, shop, market, offices and other rental spaces and accommodation, 'roof-top' clean energy, public facilities etc.). This is an example of broad citizen 'ownership' through the renewal of community as a 'business-body' with equity growth of the broadest type as required under BEE and under the Constitutional imperative to build 'social capital'.

Together with a community bank (now needed to fulfil the requirements of the two programmes for local financial management), systems of regional periodic markets¹⁵, services delivered on ‘market days’, intra-community transport as a developmental tool, and the powerful sustaining character of local currencies, these two economic rights programmes, Child and Investment Rights, equip the community members to build a ‘working local economy’. They become the responsible party in partnership with government to realise economic and social goals. The main indicator, the central economic goal, is to raise the local income multiplier – that is cash circulation – from around an historic low of 1.3 to 3.0 or even to 4.0.

This organisational and mobilising social and economic transformation of the Province’s countryside could be achieved within five years. It would represent an increase in effective local demand and rewarded local production of some 250% to 400% plus new local economic activities started during that period. (See Appendix 1 Cash Flow: Child Rights).

If state funds, mainly these two programmes plus Social Grants, were used to first buy a local currency, they would not be able to depart immediately from poor areas as happens today. Rather, they would ‘stay to work’ locally and would accumulate month-by-month, adding high local multipliers plus a dramatic accumulation of effective local demand. There is no higher financial, economic and social return possible for state expenditures that today are spent in grossly inefficient patterns. The budget for Social Grants, soon R70 billion, would become R280 billion local effective demand, and would call forth R20 billion in labour investment and R10 billion in new local production annually. R310 billion would add 30% to the GDP. If it took ten years to do so, it would raise GDP 3% at the beginning, rising to 6% each year in the midyears and then levelling off. By then there would be little or no poverty.

Periodic Markets

Periodic Markets: the Loss of Localisation

Under the 1910 “Union Constitution” the state – as in 90 odd countries - was charged with providing ‘Peoples’ Markets’. Some 500 hundred such markets existed by 1950, all in white towns.¹⁶ These markets, together with the large networks of trading stores in the Transkei and other rural areas, provided some 25% to 30% of citizens with a working local economy. Before apartheid, all urban residents used the markets. City neighbourhoods, small towns and rural areas flourished. Black farmers, in what became the Homelands, despite many obstacles, exported food!

The National Party, soon after coming to power in 1948, re-defined Peoples Markets into state support for just 13 ‘National Wholesale Fruit and Vegetable Markets’. This move led to the collapse of the national systems of markets over the next two decades. Modernisation theory, mainly about industrial scale, was influential at the time. The result, destroying the means for small scale local activity, was devastating to all, but especially to non-whites as apartheid blocked other avenues for rewarding local economic activity.

¹⁵ see below.

¹⁶ Johannesburg had 17 municipally supported markets, Cape Town 11 and every town had one market, often linked in ‘rotating’ or periodic systems of rings of markets.

The ruination of local economic activity in the cities and towns was matched by the 'indigenisation' of the trading stores in the 'Homelands' from the 1970s in a manner that destroyed their network capabilities. By the mid-1970s, when conventional economic wisdom blamed the high oil prices and resultant high interest rates for the fact that the economy of South Africa stopped growing, South Africa had, in fact, lost the means whereby small producers, traders and consumers, a third of its economy, could be active and competitive.

The Rural Development Framework, 1997, understood that apartheid spatial planning had created a rural landscape devoid of economic opportunities because it had no local markets. As a result, the countryside (and townships as labour camps) was rendered highly dependent on distant cities and towns for employment, goods and services.

The Rural Development Framework argues that the *restoration of basic economic rights* to marginalised rural areas is best realised by establishing periodic markets as the organising spatial and temporal framework for development. It sees rings of periodic markets, 'That radiate to small settlements and for the delivery of government services to these points on market days', as the mobilising, ordering and planning instrument to grow regional economies that are low cost, competitive with other regions, and enjoy a diversity of goods and services, most locally produced.¹⁷

This acknowledgement of a necessary historical phase, building local activity and networks of demand (urban and rural) that support industrialisation through domestic market growth, has been ignored. The report pointed out the importance of differentiating between the working of the 'economy of scale', typified by Supermarkets, and an 'economy of participation'. The latter hardly exists today. It does where local markets thrive, as in West Africa. There people can catch a fish, grow a few vegetables, sew a garment or bake bread and sell it in the local market. With that little money, they can buy what they need for a few days till the next market. They will buy a little oil poured into their own bottle, a little sugar and flour that the trader has 'broken bulk' from a large sack, a few matches and cigarettes etc. It means that they exchange the advantage of least cost goods (like a large toothpaste tube) for high unit cost goods (a small toothpaste tube or a few cigarettes) for the more fundamental ability to produce and to sell, to earn a livelihood locally.

No national programme has followed the Cabinet approval of the Rural Development Framework, despite the efforts of individuals to move government and the official National Market Association (of wholesale markets). Ironically, Cabinet, in accepting the document, also accepted its central aim, "That by 2020, all South Africans would live in 'economies of participation' supported by local and regional markets. As a central component of restoring working local economies to marginalised areas, a national markets programme is urgently needed. Under the CIP, regional rings of markets feature strongly, adopted by and built and managed by regional co-operatives formed by communities, local government and local business. A national funding mechanism is required.

Cities, like Johannesburg, have re-adopted markets but limited them to serving hawkers around the movement of commuters, mostly by the taxi. This acts to reinforce the apartheid pattern of the dependent township and rural areas. Although

¹⁷ P13.

plans exist, for instance to turn Soweto into a working city formed of around 40 markets organised under five pyramids that link to movement and to 'developmental' internal transport patterns, no such systemic programme has been implemented. Governments rural planning does not seek to achieve a greater integration between cities, towns and rural areas, particularly on 'market days' at which all services would also be 'delivered'.

Rotating markets need and open up the opportunity to institute 'developmental public transport'. Rather than the cemented apartheid and commuter travel provided by taxis, a regional authority or co-op, as provided for in law, can hire under contract taxis to serve markets between 10.00 and 15.00, adding economic travel to the survival travel of the rush hours. This would create intra-district travel as opposed to the sole inter-district travel of today.

In Zimbabwe, in the early 1990s, periodic markets were built in three high population density, low resource rural districts. Each had two rings of fortnightly markets centered on the district town which held the big weekly market on Saturdays. The main result has been that agricultural production doubled in three years and large numbers of local jobs in farming and transport / traction (ox driven carts and ploughing) were created.

Zimbabweans, unlike South Africans who suffer from too much crime, , voted to secularise the "Pungwe", the all-night religious ceremony used, for example, to call the spirits to settle the spirit of a deceased into a young child. They added the Pungwe as a cultural component to market days that runs through the night, obviating late hour transport. The Pungwe promotes cultural activity, restores 'women's beer' as a major local product, and drives the local multiplier higher. It creates a forum for the local exploration of social, health and other key issues, allows the rapid flow of information and opinion, and help to form social mores. The latter, social mores, are vital in the face of the HIV/AIDS pandemic.

The Task Of The Consortium Of Agencies

Phase 1. Set Up

This project is founded upon two major reforms, Child Rights and Investment Rights and the development of the member community service and governance system.

The first task is for the Consortium to reach broad agreement amongst its members and in discussions with the Province and other players, including selected Councils, as to the steps required to launch the CIP in KZN.

There will be short and medium term policy and programming reforms needed, even for a pilot programme, at local, province and national levels. The same reforms are being sought in Limpopo, in the collaboration between communities in Zimbabwe and in South Africa under Ashoka Foundation aegis, and in Cape Town. It will be an iterative process as to what can be 'offered' the potential communities and when and how best to start with some significant activity.

What has been agreed thus far is to set up the main service and governance body in KZN with the agencies as the founder members. Broederlijk Delen is to meet with the 'founders' on March 17th. It has intimated that it wishes to learn more of the proposed CIP with a view to providing a long term 'core' budget to support the set up

and to help the founders to adopt a strategy, to situate the CIP within KZN and to raise the considerable resources required for community members to become active.

Broederlijk Delen will be asked how it might help to form an EU ‘partnership’ that leverages additional and large funds.

Phase 2. Designing the KZN CIP

The first task of the Co-operative Governance body will be to outline in some detail an implementable CIP for KZN built upon the Child Rights / ECD the Investment Rights programmes together with a Financing and an Implementation Plan. Much of financing, if policy can be reformed, can come from social grants: Child Support Grant and the Child Nutrition Programme converted to Child Rights programming and many poverty, SMIF, EPWP and other assistance programmes converted to Investment Rights. In very large part, in South Africa today, “The money is there”! It just flows inefficiently and ineffectively and cries out to be reformed.

A key component, usually missing, will be the need for the CIP to establish how member communities and local and provincial government both “Organise for Partnership” as this is not a ‘delivered’ project. It is hoped, for a start, that there also will be key government representation on the co-operative governance body and this body will be allowed to be the provincial CIP ‘programme holder’. This would require a degree of government ‘putting-out’ of implementation to a true ‘partnership’ body.

This Phase, highly constructive in that it is dealing with fundamental paradigm shifts, has to be done along with wide consultations with the Province, with local government, with the local ECD community, with business and other related interests and with what voices today represent ‘community’.

The **Child Rights / ECD** programme will address at least the following:-

- The conversion of the Child Support Grant – individual and consumption orientated- to Child rights for all children but administered jointly by community to achieve programme ends such as child feeding, intellectual and moral growth of the child, ECD, Good Parenting, Family Maths, Science and Literacy etc.
- Facility grading and support
- Training and curriculum support connected to the Expanded Public Works Programme etc
- Children’s Safety
- Review of health by-laws and regulations for ECD facilities
- Health and HIV support
- Nutrition and the local production of food
- Recommendations for how KZN should ensure optimum access to ECD facilities
- Recommendations as to where (spatially) the most direct interventions should take place
- Proposed financial implications of the proposed programme for KZN calculated annually for the next five years. ECD and Investment rights are not mere expenditure programmes. Both should be seen and treated as investment and development programmes with far-reaching spin-offs, increased local cash

circulation, and as able to generate tax returns and savings of note. Hence, we have outlined a Financing Plan as part of this proposal.

