

**A STUDY ON USE OF THE INCOME-GENERATING ACTIVITIES
GRANT: PERCEPTIONS OF BENEFICIARIES
IN THE KAVANGO REGION
OF NAMIBIA**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT
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ABSTRACT

Before Namibia's independence in 1990, wealth distribution was highly skewed and only 5% of the population enjoyed approximately 80% of the country's wealth (Government of the Republic of Namibia, 2004). Widespread poverty, high unemployment rates and a lack of access to basic services such as land, credit and livestock severely affected the majority of the population. The goal of Namibia's Vision 2030 is to promote people's quality of life by, inter alia, establishing grant schemes for income-generating activities and supporting Small and Medium Enterprises (SMEs) to alleviate poverty and create employment opportunities.

The Kavango Region is the third highest funded region, yet it still has the highest incidence of poverty in Namibia. The overall aim of this study was to establish whether the income-generating grants from the Ministry of Gender Equality and Child Welfare (MGECW) were sufficiently understood and whether they ameliorated poverty, improved food production and sustainability of livelihoods among the beneficiaries.

The researcher made use of qualitative techniques in data collection to obtain primary data. For this study, 32 respondents participated. Findings indicate that participants had varied and unclear views on income-generation grants and essentially engaged in subsistence rather than income-generating activities. Beneficiaries did not demonstrate a strong motivation for engaging in income-generating activities. The grant activities were insufficient to address unemployment

adequately. Nevertheless, beneficiaries noticed some positive life improvements at individual and community levels; activities provided a viable potential for employment creation and increased food production.

Income-generating activities were constrained by the fact that the grant amounts were small, inadequate to support large-scale investment plans; neither could funds adequately meet the day-to-day project overheads, running costs, depreciation, equipment repair, replacement and maintenance.

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DEDICATION

This thesis is dedicated to my ideal husband, *Mr. Joel Kavetuna*, and lovely children, *Joy and Peace Kavetuna*.

DECLARATION

I, Frieda Indileni Kavetuna, declare hereby that this study is a true reflection of my own research, and that this work, or part thereof, has not been submitted for a degree in any other institution of higher education.

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LIST OF ACROYNMS

AGRIBANK	Agricultural Bank (of Namibia)
AIDS	Acquired Immunodeficiency Syndrome
ASDSE	Adult Skills Development for Self-Employment
BIG	Basic Income Grant
HIV	Human Immunodeficiency Virus
IGAs	Income-Generating Activities
KAYEC	Katutura Youth Enterprise Community
LaRRI	Labour Resource and Research Institute
MADI	Mashare Agricultural Development Institute
MCA-N	Millennium Challenge Account Namibia
MGECW	Ministry of Gender Equality and Child Welfare
MLSW	Ministry of Labour and Social Welfare
MTI	Ministry of Trade and Industry
NDC	Namibia Development Corporation
NDPs	National Development Plans
NGOs	Non-Governmental Organisations
NPC	National Planning Commission
O/M/As	Offices/ Ministries/Agencies
OVCs	Orphans and Vulnerable Children
SMEs	Small and Medium Enterprises

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Before Namibia's independence in 1990, wealth distribution remained highly skewed and only 5% of the population enjoyed approximately 80% of the country's wealth (Government Republic of Namibia, 2004). Widespread poverty, high unemployment and lack of access to basic services such as land, credit and livestock severely affected the majority of the population. Tonin, Ricoveri, and Zaire (1997), envisaged therefore, that some of these problems would be partly addressed through the provision of grants for income-generating activities. According to the Ministry of Trade and Industry (MTI) (1997), the government recognises the vital role which the small business sector could play in the country's socio-economic development.

Namibia has a rich economy with a vibrant social potential that should support equitable development. However, a large portion of the population is poor and faces chronic economic insecurity. Namibia is also a country with one of the highest levels of income inequality in the world, with a Gini co-efficient of 0.56. The huge socio-economic disparities are largely a reflection of colonialism and apartheid, but also of the class stratification that has taken place in post-independent Namibia (Haarmann, Dirk, Herbert, Shindondola, Natrass, Samson, & Standing, 2009).

For several decades, the conventional wisdom was that economic growth would result in lower levels of poverty. It was also believed that addressing poverty by simple means such as giving people money would be a waste and ineffectual and that

it was better to wait for growth to “trickle down” and eventually lift the poor out of poverty. Both of these old views (economic growth and trickle down) have been challenged. Firstly, reducing very high inequality actually boosts economic growth, because spending by poorer groups leads to a boost in aggregate demand. In a country like Namibia, with one of the highest levels of inequality in the world, there is great scope to redistribute some income, to the benefit of the country's economic growth and the economic security of everyone. Secondly, there is compelling evidence from countries such as Ethiopia, Ghana, Mozambique and Somalia that grant or cash transfers do work. Pilot projects in those countries have shown that providing grant or cash to low-income groups and communities helps regenerate livelihoods and overcome cycles of deprivation (Haarmann et al., 2009).

The Ministry of Gender Equality and Child Welfare (MGECW) established the Income-Generating Activities (IGAs) grant scheme in 2001 as a means of improving the quality of life of Namibians through funding for community projects and strengthening the earning capacity of people from poverty-stricken communities. This initiative was to reduce poverty and promote self-sufficiency for the beneficiaries. Recipients of the IGAs grant were expected to establish projects that would contribute to self-sufficiency, growth, sustainability and poverty reduction in their communities. However, since the inception of the IGAs grant scheme in 2001, the beneficiaries have not been doing well, especially in rural areas, and some businesses have even closed down because of poor management. Poverty levels in the Kavango Region particularly were not falling, despite huge allocations of IGAs grants.

The table below indicates the grant allocation by the Ministry of Gender Equality and Child Welfare to all the 13 regions of Namibia over the period of 2003-2012.