The **Investment Rights** plan will spell out the procedures, the institution of the local Community Investment Trusts, and the training requirements and training methods for all the adults who now become member/owners of the common assets of their community. It will estimate the running costs of such Trusts and of the training of members. It will point to the areas of likely investment activity and how that will transform the level of local economic activity, add to community purpose and cohesion and develop the effective participation of all residents so that government gains working 'partner communities'. It will also spell out how KZN, government, civil society and business, has to 'organise for partnership' with member communities as they join the CIP.

Appendix 1.

The Constitution, the Parent, the Community and the Child

"A community is like a ship, everyone ought to be prepared to take the helm".
Hendrick Ibsen, 1828-1906, Norwegian poet and dramatist.

Under the Bill of Rights of the Constitution, every child has the right, *inter alia* to family care or parental care, or to appropriate alternative care when removed from the family environment; basic nutrition, shelter, basic health care services and social services; to be protected from maltreatment, neglect, abuse or degradation; and be protected from exploitative labour practice.

The outcome of the 2005 World Congress on Family Law and Children's Rights was bleak, not least for the host, South Africa. It was slammed on several grounds: -

1. South Africa has yet to meet its international obligation and legislate a Children's Bill.
2. Five years ago, the Child Support Grant was found to be inadequate by the UN Committee on the Rights of the Child. The main critique: it provides grants to adult minders who may spend it on themselves when the crying need is to support poor families.
3. The same Committee was concerned about the abuse of the foster-care programme.
4. Children between 11 and 18 have no support. They are denied their constitutional rights to dignity, life and equality.
5. Overall, South Africa is not conforming to our Bill of Rights or to International law.
6. Children under 6 years miss out on Child Nutrition, and an ill-supported Early Childhood Development system leaves out most children from access to proper pre-schools and playgroups suited to the full- or part-day requirements of employed or unemployed parents.

These failures are reflected in a few terrible facts. In 2002, a large majority of children, 85% and 80%, or 5.2 million children age 0-6 and 14. 3 million children age 0-17, lived below a poverty line of R490.¹⁸ Single parents run 60% of households. Now, in many communities, children head 40% of families. Delegates to the Congress stated that there should be "No child-headed households".

To these failures of the South African state, one can add that the Constitution does not, as in most countries, ensure the child's right to 'Moral and Intellectual Growth' and, a most popular requirement given the levels of child abuse, to 'Good Parenting'.

Most striking, given "the ineffectual approach of governments", was the lack of ideas as to how to achieve success with children. Graca Machel urged that we "Be ruthless with governments that do not put children first".

¹⁸ IDASA, Budget Brief No. 144, 2004, 'Budgeting for child socio-economic rights.'

Graca Machel, correctly, claimed that, “We have the means; we have the resources.” “So, what is wrong?” she pleaded. As adult citizens, we know what is to be done but not how to do it. Government is similarly struggling to find the way.

It is not a question of resources. R60 billion was spent last year on social grants. All that money goes to individuals. The nine million bank transfers this involves every month are costly; overheads are around 30%. Far worse, these funds quickly leave the areas where the poor live, to be spent in central places. The local multiplier - local cash circulation - is pathetic, 1.3. It should be at least 4.0. The local economy benefit is now only R60 billion x1.3 = R78 billion. It should be x4.0 or R240 billion! Social grants are not planned to alter the central problem, the apartheid legacy of non-working, still economically highly dependent, local economies.

There is a solution. Government has promised to partner communities but has done little of note. This was a central promise of the RDP. Enabled communities are a powerful cultural dynamic that we are ignoring at our demonstrated peril. Government must adjust its policies and rules to allow community to become the prime agent in securing child rights. The approach put forward here follows the Ubuntu injunction, “*All Children Are My Children*”.

The Constitution is clear: parents are responsible for children. The state may only intervene if there is a breakdown of care. Given poverty and HIV/AIDS, it is only if all adults are enabled to be responsible for all children and work together within community that Constitutional requirements can be met.

Question: “How should a community, which has been promised a partner called government, act so that its children are cared for and its local economy is developed?”

Let’s have a hypothetical community reply to this question: -

We will give all our children under 18 years, “A Child’s Charter”. We will share the Charter with other communities.

We will secure our children’s rights to ‘Moral and Intellectual Growth’ and to ‘Good Parenting’ and to those other basic rights guaranteed by the Constitution, namely Shelter, Primary Health, Nutrition and Access to appropriate Social Services.

We will ask government to replace the Child Support Grant and the present Child Nutrition Programme with a Child Rights Grant worth R1, 500 per child per year. All adults, through the Community Trust and on behalf of all children, will administer this programme. It will be administered as follows: -

- Funds will first be used to buy locally produced food to feed all children. In townships, people can use the promise of sales to rent in land and even services, including living on site, to produce that food themselves.
- This will differentiate the local market from the national market so that parents can sell and be rewarded for the production of and preparation of food locally. This links Child Rights to local economic development. Grants stay to work locally.

- Food delivered by parents to ECD and school centres will be bought at community agreed prices and according to set quality controls.
- Payments for food delivered to school and other feeding sites will go: -
 1. 35% to each child's school account until fees are paid off each term,
 2. 65% to the parent so that they become actively involved in caring for all the children, and
 3. Once the fee is paid, 90% goes to the parent and 10% to a Community Trust for agreed purposes.
- Children, even little ones, will help run the record keeping of food bought and payments made as part of their education. They can be the 'messengers' who will carry the food to school and return the cash due to the parent.
- We also seek, for five years on a sliding scale, Investment Rights to help us to build the productive local economic base to produce, amongst other things, the food required to feed all our children. This, at an average of R2, 000 per adult per year, will unlock the same in contributed labour (50 days @ R40 equivalent per year = R2, 000).
- Together, these programmes will complete the broad-based BEE reform of the community, establish considerable community and individual ownership of productive assets, and contribute to the removal of the historic 'dual' economy under which a majority of citizens live as economic prisoners of non-working local economies.

This 'community' model understands the central, but criminally unattended, economic problem that grinds out poverty: the dual economy. In this proposal, a child and a parent would receive R1, 500 + R2, 000 = R3, 500 per year in grants. They, working in community, would turn that into R14, 000 local economic activity and investment plus the R2, 000 labour contributed and other investment drawn in by the financial rewards offered locally. This could create some R10, 000 minimum per poor person in poor areas. More than half the state expenditure would be returned to government by tax and by way of fees paid.

By placing the child at the centre of each 'local' economy, it guarantees Child Rights, builds families within working communities and local economies, and turns the state into a facilitating partner and an enabler of citizens as responsible parents and active investors.

The founding agencies are excited that, under the CIP, KZN is going to pioneer the securing of the well being of all its children. A poor community of 5,000 people, Huntington in Limpopo, has prepared itself, with the same team as drive this proposal, to be the first rural community to look after all its children in partnership with government. That proposal is before an Inter-Departmental Committee in Pretoria.

The founders are aware that Government is going through a highly constructive dialogue so as to position itself to meet the expectations of international and domestic business in the modern, global or 'first economy' and of the majority of South Africans still trapped in a poorly working, marginalised 'second economy'. What

makes this proposal so exciting is that its aim is to turn ECD over to those who should manage it – that is the parents of children aged 0 to 6 working within community – and community supported by government to fulfil the child’s well-being up to age 11 years.

The project sets out to align practice more closely to the Constitutional goals and to expand those goals through the perfectly correct use of ‘programme rights’ that people can develop in order to give to one another mutual benefits. Programme Rights can then become formally endorsed by altered state programme rules or policy or by legal test in court.

Constitutionally, parents are the responsible party (see below). This means that, by respecting their role, the province can become the enterprising facilitator that acts to enable parents to take responsibility, make decisions and act on behalf of their children. Communities and School Boards, as in the Constitution and in the Municipal Systems and Education Bills, must become the lead actors. To work, parents and communities must be enabled to work a full ECD system and to carry the full cost of ECD for their children as partners of KZN. To realise this opportunity for local economic activity, they gain Investment Rights so that local supply can match the newly created local demand for child feeding and services.

Making young children the ‘priority’ is proper. In 1999, 75% of South Africa’s children age 0-17 lived below the poverty line of R400/month per capita. More startling, 57% of our children lived below the lesser poverty line of just R200/month per capita. IDASA reports that, in 2002 Rands, there were approximately 5.2 million children age 0-6 and 14.3 million children age 0-17 living below a poverty line of R490 in 2002 Rands.¹⁹

The Constitution is clear. Parents, family and community are responsible for children. It is only when there is a clear breakdown that the state must step in with alternate arrangements.

Section 28(1) of the Constitution establishes the right of children to basic nutrition, shelter, basic health care services and social services. Section 28 (2) goes further. It states that, “A child’s best interests are of paramount importance in every matter concerning the child”.

Section 28 requires the state to take steps to ensure that children’s rights are observed. Importantly, legislation and the common law also impose obligations upon parents to care for their children.

In October 2000, the Grootboom Judgement given by the Constitutional Court found that, “a child has the right to parental or family care in the first place, and the right to alternative appropriate care only where that is lacking.” Moreover, it found that “responsibility for the well-being of children is imposed primarily on the parents or family and only alternatively on the state.” In African culture, accepting the Ubuntu dictum that ‘All children are my children’, one can read into ‘family’ the wider family

¹⁹ IDASA, Budget Brief No. 144, 2004, ‘Budgeting for child socio-economic rights.’

of community - of 'living through each other'.