Table 1.1: Regional IGA Grant Allocation, 2003-2012 in N\$ '000

Region	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Caprivi	75	25	28	38	33	32	50	55	85	424
Hardap	43	177	43	59	33	32	56	53	67	566
Erongo	146	56	28	57	50	48	41	35	46	510
Karas	62	10	28	38	33	32	45	36	50	337
Kavango	121	172	74	105	92	88	72	79	100	905
Khomas	199	307	92	190	117	112	37	27	39	1123
Kunene	110	89	28	38	33	32	50	70	78	531
Ohangwena	93	85	82	115	100	96	66	64	66	769
Omaheke	51	86	28	44	33	32	52	69	84	481
Omusati	80	175	86	115	100	96	85	71	96	907
Oshana	142	51	63	86	75	72	63	60	74	689
Oshikoto	95	43	63	86	75	72	85	72	97	690
Otjozondjupa	75	53	146	67	58	56	38	46	53	594

Source: The Directorate of Community and Early Childhood Development 2012

Databank, MGECW

As per table 1.1 above, the Kavango Region is one of the most highly funded regions, in third position after Khomas and Omusati. However, despite this investment, according to the National Planning Commission (NPC) (2009) the

Kavango Region recorded the highest incidence of poor and severely poor households in Namibia (see table 1.2 below).

Table 1.2: Incidence of Poverty by Region

Region	Poor households%	Severely poor households%
Kavango	56.5	36.7
Ohangwena	44.7	19.3
Oshikoto	40.8	16.6
Hardap	32.1	21.9
Omusati	31.1	12.8
Omaheke	30.1	17.5
Caprivi	28.6	12.5
Otjozondupa	27.8	15.8
Kunene	23	13.1
Karas	21.9	12.5
Oshana	19.6	7.8
Erongo	10.3	4.8
Khomas	6.3	2.4

Source: National Planning Commission, 2009, p.19

While these results are presented by the National Planning Commission, there is no narrative as to why regions that receive large sums of IGA grants still lag behind with high levels of poverty. For this reason, the researcher set out to explore the underlying causes of this imbalance between availability of support resources and poverty alleviation. Focus was put on the Kavango Region because the region has received increasing amounts of IGA allocations (Table 1.1), yet it still has the highest

incidence of both poor and severely poor households as indicated in Table 1.2 above. Comparatively, the Khomas Region receives equally large sums of IGA grants, which could have translated into the lowest incidence of poor and severely poor households.

1.2 Problem Statement

It is one major goal of Namibia's Vision 2030 to promote all Namibian people's quality of life by establishing grant schemes for income-generating activities and for supporting Small and Medium Enterprises (SMEs) to alleviate poverty and create employment opportunities (Government Republic of Namibia, 2004). The income-generating activities scheme was established by the government through the MGECW to fund small business entrepreneurs in communities. The grant scheme is regarded as a major tool contributing to Namibia's socio-economic growth and thereby eventually reducing poverty, especially among poverty-stricken communities.

This agrees with the results of the study by Haarmann et al. (2009) which demonstrates that grants and a universal cash transfer will have a positive impact on socio-economic development and, most importantly, that a guaranteed basic income for all gives people back their dignity and is an important step towards guaranteeing the right to a decent life for all. In their studies and evaluations of IGAs in Namibia (Tonin et.al., 1997; MTI, 1997; MTI, 1998; Mutilitha, 2003, Ministry of Labour and Social Welfare (MLSW), 2004; April 2005; NPC, 2006; MGECW, 2008), indicated that most of the grant beneficiaries in the country were not doing well and struggled

to survive; and poverty was not decreasing in many regions. The Kavango Region for example, which is the third highest funded region for IGAs initiatives, has the highest incidence of poverty in Namibia. It was vital to establish why this is so, and why beneficiaries of the IGAs grants were still unable to change this status despite the IGAs support. This enabled the research to contribute to a set of usable recommendations for better grant application/allocation and utilisation. To date, there is no clear empirical evidence to suggest that beneficiaries of the IGAs grant scheme really understand how to use the grant for the purposes of self-sufficiency and poverty reduction in their communities, as per the scheme's intention. This study, therefore, was conducted with the aim of ascertaining the perceptions of the IGAs grant scheme beneficiaries of the use of the grant in Kavango Region.

1.3 Aim of the Study

The overall aim of the study was to establish whether the income-generating grants from the MGE CW were sufficiently understood and whether they assisted in poverty reduction, improved food production and sustainability of livelihoods among the beneficiaries. To reach this goal, the study was guided by the following objectives:-

- To assess income-generating grant beneficiaries' perceptions of the use of grants from the Ministry of Gender Equality and Child Welfare;
- To identify different income-generating activities established through grants given by the Ministry of Gender Equality and Child Welfare;
- To review the effectiveness of follow-up skills training given to the

beneficiaries;

- To generate usable recommendations for the improvement and better allocation of income-generating grants.

1.4 Research Questions

In an effort to reach the research aim and objectives, the following research questions guided the study: -

- What perceptions prevail among beneficiaries on use of the income-generating activities grant?
- What income-generating projects were established as a result of the grants?
- How effective are the different projects in responding to the overall aim and objectives of the income generating grants?
- How effective were the follow-up training programmes in increasing abilities of beneficiaries to manage and sustain their projects?
- What recommendations can be made to improve and better apply the income-generating grants?

1.5 Theoretical Framework of the Study

The theoretical framework of this research is positioned within Namibia's policy and programme on Small Business Development (MTI, 1997). The policy is closely linked to the Gestalt theory. This theory attempts to describe how people tend to organise elements into groups or unified wholes when certain principles are applied. These principles are similarity, continuation, closure and proximity. This theory emphasises that results from knowledge process depend in many respects not only on the object, but also on the observer.

The IGAs scheme was designed as one of the means to uplift people from poverty. Individuals would form groups (unified wholes) and be supported to initiate activities from which to generate an income. Poverty has several underlying causes; unemployment is one of the major causes and the IGAs are not only meant to provide avenues for income generation, but also to provide employment and in some cases, skills building through on-the-job training opportunities.