The administrative and management implications of the Constitution are that the state has to 'get behind' parents and communities in whatever way will enhance their ability to care for the child and that will also ensure that all live with dignity.

International research is also clear. The best investment that a country can make is the care and development of children from 0 to 5 years. The next best investment is to support them through primary school until age 11 years.

What Are The Main Child Care Problems Today? Why?

South Africa is a dismal country for children. Although as a country we agonise about the poverty, abuse, poor parenting and now the growing army of HIV/AIDS orphans and child-headed households, we have not in practice followed the Constitution or the internationally acknowledged investment priority: focus on children under 5 years. This has happened despite a caring Minister Skweyiya who has struggled to bring the horror of so many children's lives to public attention.

The Minister of Social Development has told us that the child is in deep trouble in South Africa. He has come up with important insights as to the nature and depth of the crisis. He launched the Child Protection Week by listening to 200 children, many affected by HIV/AIDS and most by poverty, disability, abuse and neglect. The main issues that emerged were abuses in schools and families, rape, and the difficulties of gaining birth certificates that impede the access to child grants.

"The time has come for the entire nation to listen to children and understand their concerns and needs as a basis for effective policies and programmes," he said.

Minister Skweyiya made three further points: -

- Research indicates that about 10 million children up to 19 years of age go hungry each day.
- There is often peer pressure to get involved in activities related to drugs and sex.
- To complicate matters, the support of a working extended family that has traditionally been a secure anchor in the lives of children is no longer guaranteed. Single parent families and even child-headed households are becoming alarmingly common.

The plight of children was also publicly acknowledged in the Early Childhood Development White Paper of May of 2001. It estimates that 40% of all children "grow up in conditions of neglect and poverty". Other studies paint a far worse picture.²⁰

Early Childhood Development Centres

²⁰ A. Education White Paper 5, Early Childhood Development, Department of Education, May 2001, Pretoria.

B. The South African Law Commission claims that 60% of all children live in poverty.

C. The Alliance for Children's Entitlement to Social Security (ACCESS) holds that 70%, or some 17 million children, live on less than R144 pm.

Children usually spend about 70% of their time awake in “Early Childhood Development Centres” (ECDCs) - *if they are enrolled*. Thus ECDCs play a major role in the development of children. However, in KZN, most of the ECDCs do not comply with “Environmental Health By-laws”. As a result, current facilities pose an environmental risk to the health and well being of children. It is in this regard that most ECDCs do not qualify for Health Certificates and forfeit government grants designated for the children. This administrative measure threatens Child Nutrition grants and the financial sustainability and parent support of ECDCs

The main problem, particularly in rural areas, is the non-availability of buildings suitable for early childhood development and care centres. A pro-active ECDC accommodation programme is needed with principles agreed by the communities. Investment rights can drive both public and private capitalisation of this sort.

HIV/AIDS and Poverty

The HIV/AIDS pandemic and poverty has intensified the calls for improvement in health care provision, equity in health and access to health promoting sources. It is in this regard, for instance, that Johannesburg’s Inner City Early Childhood Development Consortium (ICECDC), a partnership between Wits Health Promotion Unit, Woz’obona and other stakeholders, proposed a comprehensive programme to build the capacity of “Early Childhood Development Centres” through networking for support and co-ordinating empowerment workshops and general programmes for development. The focus is to solicit support from stakeholders to enable skill development of ECDCs owners with regard to child development requirements, health awareness and compliance with environmental health by-laws. The goal is to ensure the sustainability of a healthy and hygienic environment in all ECDCs.

This on-going work is part of the interest in submitting a proposal for KZN with its large and poor rural population with high HIV//AIDS infection rates. The chance to work out an ECD programme for rural KZN and strategising the implementation of intervention measures focused on: grading and supporting facilities; training of teachers and parents; enforcement of by-laws and safety of children; health and HIV support and nutrition.

Good Parenting and the Child’s Moral and Intellectual Growth

It is striking and strange that the Constitution excludes the right of children to intellectual and moral growth. This is often the cornerstone of provisions in other countries. And it is silent on the right to 'Good Parenting', a priority so many parents desire to be able to fulfil! It limits itself to the physical well being of children (shelter, nutrition, primary health) and to ‘appropriate social services). Early Childhood Development, the formative years from birth to age six, generally comprises good parenting, good child and parent inter-action and stimulation, joy in discovery and learning, good physical and health conditions, safety within the neighbourhood and sound, professionally supported pre-school and other services accessible to all children and all parents. It represents the highest return possible to public investment. It is the foundation upon which to secure the economic and social health of any nation.

‘Delivery’, Or Community Enablement?

Government, after having stressed the all-important early years to secure a child’s overall well-being in its May 2001 White Paper on Early Childhood Development, chose to ignore the high investment returns flowing from attention given to ALL children aged between 0-6.

Instead, it opted for a partial, expensive per unit and therefore highly limited ‘Reception Year’ for children turning six. New announcements suggest that even children still four years old might qualify. This is based in Primary Schools. It does not make sense in terms of pedagogy, investment and community development. It ignores the requirements of the Constitution for ‘dignity’, denies community efforts to support community-based pre-schools, and undermines that vast and critical resource provided by the ‘volunteer-cum-community movement’, despite the ANC call for just that. It also mocks, for instance, Vice-President Zuma’s call for societal responsibility for all children.

The policy assumes the continued ‘state delivery’ of an approach that increases the number of ‘expensive’ unionised teachers. Since official salaries are up to 10 times the income of community-based teachers (R6, 700 compared to an average in community of about R690), the potential coverage becomes severely limited. Moreover, the removal of the five-year-olds will eliminate many community schools which are financially marginal, destroy the mixed age learning environment where, traditionally, older children mentor the younger ones, and also threaten the favourable 19:1 child/educator ratio.²¹ An additional problem is that primary schools are often sterile and hostile environments for small children.

An additional concern is that there is no safe and stimulating after-school environment for the children released from Reception Year classrooms early in the afternoon.

Previously, many of these children would have been in the local ECD site but now they are left to their own devices until adults return home later in the day.

The promotion of the Reception Year flies in the face of the Constitution, of educational theory and indeed of government’s own documents that demand that the Government back investment in children 0 to 5 years within a community environment. Government should aim to raise pre-school coverage appreciably, improve the educational activity in these community-based schools, raise the low teacher salaries and generally build greater efficiency and effectiveness.

Existing Pre-School Situation

Only 1 million out of 6 million children under six, a mere 15%, are in some form of care or pre-school group. However, many of these places are poor to awful, repressive and dulling dumping grounds to which parents commit their children for long hours while they go to work.

By contrast, there are many community-based pre-schools, catering for about 250,000 or 4% of children under six, which are excellent and highly efficient resource wise. Local women run them with no assistance from the state but with training and back up

²¹ See the Quarterly Review of Education and Training, Volume 8, Number 2, June 2001, pp 16-18.

by a number of mostly competent Early Childhood Development (ECD) agencies. These are funded primarily by business and foreign donors, supplemented by small monthly fees paid by a small minority of parents, many of them poor.

Community-based pre-schooling is one of the few on-going and valued community level activities. It can become a powerful tool for community development. However, at present the relatively small and poorly co-ordinated state support for these pre-schools denies them and local residents this vital opportunity.

It is therefore a matter of the greatest concern that, nationally, some 85 - 90% of children are 'out of the loop', i.e., without access to a 'proper' pre-school or playgroup. This is the big 'growth opportunity' that exists – community, parent-based state and NGO supported pre-schools and playgroups.

National Policy Review

A KZN decision to plan for all its children will come at an auspicious time. The President and the Minister for Social Development have both promised recently that the child will now be given priority. With support from the Expanded Public Works Programme (EPWP) for Early Childhood Development, the next year or so, "... is an opportunity to conduct a thorough review of the status of children below six years of age in our country - especially those children living in disadvantaged families in rural areas. It is also an opportunity to examine the feasibility of expanding the child nutrition programme from primary schools to pre-schools and crèches."²²

The EPWP can be expected to follow the constitution and the Municipal Systems Bill and accord Provinces and especially Municipalities considerable room to find local solutions, to innovate. Its publication is now due. ECD and HCBC are likely to be early implementable components. It will seek to benefit women and youth in particular, as development of both these sectors will allow.

We understand that the current EPWP plan for ECD includes the training of +/- 20000 practitioners throughout the country, even though there is a recognition that there is a need for 60000 ECD sites, and obviously each site should have at least one Level 4 qualified teacher.

Additionally, the plan is for only 3000 ECD workers to be trained for parent programs. Clearly the potential outreach of 3000 community ECD trainers will not be comprehensive. Furthermore, since the EPWP is in its initial stages and Social Development itself acknowledges the financial limitations, we are concerned that when this plan reaches the Finance Ministry aspects of it may be scuttled. This then underscores the importance of our comprehensive plan, which will involve training of all parents and all the teachers who will be needed for the expanded demand that will result from the mobilisation and training of parents. We will however stay close to the EPWP plan, because clearly our programme would work with it and build on it.

The Minister of Education, Naledi Pandor, dealing with primary schools, has announced that, in future, Child Nutrition Programme funds must be used by communities to purchase only food produced locally so that the money also supports

²² Dr. Zola Skweyiya, Minister of Social Development, Child Protection Week statement. May 25th. 2004.

LED.²³ At present its R800 million annual budget reaches 4.6 million ‘destitute’ children in 17,000 schools at R1700 per child per year total cost. The number of children a ‘universal’ feeding grant should reach is the nearly 10 million 2 to 11 year olds. That would cost R15 billion. It would bring great social and both local and then national economic returns if spent as Child Rights programming.

Everywhere, people report, whether real or a popular myth, that the Child Support Grant does encourage teenage pregnancies. More than that, unlike the pension that is used to support the elderly and the young, the CSG is treated as individual and private and so works to undermine the already struggling family life of SA. Young women and men, still a largely forgotten generation because of such high unemployment in the 20 to 35 year age bracket, would be the main beneficiaries of the proposed reform programming. They will act as community servants running the many new functions and offices and will be able to gain private business in many and significant ways. Artificially sought pregnancies will not be needed to become economically active and valued by community and family.

Government, moreover, in many poor schools, has absolved poor parents of the need to pay the fee set by the School Board. This need not be so under the reform programme as parents are enabled to pay fees and the community to work dynamically with their schools.²⁴

The latest research supports the Minister’s insight and the financing model proposed herein. A recent paper asks, “Do cash transfers make significant contributions to eradicating child poverty?”²⁵ The research found that, in developing and transition economies, the provision of cash transfers and basic services to the poor are complementary activities, in order to ensure that supply responds to demand arising from the transfer programmes.

The authors found that: -

- Targeted conditional programs are vertically efficient (there are insignificant leakages to the non-poor) but they score less well on horizontal poverty reduction efficiency (i.e. they do not reach all the poor)
- On the other hand, they also find that family allowances, are less vertically efficient, but achieve almost perfect horizontal efficiency.

In reviewing a number of programmes addressing child poverty in Mexico, South Africa and Chile, they suggest that: -

- Developing countries ought to consider developing cash transfer programs within integrated childhood poverty eradication programs
- Due attention be paid to the key role played by households in ensuring that transfer programs do effectively address child poverty. An implication of this is that poor households should be regarded less as clients and more as the main agents of change.

²³ The Mercury, July 19th 2004. p3

²⁴ The Mercury, July 19th 2004. p3

²⁵ Barrientos, A.; DeJong, J. Childhood Poverty Research and Policy Centre (CHIP), 2004

The Size Of A KZN Province Wide Rural ECD Programme

In urban areas, the present norm is that only 20% of children are in some form of supervised school or playgroup. We are not certain of the situation in KZN rural areas.

To present a 'model' of ECD under Child Rights, we use an illustration for 300,000 children 0 to 5 years, the number the first 60 odd member communities might have. That means that a programme to include the likely 240,000 now 'out in the cold' children has to be devised and implemented urgently. At 30 children per 'teacher' in pre-school or playgroup, there is a need to train and to supervise an additional 8,000 Early Childhood Practitioners. If this can be done with financially creative methods, it means 8,000 highly valuable new jobs!

As part of this rural province-wide programme all parents of children under 6 would be trained in 3 areas – Child Development, Family Maths, Science and Literacy, and HIV/AIDS and Children. The ECD Associates who form part of the team would hope to train Expanded Public Works Programme ECD workers in the 3 areas, and they in turn would train parents. These parent groups would be trained with other parents living in their buildings/areas so that the group would then become a working group that would look at how to access the Child Rights monies to secure the feeding of all their children and their ability to earn income to pay school fees and so to provide quality ECD and junior school education for their children. These working groups would elect a School Governing Body (SGB) and that body would receive SGB training.

A fully registered ECD community system would provide the legal and organisational platform to feed all children. That would cost some R375 million to feed the 250,000 2 to 5 year old children. The ECD programme could be driven by this single major cash infusion for school feeding since that would drive LED, creating the 'demand' for parent and community produced food. Parents, thereby, are enabled to earn by producing that food and to pay school-fees and carry other costs. This position prefers a universal Child Rights programme to replace the present confusion of ends and of means, with resultant social and economic inefficiency that is the Child Support Grant and the still small coverage of the Child Nutrition Scheme.²⁶

The ECD Associates Woz'obona would put together in KZN would each have specialist services that would be required in order to provide the holistic approach to children that the programme needs. Woz'obona provides accredited ECD Levels 1 and 4, ECD Site Sustainability training and support, and HIV/AIDS and Children

²⁶ The Child Support Grant emerged soon after the first democratic government entered Pretoria in 1994. A Commission headed by Dr. F. Lund was quickly set up to look at child poverty. Its recommendation, which it acknowledged was far from perfect, was to issue a monthly grant to poor children through the account of a 'child minder'. The hope was that this small consumption grant would somehow secure the Constitutional rights of the child. It has not. The poor households that receive these grants, now R170 per month, naturally treat them as income and literally have to 'eat' them. Young women have used them to gain some autonomy.

The irony is that the one programme dedicated to 'child rights' cannot meet a vital public policy, the securing of Child Rights. The main problem is a confusion of policy ends and means. In effect, household income poverty is being treated by way of supposed child rights!

training. We would look for the KZN equivalent of the Wits Health Promotion Unit that provides a health education and health-screening component. COUNT would be used to introduce Family Maths Science and Literacy and other mathematics programmes to KZN agencies.

There is no need to treat ECD as just the alleviation of the poverty of the child. It can be so designed to also lift the poverty and incapacity of parents and thereby to drive communities, families and the rural economy to new heights.

Financing And Operations Model (The Strategy)

Those associated with this proposal have considerable experience with ECD, with poverty, and with policy and programme development, and with community engagement. At some risk to our standing, we have developed a first view of a financial and operational model. This appears below. It is open to debate and to correction from better information. We present it to demonstrate the amalgam of skills, knowledge, experience and lateral thinking the team embraces and which are essential to produce a working, sustainable ECD strategy and programme that measures up to government's stated intentions to make children the 'priority'.

Principles: -

- Driven by Child Rights
- Lodges primary responsibility with parents and community.
- Is an enabling framework for local action. Parents and communities are given roles and resources.
- Places KZN as a 'partner'; that is as an enterprising facilitator, enabler and policyholder. The Province stands back from delivery so that it can, "See the wood for the trees".
- The requirement demands a largely self-contained and thus a self-financing model.
- It has to be an engine of local and regional economic development.
- School feeding is the best and available source of massive funding and community economic activity. Co-ordination rests within community and school as member bodies of a Managing Trust answerable to the Co-operative governance body and thereby to KZN.

Elements of the Model: -

- 300,000 children 0 to 5 years
- 250,000 children, 2 to 5 years old, are eligible for school-feeding @ R1500 per year = R375 million per year.²⁷ This can be funded mainly from national / provincial programmes. We argue that it should replace the Child Support Grant and the Child Nutrition Programme and that this falls in line with recent government statements.
- The school-feeding money is spent to buy locally produced food, which enables parents to earn the means to produce that food and thus to pay school-fees and spend on other things in the countryside. Practitioners earn and spend

²⁷ This will have to be checked and agreed. At present the national programme provides R1, 700 per child for the 4.6 million covered by the R800 million budget for this year. We recommend R1, 500 given the far higher local multipliers in this model.

in the city and the schools pay their bills and rates etc. in the city. The local multiplier should reach 4.0 or a total local economic activity of R1 billion and then feed into the 'global' part of the economy, centered on the provinces bigger cities, adding another R1 billion to its GDP.

- The Land Bank, Agriculture and the EPWP and other 'poverty' funds together grant or lend R40 million per year to create community gardens, small farmer dairy, chicken and other productive assets managed by families and local entities and to finance production. Community Banks will begin to play a central role in the provision and in the mobilisation of these investment loans.
- School-fees per child per year build up to $3 \times R200 = R180$ million. This becomes possible as the feeding programme supports parent activity and income. The model will test this figure. It is the fulcrum of the financial model. It has to make all the parts 'work'.
- R25 of the fee is contribution to a child bursary scheme to help ensure that all children are in registered ECD facilities and are fed.
- Salaries for 10,000 Practitioners @ R12, 000 per year = R120 million.
- A net R60 million per year is available through the registered schools and playgroups for other costs, including training and supervision and underwriting building. 8,000 new ECD teachers to be trained to Level 4. EPWP ECD workers to be trained and in turn to train 300,000 parents ($\times 1.5?$) in Child Development, HIV/AIDS and Children and Family Maths, Science and Literacy. All this activity to be supervised. SETA, LOTTO with EPWP and other funders will be brought in for the first few years until the 'multiplier' begins to generate the local financial muscle to cover these costs.
- The R1 billion plus in economic activity that is generated will have a high tax collection profile as it itself has many circulations. The amount of tax recouped might reach 40% or R400 million plus.
- Most of the ECD facilities are and will be in private homes. Certified practitioners should be able to access Housing Grants tailored to the need to add-on special facilities and verandahs / playgrounds to homes. There should be no shortage of funding. Other facilities that are used for ECD are church and community halls etc where they add a useful and regular rental income when there are few other activities.

Governance And Management

The vision we have for the governance and management of a rural ECD programme is one built upon an entrepreneurial KZN. KZN is to play the role of catalyst in assisting parents and communities to strengthen their civic capacities to solve their own problems and meet their responsibilities. It has to be a partnership. KZN is the policy maker together with local government and state and the main evaluator of the programme together with parent, teacher and expert bodies represented on the Management Board. Parents, communities and schools are the prime 'doers'.

The demand today is for more governance; more 'leading' of society (facilitating, catalysing) and its different interest groups, and allaying fears and jealousies so that common visions and goals can be embraced and acted upon. KZN has to see the

entire field of ECD and chart the optimal programme, i.e. steer it. The energy of parents and of community, and of NGO and training and research bodies has to be unleashed.

Reasons For Selecting The Strategy

Enabling Parents To Assume Their Rightful Role

The expenditure on grants to children is large and is growing. However, the coverage is still low and the method remains inefficient and ineffective. Children under 5 form roughly 9% of the population. Their welfare is a major social and economic activity. If done right, it can be a new and vigorous economic engine and social renaissance for the countryside.

Each of these programmes is narrowly focussed on the apparent problem, not on the cause, and has found it hard to develop synergies between the parts, especially financially and economically. Hence, as in the Brief, ECD is treated as a cost when it is an enormous opportunity, through caring for children, to solve other poverty and social problems as well.