The training opportunities provided are meant to increase the chances of IGAs sustainability, since groups are empowered to meet the challenges they face more effectively.

1.6 Significance of the Study

The findings of this study provided insights to the MGECW, other line Ministries and Non-Governmental Organisations (NGOs) on how best to respond to the needs of the IGA grant beneficiaries. Moreover, the findings of this study informed and guided the promotion of income-generating activities, both at regional and national levels. The study benefitted both IGA grant beneficiaries and their communities and served as a basis for initiating dialogue among them and government institutions, as well as NGOs involved in financing small businesses more effectively.

1.7 Limitations of the Study

This study was based only in the Kavango Region, targeting beneficiaries of income-generating grants from the MGECW. While data upon which conclusions have been formulated were deemed sufficient by the researcher, making general inferences about other regions may not necessarily be the most comprehensive and accurate source of conclusions for activities in the Kavango Region and indeed the rest of Namibia.

1.8 Structure of the Thesis

This research report is organised in five chapters described below:

Chapter One: – Introduces the topic, provides the background to the study, statement of the research problem, research questions, aims and objectives, significance of the study, theoretical framework, limitations of the study and structure of thesis.

Chapter Two: – Provides a review of relevant available literature on the subject under study and supportive theories underpinning the study.

Chapter Three: – Presents the research design and methods of data collection. The target population and the sampling techniques applied are discussed. The research instruments and information on how they were constructed are presented.

Chapter Four: – Presents data, data analysis and interpretation.

Chapter Five: – Presents the discussions of the findings, critical reflections, recommendations and conclusions of a thesis.

1.9 Conclusion

This chapter provides the background to the study, statement of the research problem, research questions, aims and objectives, significance of the study, limitations of the study and structure of thesis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature relevant to the subject under study. In this chapter, the researcher brings in theories and models that support and promote entrepreneurship to assist in gaining an in-depth understanding of the basics of self-employment. The literature reviewed gives an in-depth insight into what has previously been established as far as managing successful IGAs is concerned. The literature also gives suggestions with regard to ensuring better returns on IGAs.

2.2 Theoretical and Conceptual Framework of the Study

This study was based on two theories, namely the Neo-classical economic theory and the Gestalt theory. The neo-classical economic theory focuses primarily on the efficient and cost-effective allocation of scarce resources, as well as the optimal growth of those resources, over time (Clark, 2007). The theory supports and promotes entrepreneurship.

The neo-classical economic theory is based on the Banerjee and Newman Model (1993, as cited in Parker, 2009). This model is based on three tenets, namely *entrepreneurship* (in which business owners pay a fixed investment cost to start up and hire a fixed number of workers), secondly self-employment (in which business

owners operate small businesses with a smaller investment cost and hire no workers), and thirdly, paid employment.

The Banerjee and Newman model is associated with artisanal development in which self-employment is common and there are relatively few workers (Parker, 2009). The approach of neo-classical theory relates supply and demand to an individual's rationality and his/her ability to maximise utility or profit. This model recognises what Haarmann et al. (2009) discussed when they maintain that a universal cash grant liberates people and communities from the individual and collectively draining and devastating impact of poverty.

Another theory supporting this study is Gestalt theory. According to Fasokun, Katahoire, and Oduaran (2005), the Gestalt theory is a theory that supports research studies exploring perceptions or ways in which people perceive things or events. Their descriptions of the same object may differ to some extent because of the differences in the way people perceive things. The researcher will have to take these differences into account.

Gestalt is a psychological term which means 'unified whole'. It refers to theories of visual perception developed by German in the 1920s. This theory attempts to describe how people tend to organise elements into groups or unified wholes when certain principles are applied. These principles are similarity, continuation, closure and proximity. According to Ash (1998), the Gestalt theory contains the following basic thoughts:

- Apprehensible impressions, the contents of our consciousness are mostly not summative, but constitute a particular characteristic of ‘togetherness’.
- Almost all impressions are grasped either as chaotic masses, on the way to sharper formation.
- The process of knowing knowledge in a precise sense of the word is very often a process of ‘centring’ of structuring or of grasping that particular aspect which provides key to an orderly whole, a unification of the particular individual parts that happen to be present.

This theory further emphasises that results from knowledge process depend in many respects not only on the object, but also on the observer. Thus there are several ways of grasping many phenomena. These two theories (the Neo-classical economic and Gestalt), therefore underpin this study, since it intends to investigate perceptions of the use of the income-generating activities grants by beneficiaries of the MGECW.

There are several accepted definitions of ‘income-generating activities’ based on classifications of such activities. The classification is the result of subjective and qualitative judgements. According to Mutilitha (2003) some developed nations (including the USA, Britain and Canada), termed ‘income-generating activities’ as small-scale businesses. According to the Danish Refugee Council (2008), income-generating activities are small-scale projects that create an income source to individual beneficiaries or beneficiary groups, whilst promoting the principal right to self-determination and the objectives of integration, repatriation and (re)integration.

In Namibia, different offices, ministries and agencies (O/M/As) have given various definitions of income-generating activities, as shown in Table 1.3 below.

Table 1.3: Definition of Income-Generating Activities (Small and Informal Small Businesses in Namibia)

O/M/As	Term	Definition
Ministry of Labour and Social Welfare	Informal business	Fewer than 5 employees, unregistered, low income and productivity, varying working hours, little labour relationship
Namoya/Norval, 1992	Informal business	Unlicensed, subsistence orientation, complementary income, self-employment
Central Bureau of Statistics	Informal business	Not registered under the Company Act.
Namibia National Chamber of Commerce and Industry	Micro-enterprise/small enterprise	Employing 1 to 3 or 4 to 10 persons, annual turnover less than N\$15,000.00
Commonwealth study, 1994		Fewer than 10 employees

Source: Namibia Economic Policy Research Unit Working Paper No. 70 (1999, as cited in Mutilitha, 2003)

However, the officially accepted definition in Namibia for small businesses (income-generating activities) is provided in the Small Business Development Policy and

Programme of 1997, which explained that to be designated as such, a small business, would need to meet the criteria as shown in Table 1.4 below:

Table 1.4: Definition of Small Businesses

Sector	Employment	Turnover N\$	Capital employed N\$
Manufacturing	Fewer than 10 persons	Less than 1,000	Less than 500,000
All other businesses	Fewer than 5 persons	Less than 250,000	Less than 100,000

Source: Ministry of Trade and Industry Policy and Programme on Small Business Development, 1997

The definition of small businesses is, however, to be used flexibly. Its main purpose is to specify where priorities for programmes of support would lie and the target group whose progress we intend to monitor. The definition covers both the most disadvantaged and those with greatest growth potential. It covers the vast majority of the informal sector which has been disadvantaged in the past, where Namibia has major opportunities to increase value addition (MTI, 1997).

2.3 Sources of Income-Generating Activities Grants in Namibia

The Namibian Government emphasises the creation of a business-friendly environment, which encourages investment, and the protection of emerging and small businesses (Namibia Trade Directory, 2010). The Third National Development Plan (NDP III), Sub-sector 3, Programme 2, emphasises financial support and strengthening of the SME sector, which is a prerequisite for employment creation (Government Republic of Namibia, 2004). Government has recognised the need to finance small and medium enterprises in order to stimulate the growth of this sector. According to NPC (2009), the Namibian Government established the rural poverty reduction programme in March 2005, with support from the European Commission to stimulate rural development. These funds were utilised to expand the tourism and hospitality industry in the country through the construction and rehabilitation of community lodges and campsites. It was intended that in the long term, sustainable employment creation would be achieved and generally improve livelihoods for the beneficiaries.

In 2001, the Ministry of Gender Equality and Child Welfare established the income-generating activities grant scheme as a source of seed capital for community members who had business ideas that could result in enhanced income for individuals and communities. Other government Ministries such as the Ministry of Education have similar establishments such as Adult Skills Development for Self-Employment (ASDSE). The Ministry of Trade and Industry, through the Division of Small-Scale and Informal Industries, has initiated a Revolving Fund Credit Scheme

and the Equipment Aid Scheme aimed at providing financial assistance, creating an environment for self-employment and developing entrepreneurial spirit and skills through technology acquisition (MTI, 2011/2012). The Ministry of Youth, Sport and Culture is also active in raising finances for young entrepreneurs and the Ministry of Agriculture, Water and Forestry has helped cooperatives to raise finance for agribusinesses (MTI, 2004).

Other than the government sector, the banking industry also provides several grants and low-interest loans for business development in Namibia. All commercial banks in the country have specialised desks for SMEs which target the funding of establishments aimed at income generation, business development and general community development. Agricultural Bank of Namibia (Agribank) specialises in agricultural business funding, while the Development Bank of Namibia takes on specialised fields such as information technology, mechanised agriculture, manufacturing and value addition to raw materials (Tonin & Venditto, 2001).

According to the MTI (2004), other institutions which offer similar programmes and schemes include the Namibia Development Corporation (NDC) which has for many years been involved in financing small businesses. The NDC makes funds available for start-up and existing businesses. It has recently initiated a funding programme called 'Start Your Own Business', which is geared towards helping entrepreneurs who do not have access to collateral securities. Others include the Millennium Challenge Account Namibia (MCA-N), that aims to reduce poverty through economic growth and funds development projects in the sectors of agriculture,

tourism and education (Millennium Challenge Account Namibia, 2012), the Evangelical Lutheran Church in Namibia and African Development Foundation, etc.

2.4 The Role of Income-Generating Activities

The Government of the Republic of Namibia recognises the role of income-generating activities as a viable solution to employment creation and poverty reduction. Furthermore, income-generating activities are crucial to the Namibian economy, as they have the potential to contribute to the overall development of the country. Sustainable economic growth is essential to achieve our national development goals. Through economic development, wealth is created (MTI, 2004). It is clear that income-generating activities play a vital socio-economic role in Namibia. They play the role of a social safety net by providing incomes and employment, particularly to the under-employed or those who cannot find jobs in the formal sector. This agrees with the study by Juul (2006), which finds that small businesses are an efficient vehicle. They are probably the most effective way to lower unemployment and improve the health of an economy.

According to the Ministry of Information and Broadcasting Report on BEE Namibia (2006), in order to grow and develop the economy of the country, Namibia needs to empower its previously disadvantaged communities and individuals on a broad and shared basis by encouraging the redistribution of wealth and opportunities. The involvement of disadvantaged communities and individuals in the country's economic growth should focus on the provision of funds for IGAs and the promotion

of small and medium enterprises. Mutilitha (2003) stressed the role of income-generating activities/small businesses in terms of their contribution to the country's net output and employment creation. Income-generating activities and small businesses in Namibia are at the forefront of the Government's efforts to promote enterprise and increased productivity. Mutilitha also argued that they are instrumental in promoting industrialisation of rural areas in particular, thus reducing regional imbalances and assuring more equitable distribution of national income and wealth. They are viewed as making significant contributions to the growth of an economy and to the development of an industrial culture.

According to the Danish Refugee Council (2008), income-generating activities are of utmost importance to bring about new skills, services and opportunities for members of the community, and stimulate the local economy and create a financial income, thereby connecting relief to development. In addition, income-generating activities aim at positive effects in terms of empowerment, self-reliance and community development. NPC (2011) also indicated that projects ensure equal opportunities, thereby increasing an individual's chances of finding another job in the future.

2.5 Strong Motivation: A determinant of the Success of IGAs

Available data from MTI (1997) reveals that the majority of informal entrepreneurs are pushed into self-employment as a means of survival rather than being attracted to its potential rewards. Most beneficiaries/entrepreneurs would prefer wage employment. This is in contrast to many other countries where self-employment is preferred to wage employment and entrepreneurs cite the possibility of earning higher income as the reason for setting up businesses.