There is no informed understanding as to why poverty is so endemic and why so many parents are unable to provide for their children. Programming thus misses the opportunity to tackle poverty by enabling parents, acting through community, to realise the Ubuntu injunction, “Umntwana Wakho Ngumntwana Wam-Umntwana Wam Ngumntwana Wakho” or “All children are my children”; that is to become active, capable and responsible. The result is enormous wastage of children’s potential, of economic gain and of money. The main opportunity is that the countryside can partner its parents in dynamic and sustainable ways.

Making Community The Guarantor Of Child Welfare

The first reform is to work with community, to return to African traditions suitably modernised. The main instrument is for government to fund communities, not individuals, so that all adults are joined together as the local partner and to place responsibility where the Constitution places it, with parents. This means moving away from the mirage of direct state ‘delivery’ to a position where parents enjoy the means to act, to take responsibility. The state presently divides parents, pushing itself to the front. Instead, it must back parents acting within community.

Restoring Cash Circulation To Poor Areas

The second reform is to acknowledge that poverty abounds in the marginalised areas of South Africa (the rural areas, townships and squatter camps) where most citizens still live and where child poverty is concentrated. In these areas, money does not ‘stay to work’, the local cash multiplier is as low as 1.3. Cash leaves immediately to central places that provide nearly all the goods, services, jobs and entertainment. The large expenditure on social grants, now nationally near R70 billion per year, needs to be redesigned to correct this structural weakness by supporting local production, exchange and cash circulation. In these areas, the local cash multiplier could easily become 3.0 or higher, a tripling of local effective demand, economic security and wealth. Rather than the 2030 ‘Vision’ for Soweto, that it becomes a suburb, such an

approach could turn it into a working countryside within ten years in which all find opportunity, participation and dignity. Child Rights are the best starting point.

Parents Do The Research!

Normally one might expect research to play a major role in a programme such as this, particularly since we don't know where to find the "out of school" children. However, this programme requires that parents themselves get organised and register their children. The motivation to do this of course lies with the financial model that holds out the promise of pooled feeding scheme moneys to be used to create ECD provision. Parents themselves, through their Parent Groups, organised on a site or building basis would be part of determining what kind of ECD provision they could afford and support. So the data needed on where the children are, how old they are, and what their needs are will come from the parents themselves. They, of course, will then assume levels of responsibility and accountability and will grow accordingly, both as individuals and as a democratic collective.

Limitations Of The Strategy

This model starts with building parents and communities, enabling them to take over their rightful role in the care and development of their children. This assumes that we will succeed in breaking down the dependency, apathy and lack of energy that debilitates poor and/or unemployed people. This is a particular challenge because education, history and even the existing social structure itself still oppress people. This legacy may limit, challenge, or simply slow down the gains we can make by getting people organised to receive and use budgets.

If there are financial restrictions the programme will obviously be challenged. If, for example, we cannot access the feeding scheme moneys for all children, then we would have to consider alternatives such as asking parents to forego other grants, or at least allowing a portion of those grants to go towards the "pool" of money which would be used to create universal ECD provision for all the children in their registered "children's societies". This would not be easy, since many families have used grants as disposable income for the family, or for individuals. If grants cannot be accessed at all, then other funding would have to be sought, through fundraising or provincial 'special child' taxation. The last may be exceptionally good for the province as a community and enjoy great support.

Appendix 2. Cash Flows: Child (Feeding) Rights, Parent and Community Enablement, and Pre-School Sustainability

At present the Child Nutrition (feeding) grant goes to children of poor parents under elaborate income reportage system with high overheads and considerable corruption. Only some 20% of children aged 2 to 11 years old receive these grants. Some 8 million children do not receive these grants. A universal grant – as the proponents of the BIG argue on efficiency grounds – is urgently needed and is the model used here.

- 60% of children have single (woman) parents.
- Unemployment is 60% to 70%.
- The % of parents who can properly feed their children is tiny. This issue splits the school community into those who gain the few grants and those who can feed with many falling in-between. A few schools cater to richer parents who have employment or businesses and who do not require school feeding.
- The community prefers pension payments that the elderly use to care for family, mostly grandchildren. They dislike the Child Support Grant, about 25% of the pension. The grant arrives under the ethos of an individual right. It is considered by many to encourage pregnancies in order to gain it. And popular opinion believes that is spent more on the mother than on the child.

Model School

Child Rights grant is R1, 500 per year for all children under 11 years (but to rise to cover children up to 18 years as soon as possible).

Typical community based pre-school operation today is 30 pupils, Principle / Practitioner and Cook

(At the end of the programme this should grow to 50 pupils, Principal, Practitioner, Cook, use Principal's home and outdoor shack.)

School Fee Income

1. Fee is R50 per month (if all pay). Monthly fee Income to the school = R1, 500
2. From the Child Rights grant, levy Administrative costs and Cook's salary = R800

Total monthly school income = R2, 300

School Expenditure

Salaries of Principle and Cook = R1, 100 + R600 =	R1, 700
Electricity and materials	R 400
Miscellaneous	R 200

Monthly Expenditure Total R2, 300

With Child Rights (Universal Child Feeding)

Per School of 30 pupils per month

Grant: 30 children @R5 per day = R150 x 20 days per month = R3, 000

Parents contribute R1 per day or $R1 \times 30 \times 20$ days =	R 600
Minus deduction of R800 for Admin and cook	-R 800

Net Child Rights + daily fee **R2, 800**

Benefits to Parents / Households: -

1. 30 parents sell R2, 800 worth of food per month to their school. The average income per parent per month is R93. Over a year this is R1, 120.
2. If only 20 parents produce and sell food to the schools, the average income is R140 per month or R1680 per year.
3. Each parent 'saves' R150 per month per child in feeding costs or R1, 800 per year.
4. The net income gain per child to the parent / household is thus R1, 120 income + R1, 800 saving = R2, 920 or R243 per month.
5. There are considerable physical, health and mental / educational benefits gained by each child and by society.
6. Parents gain the means to become economically active locally, to gain income with which to pay school fees as apriority charge, and to save on child feeding costs in the household.
7. The community gains an active local economy as R3, 600 circulates about 4 times locally, a total 'local effective demand' in the school community of R14, 400 per school per month.
8. If paid out in a local currency that cannot 'run away', after a year, the total local effective demand would have accumulated to R172, 800 or higher as new productive activities came on stream and are rewarded in a 'differentiated' local market. This is an economic/ income gain of R5760 per child / parent per year.

Benefits to Schools and Communities

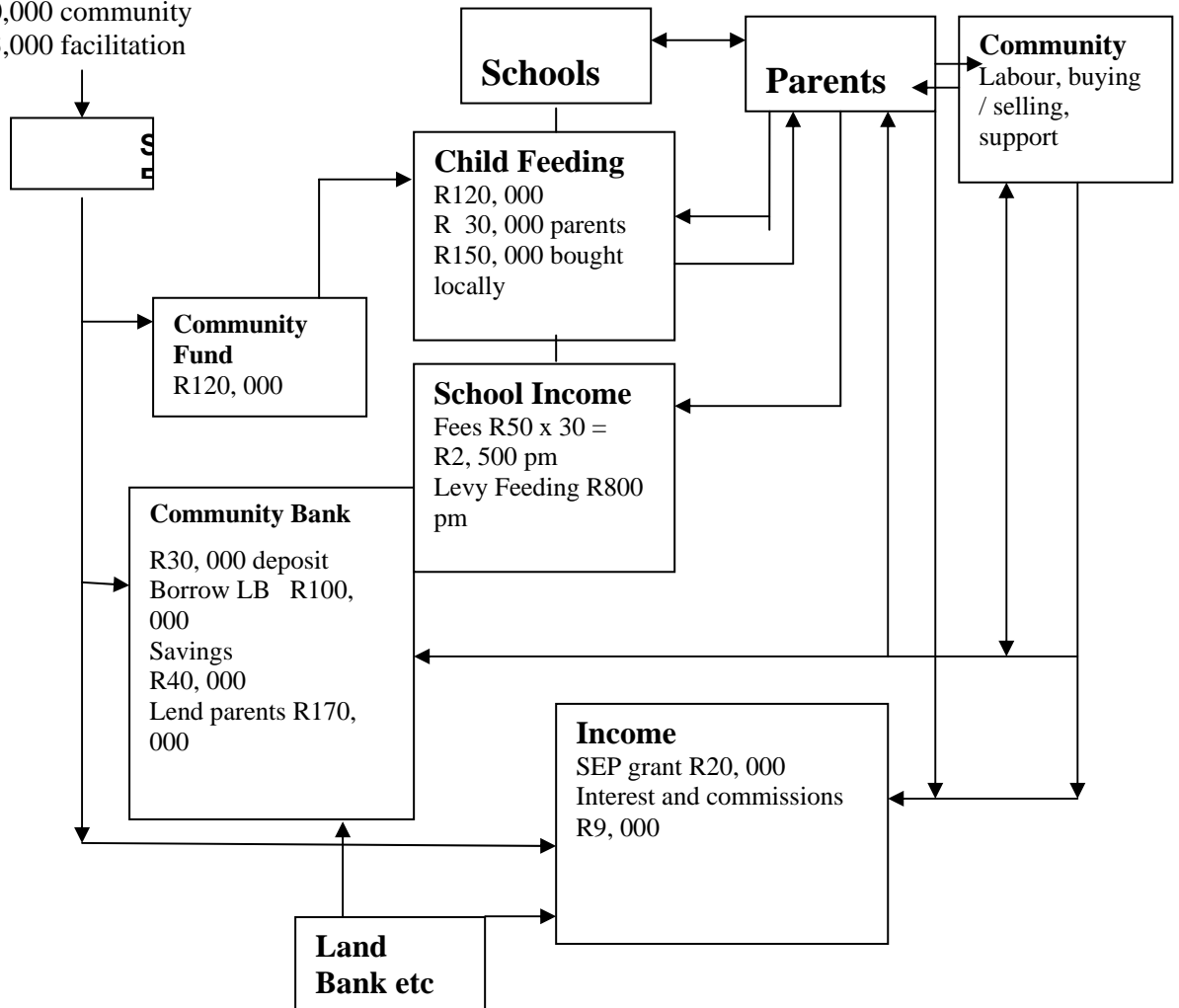
All parents are now enabled to pay school fees of R100 per month plus they contribute R1 per day towards feeding, or $R100 + R20 = R120$ per month. This, plus healthy, lively children and involved and economically active parents builds good schools (pre, junior and high) in strong local economies Communities able to adopt a "All Children Are My Children" Charter that guarantees that all children receive all their rights.