According to Juul (2006), there can be many motives behind a desire to get into business, but it is important to recognise what these motives are. If one's personal motives are unclear or not strong enough, then one should consider delaying the decision until a later date. One must not commit oneself unless one has a strong conviction that one will succeed, because if one does not know why one is starting a project/business, then chances of being successful are very low. Motivation is the key ingredient that makes people give their best. The longer a person stays motivated, the more she gives her best. Owners and managers need to have motivated staff if they are to get the most benefits from the staff's work efforts. Conversely, poorly motivated staff will deliver poor work results. The major factors that influence a working person's motivation are as follows:

- **Personal goals and objectives**

Motivated people generally have clear and definite goals and objectives, as they know what they want and where they want to go. Owners and managers (of Projects) should sit with individual staff and establish what these personal goals and objectives are, then try to map a career course within the business to try and meet most of these goals and objectives.

- **Financial rewards**

Up to a point, the more a person can earn, the better he or she feels. More money means a better lifestyle, more benefits for self and family, access to material rewards, security and the like. Owners and managers should identify which key staff they wish to retain in the business and these staff members should receive better than average financial rewards, so they will be less inclined to job hunt for more pay. However, financial rewards alone do not always motivate staff. There are other factors at play, such as these below:

- **Respect and appreciation**

Apart from financial benefits, staff/project members are motivated by feeling appreciated by their superiors and those who report to them, as well as from the level of respect commanded formally through their job position and title. They are also motivated by receiving respect and appreciation informally through their positioning

with their peers. Positive feedback and communication from managers and owners regarding a job well done is highly appreciated by staff and boosts their egos.

- **Working conditions**

Nobody enjoys working in an environment that is untidy, messy and disorganised; therefore, managers and owners must pay attention to housekeeping and strive for high standards in health and safety. These high standards draw a positive response from both staff and clients.

- **Quality of work tools**

Staff cannot be expected to work happily and efficiently and deliver quality goods and services, when the equipment and tools with which they work are in poor condition, slow, out-dated or constantly breaking down. Working under these conditions becomes unpleasant. Staff becomes demotivated and productivity and output fall to low levels. Owners and managers must ensure that the tools required to do the job are of an acceptable standard.

- **Allowing suggestions**

Managers and owners cannot know all there is to know. Work procedures, policies, and so on, might need to withstand positive criticism, and be able to change for the

better. Managers and owners must be open to positive feedback and encourage it, as it is through this process that better systems, policies and procedures are created.

- **Need to identify**

Most people like to belong to a group with whom they can identify. The same applies in business: staff members need to identify with their co-workers, as well as with the culture of the business. Similarly, working for a family-run concern may leave non-family members feeling excluded and as if their prospects within the company are limited. Although a business is usually made up of a variety of different people who have different ethnic groupings, beliefs, religions and the like, there are certain common fundamentals to which most people subscribe.

There are key factors to consider while contemplating a business to guarantee success (Schaefer, 2011), such as:

- Have a passion and love for what you will be doing, and a strongly-held belief based on educated study and investigation that your product or service would fulfil a real need in the marketplace.
- Be physically fit and possess the needed mental stamina to withstand potential challenges. Often overlooked, less than robust health has been responsible for more than a few bankruptcies.
- Have drive, determination, patience and a positive attitude. When others throw in the towel, you must be more determined than ever.

- Failures do not defeat you. One learns from mistakes, and uses these lessons to succeed the next time around.
- Thrive on independence, and be skilled at taking charge when a creative or intelligent solution is needed. This is especially important when one is under strict time constraints.
- Love your fellows, and show this in your honesty, integrity, and interactions with others. You get along with and can deal with all different types of individuals.
- A successful manager is also a good leader who creates a work climate that encourages productivity. He or she has a skill at hiring competent people and training them and is able to delegate. He or she is also skilled at strategic thinking, able to make a vision a reality, and able to confront change, make transitions, and envision new possibilities for the future.

The above information confirms the findings by April (2005), that an entrepreneur should read as much as possible in the field of income generation/small businesses in order to acquire the knowledge, skills and competencies about management aspects and have good recordkeeping that covers all the day-to-day activities and details of a project/business.

An entrepreneur with the required physical fitness should possess the required mental stamina to withstand potential challenges. There should be sufficient motivation, determination, patience and positive attitude. These values inspire the spirit of perseverance, whereby when others despair, an entrepreneur is more determined than ever to succeed. This approach ensures that failures are the inspiration to continue

and face similar challenges with greater vigour. These qualities mean that the entrepreneur becomes skilled at taking charge when a creative or intelligent solution is required.

According to the study on the SMEs sector in Namibia by the Labour Resource and Research Institute (LaRRI) (2002), most entrepreneurs did not join the sector by choice, but rather because there were no other employment options available. In addition, some SME workers had a poor relationship with business/project owners/coordinators.

In accordance with the above literature, the Danish Refugee Council (2008) suggests three levels of sustainability to consider (with regard to the role of a strong motivation to the success of income-generating activities):

- The first level focuses on the extent to which grants create a sustainable impact on the livelihood of beneficiaries. This implies that grants are not a one-off intervention, but a facility in the community that people can access, build trust in and thereby reduce their social and economical vulnerability over time.
- The second level is the financial sustainability of the project/programme itself, e.g. the extent to which it can recover costs of operation and inflation and non-repayment.
- The third level refers to the extent to which local capacities have been built and local institutions have been supported to take over the task of providing income generation services in the long run.

Nieuwenhuizen (2011) further reveals that skills, expertise, aptitude, personal characteristics and management skills are success factors.

This set of motivations can be frustrating, as businesses may not achieve that level of success at once. On the other hand, business success would be more realistically achieved if the motivation plus passion to engage in an income-generating venture, together with a strong belief that it will succeed (based on investigated evidence of demand) exists.

2.6 Causes of Business Failure in IGAs

Worldwide, small businesses face constraints on their development and growth. The rate of business failure among them is particularly high for new businesses. In Africa, various studies indicate that an estimated 80% of small businesses fail within five years of starting up. Deficiencies in funds and a lack of management skills are identified as two of the major reasons for this high failure rate (Juul, 2006). Namibian small businesses are particularly disadvantaged, especially in the informal sector, where most businesses are new, having just been established since independence. Further, the colonial past has made them confine their access to resources and spheres of activity to a very narrow part of the economy, which is the most underdeveloped (MTI, 1997).

Various studies and surveys set out the main constraints on business failure of income-generating activities. According to Mutilitha (2003), limited access to market and production infrastructure, to financial resources, and to appropriate technology, as well as inadequate managerial skills and organisational capability and limited capacity to network and develop alliances, are some of the factors responsible for failure of income-generating activities/small businesses.

This supports what Van Aardt (1997, as cited in April, 2005) stated as numerous reasons for why projects/small businesses fail, which include: poor business plans, weak preparation, bad management of people, lack of finance and of supporting institutions, poor locations, lack of inventory control, uncontrolled growth, management incompetence, weak financial control, lack of experience, failure to develop a strategic plan, inability to make an entrepreneurial transition and bad planning.

In contrast, Jezkova (1995) argued that there is interdependence between the constraints, which should be taken into consideration if the aim is to create a viable project/business, because providing only a grant/credit to a person who does not know how to keep records, how to produce goods and where to sell them, is too high a risk investment, which government cannot afford to support on economic and development grounds.

According to NPC (2007), laziness and dependence, as well as self-enrichment and selfishness, played a role in the failure of projects. In some communities where

initiatives were made by community members to establish projects, decentralisation structures and local leaders were not effective in securing funds for such projects. This is not in accordance with the findings of Haarmann, et al. (2009) who found that there have been several criticisms of what negative social consequences to which a Basic Income Grant (BIG) would apparently lead. These were as follows:

The first is that BIG will lead to dependency and idleness; the suggestion being that with a little guaranteed income, people will not work. However, the earlier evidence shows that since the BIG was introduced, there has been a strong increase in economic activities. This refutes the claim that the BIG would lead to laziness.

Evidence from other countries also shows that people, who are provided with modest income security, become more active, enter the labour force to a greater extent and buy basic means of production to enable them to work on their own economic activities. In fact, the claim of dependency is an insult to people, as in general people want to improve their lives, and wish to use resources to build their livelihoods.

In the study on the Evaluation of the Status of the Informal and SME enterprise sector, MTI (1998) reported that most existing small and medium enterprises across all types of businesses lack basic business skills and training in project management.

Similarly, MTI (2008/2009), indicated that small businesses have been inhibited by the high cost of financing, poor business performance owing to lack of business management skills, competition from relatively cheap industrial goods which are

easily available to Namibian consumers through well established foreign-owned distribution chains, high transaction and information costs, low productivity and product quality because of limited access to production technology. In addition, there is lack of access to affordable business premises, finance, markets, entrepreneurial skills, as well as production inputs and technology.

In similar view, MTI (2004) reveals that small businesses, whether these are formally registered or not, cite a lack of finance and credit facilities as the greatest constraint on their businesses' growth and development. This is partly a result of the way in which financial institutions in Namibia have developed. For instance, some commercial banks do not like to lend to small businesses because such lending is perceived to be costly. According to Tonin et al. (1997), small and medium enterprises often fail because entrepreneurs restrict themselves to only a few business ventures, because they lack business sense and relevant entrepreneurial experience to identify new opportunities.

For any business it is essential to demonstrate adequate management skills so as to sustain the business venture. New business entrepreneurs, however, demonstrate a lack of relevant business and management expertise in some critical areas such as finance, marketing, production and people management. This confirms the findings of MTI (1997) that small businesses cite a lack of finance as the greatest constraint on their growth and development, whether they are formally registered or not. In the formal sector though, the survey of small manufacturers showed that nearly three quarters of the capital employed was raised through internal generation. In developed

countries, it is common to find that 60% of capital employed is raised through external sources, particularly lending from the banks. In the informal sector, the proportion of businesses with access to external finances other than family and friends was less than 5%. If these issues are not addressed, entrepreneurs perform poorly and may eventually neglect the enterprise.

Most income-generating activities face the threat of insufficient capital. Nearly 70% of loan applications from SMEs do not qualify and 80% of SMEs fail (Bank Windhoek, 2006). Most projects underestimate the amount of financial resources that a particular enterprise will require or all too often over-estimate how much they would contribute to the project. Furthermore, there are unrealistic estimates of revenue from sales which eventually leads to frustration and closure for several establishments. It is of great importance adequately to estimate not only how much the business would require for start-up, but also the costs of staying afloat and in business. These costs should be estimated to see the business through its initial phases, which can take longer than just a few months before it becomes self-sustaining.

The study on the SMEs sector in Namibia by the LaRRI (2002) reveals that most of the training provided to small and medium enterprise workers is of short duration and takes the form of on-the-job training. This might not necessarily be because of the unwillingness of employers to provide more systematic training, but could also be an indication of a lack of suitable training facilities for SME workers (beneficiaries). Additionally, the key challenges include lack of improved salaries and benefits, as

well as adherence to minimum conditions as set in the Labour Act and the Social Security Act.

According to Schafer (2011), nearly seven out of ten establishments will fail within the first two years of operation. Overall, 50% of establishments fail within the first year and 95% in the first five years. She further argued that there are key factors that if not avoided, will be certain to weigh down a business and possibly sink it forever. These factors are as follows.

- **One starts a business for the wrong reasons**

Some people have no clear set goals and aims of why they are starting a business, or they start it for the wrong reasons that lead them to failure. Schafer (2011) further continued with the seven key factors below that lead to project/business failure:

- **Poor Management**

According to April (2005) and MTI (1997), poor management is the number one reason for failure. New business owners frequently lack relevant business and management expertise in areas such as finance, purchasing, selling, production, and hiring and managing employees. Unless they recognise what they do not do well, and seek help, business owners may soon face disaster. One must also be educated and alert to fraud, and put into place measures to avoid it.