Parents can agree to pay an extra 5% on the school fee so as to provide bursaries to children whose parents still cannot afford full or partial fees. (See diagram below)

Appendix 3. Model Cash Flows: Child Nutrition / Parent Enablement for Five Months

Donor / Government

R150,000 community
R113,000 facilitation



Appendix 4.

Investment Rights: The Renewal of the African Village

Norman Reynolds

from www.thepeoplesagenda.co.za

At Independence, beginning in the 1960's, Africa, it was hoped, would bring human relations as its great gift to the international community. That has not happened. The impression of Africa since then is one of 'dependent' people easily subjugated by dictators and corrupt regimes and helpless in the face of adversity. Why?

The loss of dignity, on a continent where it was abundant, has followed the collapse of the village as a productive, self-managed and self-sufficient economic entity. Communities today are unorganised. They do not work for their members. They are dysfunctional. They are not legally registered. They cannot do business with the outside world. They cannot organise to develop themselves by themselves or as partners of government or of other businesses. It is a failure of the 'public' component

Long ago African communities did manage themselves and did look after all their members; the children, the women, the old and the men. Then, land was abundant and 'free'. Ubuntu, living through each other, was the African identity. The group or clan provided one's participation and economic security.

For many years now, land in Africa has become 'in short supply' following colonial settlement, urbanisation and population growth. This historic 'structural change' has not led to a response, a renewal of internal village rules. Land still remains a 'free' good. In today's world, what is in short supply is costly; it has a price. But not Africa's land! It has no value.

The adjustment has taken place between the members of communities. A few remain as farmers and herders but upon a degraded landscape. The majority make little use of the land and have no cattle. They have been effectively disinherited! The old, the children and the sick are the main residents. The economy has shifted to the towns where unemployment is often around 40% to 60%. The village lies open to political patronage and intense competition for the few 'gifts' the state can give.

The result is that there is no caring for the land, no sense of ownership by all the members of the village of something valuable. There is no investment, no management, no conservation of what all own, the land!

Villagers do little together anymore. Poverty has 'atomised' society.

Individualism in order to survive has caused the group to stop working as the means to provide mutual insurance to each other has collapsed. The great herds have disappeared, little by way of crops are grown and most are too poor to help each other. People look after themselves as best they can even if that means that they hurt the group, community or the land.

Where are the Owners?

If a meeting were called in an African village to discuss grazing, who would come? For many years now, only the few cattle owners who 'used' that grazing land would come to such a meeting! The owners of that land, the whole community, would not come. Why?

Why is there a split between those who own the land, everyone, and those who use it to graze their animals? Have the people lost a sense of ownership? Or is it that they feel they have no voice? Or that they feel there is nothing they can say or do if they do not own cattle? This is Africa's tragedy: the loss of ownership of the land!

Africans in many countries ask, "What has happened to Ubuntu?" They go on, "How can I be an African?" They want their leaders to answer, "How can I find an identity beyond modern consumerism and dependence upon imported ideologies?" Sadly, there is no answer. Culture is not used as a developmental dynamic.

In South Africa, just when many black citizens hope to gain more land through Restitution or land re-distribution, the land in the villages, where some 15 million, the poorest third of the population, live, is little used and in a bad state. Can the village once again become a good place to live, to care for family and community, and a place to rediscover culture and spirituality? Can the poorest in villages lead an African Renaissance?

Community Members as Owners and Investors: The Community Investment Programme (CIP)

In South Africa, Government wants all communities to be registered, to become legal bodies. What form should that registration take? Government wants communities to prepare 'Community Rules' as part of registration.

Two goals of community registration must be: -

1. That all the adults, men and women above 18 years, renew their relationship to each other, not as holding a 'right of access to a free good', the traditional but dysfunctional birthright, but as **equal owners of a productive asset base**.
2. It is not good enough to be owners if one is not also an **investor, manager and husbander** of the land, water, trees, grasses and plants, the wildlife and other natural resources.

For ownership and investment to happen, the owners must: -

1. Own an organisation that holds the resources that belong to them equally (land, water, trees etc) and which allows the owners to be rewarded (by way of access to improved gardens, irrigation, fencing, roads, tree planting etc.) if they invest cash and their abundant labour in those resources. The model used is best described as a democratic property company registered as a Trust.
2. The Trust is a body that belongs to all adult residents equally. It is registered under law. It has a Trust Deed that sets out its aims, powers and the way it is to be run for the development of the community.
 - It can receive and hold monies.
 - It can open a bank account.
 - It can invest in and buy and can hold and manage assets of all kinds.
 - It can 'contract' with other parties to do business.
 - It can set up and own companies.
 - It can enter into agreements and joint ventures with other parties.
 - It has to have an AGM with audited financial statements and a report presented to members. These have to be sent to the "Master of the High Court" who controls and supervises all Trusts in South Africa.

All the adults in the community own the Trust.

- Each can vote – the democratic right.
- Each has an account as an owner – the new economic right.

Each has ‘economic rights’ that flow from membership of the Trust. For instance, all receive equal benefits. These may be: -

- Cash dividends paid out when ‘profit’, net income is earned by its businesses. This could include the rent of land, of buildings or of orchards and woodlots after maintenance and other costs have been deducted.
- ‘Use Rights’ are issued every year or season equally to all members to garden, to graze, to farm on irrigated land, to cut or receive firewood and timber etc.

By buying and selling Use Rights, members learn what the community and what their individual memberships are worth. (See Box below and see the Grazing model at the back.)

Achieving Prices Over Each Resource

No one, no company, no bank, and no community can invest in and manage resources like water and land if there is no price to guide these business decisions and to measure performance.

There are no prices in villages. That is why there is no investment and no management. The land and water is ‘used’. The result? For years it has been destroyed. Villages have become ‘user’ communities. They are not ‘husbanders’ of their resources. Most members no longer farm or graze. They have been ‘disinherited’! They do not participate – a traditional African right.

How are prices to be created? How are villages to become husbanders, investors and managers?

The Use Rights that the community Trust will issue equally to members each year to garden, to graze etc. are exchangeable rights. That is, they can be bought and sold amongst members and, if so agreed, sold to outsiders. By buying and selling Use Rights, prices arise set by supply and demand in the community or region. These prices are not imposed by the police or by the ‘big’ member. They reflect the value of each resource to the members. They tell how good an investment it would be to improve each resource and its management.

Becoming Community Investors

The Trust does something of great importance. No one invests in a company unless they believe that they will receive dividends – that is the reward for ownership. The Trust does this for its members. It invests the monies it receives in the **‘productive base’ of the community**, that is in gardens, irrigation, grazing schemes, wildlife projects, planting orchards and woodlots etc.

Members receive Use Rights every year over these resources; Use Rights which they can use, choose to buy in more Use Rights from other members or sell them. The Use Rights are the members’ dividends (see The Grazing Model below).

Once members understand the way investment leads to dividends, to economic benefits, then they will be ready to answer the second question: “What Resources do We Have?” The biggest resource that can be used to invest is a (poor) community’s own labour!

Investment Rights

(What follows is drawn from internal documents of Huntington, a rural community near the Kruger National Park in north-eastern South Africa that is an early CIP model community. Their registered Trust is called, “Swi ta Lunga”, Things Will Come Right)

The Value of Members’ Labour For Investment

The daily wage in Huntington is R30 per day (US\$4.50). There are 3,000 adults. If every adult member gave 30 days to the Trust to work on investment projects, the value each year would be $3000 \times 30 \times R30 = R2,700,000$ (\$450,000)!

To invest R2,700,000 own labour a year, people will need money to pay for materials, pipes, fences, cement, transport, engineering services etc. Huntington supports government issuing Investment Rights every year to every adult. The proposal is that R3,000 (\$450) per adult per year be issued to all citizens who are members of registered community Trusts. At Huntington this would be R9,000,000. A total, cash and labour, investment of R11,700,000. In that way, all South Africans can become powerful **owners of productive assets** as the quickest, most effective way to eradicate poverty and economic inactivity.

The Economic and Social Programme Four Questions to Ask Every Day

1. Who Are We?
2. What Resources Do We Have?
3. What Do We Want To Do?
4. What Partners Do We have?

The First question, “Who are We?” is important. We know, because we live it, that we are not part of the rich South Africa. We are stuck in those black apartheid areas where the economy was ruined so that we would be forced to sell our labour to the mines and farms. That split between the rich and the poor areas still exists.

The main difference between where we live in the rural areas and townships and the wealthy ‘global’ South Africa is this: -

Money Circulation

If you drop R100 in Johannesburg it will stay and work; it will circulate as people use it to do business with each other and so create wealth for all. It will be ‘exchanged’ 8, 9 or 10 times before it leaves to pay for a car part from Germany or other ‘import’ we need in South Africa. R100 in these rich areas creates R1,000 wealth.

Drop R100 in Huntington. It is taken almost immediately by taxi to Hazyview and spent there. It does not stay to ‘work’ and circulate in Huntington. R100 here creates only about R130 wealth. The ‘multiplier’ here is 1.3. In Johannesburg it 8.0 or higher!

No wonder we are poor. No wonder we can grow cabbage, bake scones, sew clothes but we cannot sell them. There is no money that stays to work here. So, we do not produce!

Instead of doing with business with each other, we use our little money to build the centre of the economy where Checkers, the OK, Nandos and SA Breweries (supermarkets, take out and brewery) and live and do business!

How can we keep money to stay and work in Huntington?

As parents we can answer “Who are WE?” by saying that what hurts us most is that we are unable to look after our children as we would like to look after them. Our tradition is that, “All Children are My Children”. How can we restore that great African tradition in which children were safe, loved and cared for by all?

The Huntington Trust is asking Government to work with us to do just that.

1. We ask government to provide school feeding for all children from 2 years to 11 years, the end of primary school.
2. We demand that these monies come as cash to the Huntington Trust so that the Huntington supports government issuing Investment Rights every year to every adult so that South Africans can become powerful **owners**. Adults must form Trusts to invest those monies together through community.
3. The pre-schools, playgroups and the primary school must buy **locally produced food**. That would bring into the community some R1, 000,000 a year.
4. If that R1, 000,000 was mostly spent here to buy food grown here, it would stay to work 3 or 4 times as we paid each other for water, labour, manure, seedlings, and then sold to the schools and playgroups and then used that family income to pay school fees, to buy locally produced school uniforms and then to eat ourselves. We could create R4, 000,000 extra wealth in Huntington each year before the money left. That would be over R3, 000 worth of economic activity per family per year.

To do this we must agree with government that we will: -

1. Send all our children to properly trained and supervised pre-schools or playgroups and to primary school. That way we can claim the biggest amount of school-feeding subsidy.
2. The Huntington Trust is discussing a contract with an Early Childhood Development Agency to help plan, train and supervise pre-school and playgroup teachers so that all our children aged 2 to 6 can get the best possible start in life. Our children will then be able to transform our primary and secondary schools as they move through the school system!
3. Parents must be able to grow all the food needed by the schools. The Huntington Trust will use its funds, and is raising more, including from government, to develop a full garden system. It is also asking the Land Bank to give small loans so that people can keep chickens, buy a cow etc. and form a community owned bakery so that all the school-feeding money is spent here!
4. We as parents and community must add a small amount to the school fee as a ‘Bursary’ fund to help the really poor families send their children to school.

The gardens will be run like grazing (see the Grazing model below). Do attend the training on, “How to Run a Community Garden”.

Investment, Resource Management and Use: The Grazing Model

Box 1. Grazing illustration

Suppose that there is a village with 100 adult members and one grazing area. The technical carrying capacity – the number of animals to be grazed - is set by the members at the AGM when they prepare the Management Plan for the area. Say, this year it is 1000 livestock units. Therefore, in the first round, each member will receive (as a use right) an equal dividend of ten grazing units for that year ($100 \times 10 = 1000$). During the next month, the members can exchange, that is buy or sell, their grazing rights. A ruling price for grazing will emerge, say R100 per unit. That means that those without cattle can receive R1,000 if they sell all their ten grazing rights ($R10 \times 100$). Those who do not sell can use the land to graze their cattle as a business venture. And they can buy in more grazing rights from members who wish to sell at the ruling price.

The prices arrived at will provide key indicators for community and family decision making. For instance, for this year the total income of the grazing land is R100,000 ($R100 \times 1,000$). No longer may the Chief 'give away' the grazing, as in a drought, to a nearby commercial farmer for a personal consideration worth a tiny fraction of R100,000 - a few thousand Rand has been all too common!

The equal distribution of community grazing rights allows the poorer members to consider selling, say, nine units and using that income, R900, to help acquire another animal. Should many members use such income towards the purchase of additional animals, then the price of grazing will be driven up. In short, it is a self-regulatory system managed within the community.

For example, in a drought, the members may cut the carrying capacity in half, reducing the grazing rights per member by half as well. This will force a greater selling-off of animals and raise the price of grazing, both useful responses to a drought.

In the next round, at the AGM, the members can decide upon a new feature - to retain for investment, say, 40% of the value of their grazing rights, or, in this example, R400 per member or in total for all the members, R40,000. This has to be retained in cash. This 'fee' represents what in a company would be profits retained for re-investment before the net income is allocated to dividends. In other words, the members, like the Board of a company, first secure the future of the village as a productive environment for the earning of their livelihoods by retaining (in cash) 40% of the total value of the grazing rights, their dividend for ownership, to be paid out to the village owner members. Those who do not have cash to pay the 'fee' can sell their grazing rights in the market to obtain the R400 they must give to their Grazing Company.

It is important to note that this is the only system that allows members to optimise their own position against the interests of other members within objective (price) conditions set within the community. It thereby makes likely the acceptance of a limit on the number of animals to be carried within the village and so helps achieve both long-term conservation and improvement.

“Swi Ta Lunga”, “Things Will Come Right”, Our Community Trust That Makes Us All Equal Owners of the Village

By working with government to feed our children, all of whom are in proper schools, we can build a ‘working local economy’ that will look after all the adults!

We can renew traditions of caring and of inclusion while we build our economy! That is who we are, “Africans”. To do this we must adopt the best of modern institutions that allow us to do both – find ourselves as community and restore our local economy. The Huntington Trust is that body.

The poorer members may have to sell grazing rights to provide the cash to pay the annual ‘fee’. They, however, can also bid to ‘buy in’ more Work Rights from other members so that their wage income rises (see below). The fee members provide will bring in R40,000 for investment. To this, the 100 members can add their labour – in poor communities their largest and most under-used resource. If it was agreed that each member would give 15 days per year at a valuation of R40 per day, they would add another R60,000 (100x15xR40) labour to the cash investment they set aside, a total investment of R100,000 or R1,000 per member. Members can pay for others to do the work if they cannot work themselves.

As with votes and shares, all members are and remain equal. They pay the same fee and give the same labour no matter how they differ in the number of livestock they choose to run. This means that they are always equal investors and owners.

There is no other organisation, except employee owned firms, which can achieve such high investment rates (retained cash plus member labour). Here it is equal to the income from grazing. Moreover, a member owned grazing company can also borrow as it has a cash flow! If they wish, they can borrow from a bank to raise their investment effort so that cash matches a higher labour input – their most abundant resource. Or they can invite in other investors to match material and equipment (which needs cash to pay for it) to labour input.

When members, at the same AGM, decide how to spend that large labour and investment fund they will be equal; in their interest in and ownership over the asset, as fee payers, and as labour investors in the village's resources.

With grazing, the majority will be small livestock owners. They are likely to become the spearhead of long-term resource management interests against any possible large owner interest that is simply concerned with exploitation. Moreover, women, as equal owner members with equal rights to men, are likely to pay particular attention to the “husbandry” of the assets! Men tend to play with, to exploit resources. Women nurture resources. The assets should be in good hands – men and women as equals.

The members will be looking for investment in the grazing system that will either increase the carrying capacity, and hence the number of grazing rights, or the value of grazing, or both. The larger graziers, who buy in rights from other members and who set the commercial pace, will be listened to carefully as their success leads the price of grazing and hence member ownership reward.

Every year the members can analyse the performance of the grazing “company”. In this year it produced $100 \times R1000 = R100,000$ rental income. After investing

R100,000, the members would expect the rental value to rise in the second year to R100,000 plus a return on the investment of R100,000 at, say, 20% or R20,000, giving a total income of R120,000 or R1,200 per member. If at the next AGM, for instance, they set the carrying capacity at 13 grazing rights per member and if the 'price' that rules is R125, the value to members will be much higher, R1,625. After deducting a 40% investment fee, or R650, the net value of grazing to each member will be $R1,625 - R650 = R1,025$. This is an increase of R425 over R600 = an increase of over 71% in a year. Such returns are possible in the early years and are more difficult to sustain later.

Adjusting Land Use Based on Values

In most African countries there is either an anarchic, broken down land use / grazing system in which those with some economic or other power seek to gain private control over commonage (often by claiming to plough pieces of the grazing land for crops and fencing it so that it becomes 'private' – this is common in KwaZulu/Natal for instance) or villagers are stuck with simplistic physical land divisions set by government agents. The latter often take one side of a road as 'crop' land and the other for grazing. This rigid demarcation does not allow for management or for any adjustment to fit changes in the relative need for crop and for grazing land.

The result in most areas is a relative loss of grazing land and its universal degradation so that the amount of animal traction available for ploughing, for cultivation (removing weeds) and pulling carts declines well below the need. This leads to the popular demand that government provide tractor services for ploughing – an expensive, often inefficient, only partial solution that is seldom sustainable.

The grazing model fits a simple single land use, grazing, under a management regime set annually by the members. What happens if some members want to specialise, say by introducing 'milch' cows, by becoming dairy farmers? Dairy cows should be more intensively looked after and they should not have to walk long distances to graze, to find water or to be milked twice a day. Ideally they would graze as a part of a feeding programme that included other feed like fodder crops and concentrates.

No grazing land is uniform. Some parts will be nearer to a road or village, water points will be limited and the better quality grazing will tend to be in the valley bottoms, often near the water and the road.

Members wanting to become dairy farmers can request that the present single grazing land be divided into (a) better sited and quality grazing for cows in lactation and (b) regular grazing for all the other animals. This can be easily achieved.