Neglect of a business can also be its downfall. Care must be taken regularly to study, organise, plan and control all activities of its operations. This includes the continuing study of market research and customer data, an area which may be more prone to disregard once a business has been established.

- **Insufficient Capital**

A common fatal mistake for many failed projects and businesses is having insufficient operating funds. Business owners underestimate how much money is needed and they are forced to close before they have even had a fair chance to succeed. They may also have an unrealistic expectation of incoming revenues from sales.

It is imperative to ascertain how much money your business will require; not only the costs of starting, but the costs of staying in business. It is important to take into consideration that many businesses take a year or two to get going. This means you will need enough funds to cover all costs until sales can eventually pay for these costs. This business start-up calculation will help predict how much money is needed to launch the business.

- **Location**

Location is critical to the success of one's business. Whereas a good business location may enable a struggling business ultimately to survive and thrive, a bad location could spell disaster to even the best-managed enterprise.

Some factors to consider with regard to location:

- Where are your customers?
- Traffic, accessibility, parking and lighting
- Location of competitors
- Condition and safety of building
- Local incentive programmes for business start-ups in specific targeted areas
- The history, community flavour and receptiveness to a new business at a prospective site

- **Lack of Planning**

For the success of a project/business, there must be careful, methodical, strategic planning and hard work. It is critical for all businesses to have a business plan. Many small businesses fail because of fundamental shortcomings in their business planning. It must be realistic and based on accurate, current information and educated projections for the future.

Components may include:

- Description of the business, vision, goals, and keys to success
- Workforce needs
- Potential problems and solutions
- Financial: capital equipment and supply list, balance sheet, income statement and cash flow analysis, sales and expenses forecast
- Analysis of competition
- Marketing, advertising and promotional activities
- Budgeting and managing company growth

In addition, most bankers request a business plan if one seeks to secure additional capital for the company.

- **Overexpansion**

A leading cause of business failure, overexpansion, often happens when business owners confuse success with how fast they can expand their business. A focus on slow and steady growth is optimum. Many a bankruptcy has been caused by rapidly expanding companies.

At the same time, you do not want to repress growth. Once you have an established solid customer base and a good cash flow, let your success help you set the right measured pace. Some indications that an expansion may be warranted include the

inability to fill customer needs on a timely basis, and employees having difficulty keeping up with production demands.

If expansion is warranted after careful review, research and analysis, identify what and who you need to add in order for your business to grow. Then with the right systems and people in place, you can focus on the growth of your business.

- **No Website**

Every business should have a professional-looking and well-designed website that enables users easily to find out about the business and how to avail themselves of its products and services. Later, additional ways to generate revenue on the website can be added. If you do not have a website, you will most likely be losing business to those that do.

According to Bowen, Morara, and Mureithi (2009), starting and operating a project/small business includes the possibility of success as well as failure. Statistics revealed that three out of five small businesses fail within the first few months. Lack of planning, improper financing and poor management have all been posited as the main causes of failure of small enterprises. Lack of credit has been one of the most serious constraints that hinder development.

2.7 Conclusion

This chapter presented a comprehensive summary of the various literature sources that were consulted, and a theoretical and conceptual framework in which the study was located. It also highlighted the sources of IGA grants in Namibia. The role of income-generating activities was also briefly discussed. This was followed by a discussion on strong motivation as a determinant of the success of IGAs. The researcher concluded the literature review with a brief discussion on the causes of small business failure in IGAs.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

Research methodology details the procedures used in obtaining empirical evidence needed to answer a research question. Kumar (2008) asserts that research methodology is a way systematically to solve the research problem. It may be understood as an explanation of how research is done scientifically. This chapter thus describes the study settings and study design. It also describes and defines the targeted study sample, the research instruments used, and data analysis.

3.2 Research Design

The research design is the plan that the researcher follows in obtaining and collecting information from research participants (Kruger, Welman, & Mitchell, 2005). Similarly, research is defined as a diligent, systematic inquiry to validate and refine existing knowledge and generate new knowledge. A research design is a blueprint for conducting a study that maximises control over factors that could interfere with the study's desired outcome (Burns & Groves, 2005).

This research was conducted systematically in order to add knowledge to the existing literature on IGAs. It was also intended to establish whether the income-generating grants from the MGECW were sufficiently understood and assisted in poverty

reduction, improved food production and sustainability of livelihoods among the beneficiaries.

This study used the qualitative design based on the phenomenological approach, to collect data on the perceptions and opinions of the IGAs grant beneficiaries in the Kavango Region on the use of the grant for self-sufficiency, sustainability and poverty reduction in their communities. This study regarded the qualitative phenomenological method as suitable since it aims to describe, understand and interpret the meanings of experiences of IGAs grant beneficiaries.

The researcher made use of the qualitative techniques in data collection to obtain primary data. This study applied the qualitative methodology through literature review, one-on-one interviews and focus group discussions with beneficiaries of IGAs grants in the Kavango Region.

3.3 Population and Sampling

3.3.1 Population

A population is the total set from which the individuals or units of the study are chosen (Strydom, Fouche, & Delport, 2005). In support, Brink (2006) defined a population as the entire group of persons or objects that is of interest to the researcher. The target population of this study was all the IGAs grant beneficiaries in the Kavango Region supported by the MGECW. There are nine constituencies with

56 IGAs grant beneficiaries in the Kavango Region. The Kavango Region is the third after Omusati and Khomas respectively that receives the highest amount of investment for IGA initiatives in Namibia. The MGECW has offered nearly 1 million N\$ for IGAs development in the Kavango since 2003, the biggest source of IGAs funds to date. Despite this investment, the Kavango Region still records the highest poverty incidence in Namibia. It is for this reason that the researcher targeted this particular population.