At an AGM, the members can demarcate the present single grazing land into two units, one for milch cows and one for regular grazing. Two separate 'use rights' for milch cows and for general grazing are then issued equally to all and traded amongst the members. Two prices will arise: grazing for cows in lactation and for general grazing. The ownership aim of all members will be to achieve the highest total 'rental' value for both land uses. By introducing dairy farming, the members are likely to increase the overall demand for grazing and thereby force up the price for both types of grazing. Collectively, they will earn more and hold more valuable assets. Individually, members will still seek to

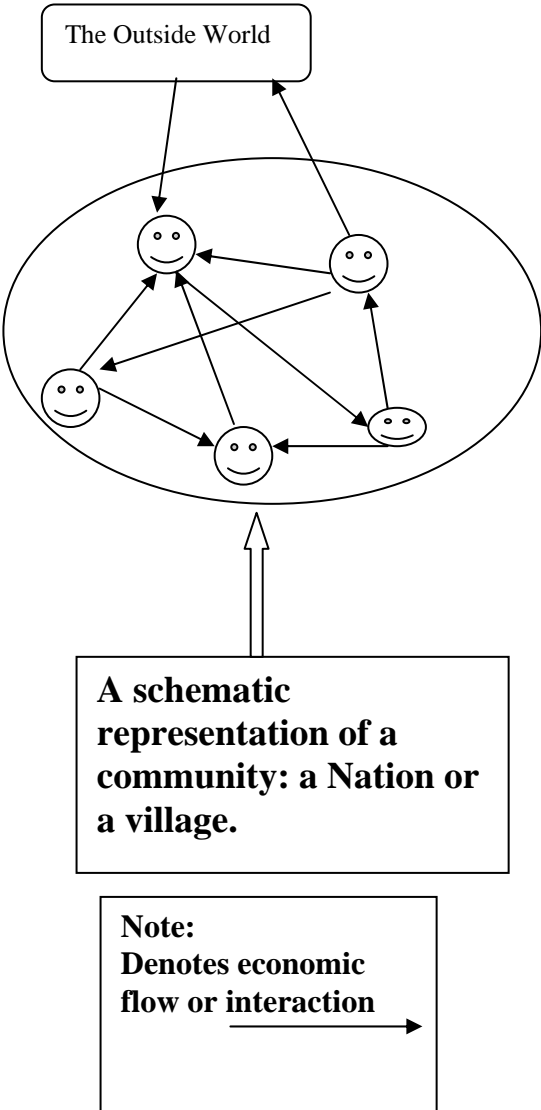
optimise their relative use of these two land uses by buying and selling their use rights (see Small Farmer Dairy under www.thepeoplesagenda.co.za).

Year by year, the members will be able to debate, with solid information based on the prices commanded by the two forms of use rights, whether to expand or not the area devoted to the dairy programme as well as what investments to make to one or to both areas. Specialisation, in this case dairy farming, a more intensive activity with rich cash flows and links to other activities, will have opened up new economic opportunities of many kinds and it will have increased the value of the village's assets.

Members of the Huntington Trust will manage irrigation and gardens in ways similar to grazing: equal ownership, equal investment and exchangeable use rights. Once one type of land use adopts the model, other land uses can be incorporated easily but always as separate and comparable investments and accounts.

Appendix 5. History of the SA Countryside: from Self-Managed, to Dysfunctional, to be Corrected under the CIP

A. Up to the last quarter of the 1800s *

The socio-economic environment	Schematic map of region or community detailing interactions within and with the outside.	Effects within the socio-economic environment.
<ol style="list-style-type: none"> 1. Free flow of trade 2. Free or uninhibited cash circulation. 3. Free flow of information. 4. Abundant and free land as the basis for Ubuntu, living through each other. 	 <p style="text-align: center;">A schematic representation of a community: a Nation or a village.</p> <p style="text-align: center;">Note: Denotes economic flow or interaction →</p>	<ol style="list-style-type: none"> 1. High rate of cash circulation, a high multiplier. 2. High diversity of product. 3. Increasing wealth. 4. Increasing opportunity. 5. High level of economic and social activity. 6. “Prices” / values, supply and demand known. 7. High level of communication. 8. High level of co-operation, both internal and external. 9. High level of investment in private and public assets. 10. Investment in internal and external assets and activities. 11. High level of innovation and technology assimilation not needed. 12. Communities were self managed with full participation, and all people had significant roles to play. 13. There was a high level of mutual support (e.g. labour). 14. There was economic security within the group and an insurance system (e.g. to restore breeding herd) 15. Land was abundant and therefore free, man was in balance with nature.

* The end point of this period is vague and includes the early colonial period BUT before the settler / colonialist / mining demand for labour began, probably 1850's..

B. Colonial, apartheid and homeland era

The socio-economic environment	Schematic map of region or community detailing interactions within and without community.	Effects within the socio-economic environment.
<ol style="list-style-type: none"> 1. Internal and external trade links broken or blocked. 2. Starts with blockages to competitive trade. 3. Cash taxes imposed. 4. Information controlled. 5. Outsiders provide only enough resources for community survival. 6. Outsiders decide who gets what and when. 7. No internal capacity building. Only training for migrant work / jobs. 8. Communities become compressed within restricted borders. 9. Land, once abundant becomes in short supply. No internal adjustment to this historic structural change. 10. Growing differentiation within communities. Many fall out of agriculture and social status / mutual insurance. 		<ol style="list-style-type: none"> 1. Citizens forced to become labourers outside their own environment. 2. Land becomes in short supply but no institutional or investment response. 3. Production within community ceases. Community as 'Resource User'. 4. Wages have to be remitted to pay for essential daily needs and taxes. 5. Remittances & pensions are the only cash flow in rural community. 6. Cash only circulated at month end. 7. Very low level of cash circulation. Multiplier is 1.2 to 1.5, cash flows into area and straight out again. 8. Goods and services are supplied at high profits from outside the community. 9. No or very little internal trade or economic activity. 10. Outside Social and Economic support needed to maintain population. 11. Gifts * given for collaboration OR to support survival of labour pool. 12. Break down of social cohesion with jealousy & conflict as only a few benefit from gift givers. 13. No internal investment in common or public productive assets. 14. Inappropriate investment in infrastructure by outsiders (governing power). Mostly failed projects

* Gifts: The dominant authority gave / gives these to the controlled / suppressed group.

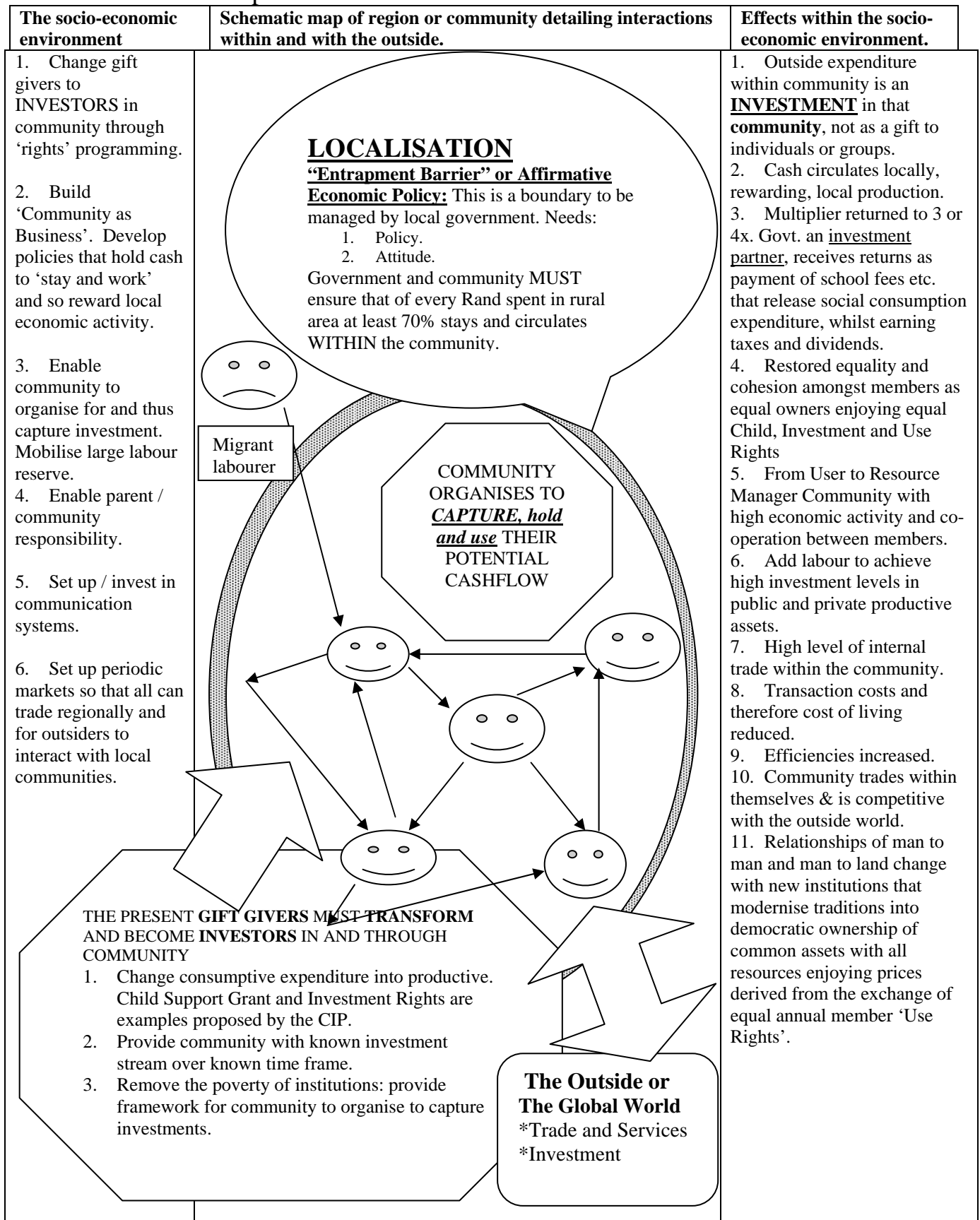
Gifts are given for:

- Collaboration with the rulers in perpetuating their policies.
- To ensure the survival of the dominated population for whatever reason (to supply labour), and
- To curry favour with or keep population "happy" for some reason, political or otherwise.

The gifts may be in the form of Licenses, Land, businesses or the means to start businesses. The gifts are nearly always given to individuals or groups of individuals and very seldom to communities. The supply of gifts = the control of dependent poor people.

Gifts are never seen as investments in the community, rather as investments in perpetuating the status quo.

C. The corrective: This process has not yet started. Imperative that starts as soon as possible.



Appendix 6.