3.3.2 Sample and Sampling Procedure

According to Bless, Higson-Smith, and Kagee (2006), a sample is the group of elements drawn from the population. The sample for this study was drawn from all 56 IGA grant beneficiaries in nine constituencies of the Kavango Region, in order to ensure equal representation of the IGAs grant beneficiaries. Purposive sampling was applied to identify 32 out of the 56 IGA grant beneficiaries from the nine constituencies of Kavango Region. The 32 participants had received training and skills development opportunities by the MGECW. This training and skills development was to influence sustainability, which is critical to this study. The participants were those who had received training in basic entrepreneurial/project management skills from MGECW.

The participants were adult members of the community, men and women drawn from all nine constituencies of the Kavango Region. Other than the MGECW-supported IGAs, participants were involved in other community initiatives such as community

policing and building initiatives. A variety of IGA projects were initiated from bakeries to vegetable gardens, clothing boutiques, poultry farms, horticulture, livestock farming, bricklaying, manufacturing and others.

3.4 Research Instruments

The researcher used semi-structured interview schedules for both one-on-one interviews and focus group discussions. In other words, research tools used for data collection were one-on-one interviews and focus group discussions. According to Padgett (as cited in Strydom et al., 2005), interviews help clarify concepts and problems, and are ideal for obtaining comprehensive and comparable data, whereas focus group discussions allow participants to discuss issues and learn from the other participants.

3.5 Data Collection Procedure

In this study, ethical clearance for the study was granted by the University of Namibia's Post Graduate Committee. Permission for conducting the study was obtained from the office of the Permanent Secretary in the MGECW, through the Director of the Community and Early Childhood Development Directorate.

According to Bloor and Wood (2006), data collection methods of phenomenological research tend to focus on in-depth interviews and narratives, as these methods are the key to producing a description of the experiences that were lived through. The

researcher used one-on-one interviews and focus group discussions. The interview schedule consisted of a set of predetermined but open-ended questions that were appropriate to engage the participants and designate the narrative terrain (Strydom et al., 2005) to collect data from IGA grant beneficiaries (see Appendix A).

Questions were asked to elicit perceptions and experiences of the IGA grant beneficiaries on their understanding and use of the grant. Interviews were recorded using a mini-disc audio recorder with the permission of the respondents. Focus group discussions were conducted with the help of a trained member of staff from the regional offices of the Ministry of Gender Equality and Child Welfare, who speaks the local vernaculars and where needed, helped with translations during the discussions from English to the various vernacular dialects spoken in the Kavango Region.

One-on-one interviews were conducted in Mashare (2 participants), Rundu Rural East (1 participant), Kahenge (1 participant) and Rundu Rural West (1 participant) constituencies, whilst focus group discussions were conducted in the Mpungu (7 participants), Kapako (4 participants), Mukwe (8 participants), Ndiyona (4 participants) and Rundu Urban (4 participants) constituencies.

3.5.1 One-on-One Interviews

Strydom et al. (2005) explained that one-on-one interviews enable the researcher to gain a detailed picture of participants' beliefs about perceptions or accounts of a particular topic. With one-on-one interviews, the researcher had a set of predetermined open-ended questions that guided the interview rather than dictated it. The interviews were more informal, conversational in character, being shaped partly by the interviewer's pre-existing topic guide and partly by concerns that emerged during the interview.

3.5.2 Focus Group Discussions

This study employed focus group technique to collect data through a group interaction (Puchta & Potter, 2004). Strydom et al. (2005) highlight three basic uses of focus groups: firstly, as a self-contained method in studies in which they serve as the principal source of data, secondly, as a supplementary source of data in studies that rely on some other primary method, such as a survey, and thirdly, in multi-method studies that combine two or more means of gathering data in which no one primary method determines the use of others. Focus group discussions were further used as a way of listening to participants, learning from them and creating lines of communication.

The researcher chose focus group discussions as it is regarded as one of the best methods of providing data (via the capture of intra-group interaction) on group beliefs and group norms. Focus group discussions were carried out with twenty-seven (27) IGA grant beneficiaries who did not participate in the one-on-one interviews. The group discussions gathered total of (5) focus groups with a number of participants as follows: Mpungu (7 participants), Kapako (4 participants), Mukwe (8 participants), Ndiyona (4 participants) and Rundu Urban (4 participants). The aim of having a small number per each group was to allow everyone to participate and for the researcher to elicit a range of responses. Furthermore, the researcher was able to keep the participants focused and obtain quality information and adequate responses. The focus group discussions were held for at least one hour per group. It was cost-effective for the researcher in terms of time and funds. All questions for focus group discussions were in an open-ended format, which enabled participants to provide and motivate their opinions. The open-ended questions assisted participants to respond and answer freely in their own words and styles. It was noticed that the participants were confident, comfortable and secure in expressing their views in the groups.

3.6 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of data collected (Strydom et al., 2005). Having obtained textual data by whatever method, whether by interviews, focus group transcripts or documentary sources, the researcher examined the data for emerging themes. Data was analysed in order to achieve greater understanding on the use of the IGA grant by the grant beneficiaries.

Measures of central tendencies were employed in the analysis of data generated from one-on-one interviews and focus group discussions, using concepts and themes to allow for logical and clear presentation.

Data collected from focus group discussions was analysed using thematic analysis. By this analysis, the researcher tape-recorded and transcribed conversations with participants, quoted and paraphrased what the participants said and analysed identifiable themes.

Detailed analysis started with a coding process. Coding is the process of organising materials into chunks before bringing meaning to those chunks (Creswell, 2003). While reading data, the researcher segmented sentences and paragraphs into categories and labelled those categories with terms based on the actual language of the respondents. The coding process generated descriptions of categories and themes in which results are presented.

3.7 Ethical Considerations

According to Hamunyela (2008), ethical issues refer to the researcher's behaviour towards human subjects when conducting research, which should benefit participants in a positive way. Similarly, Bloor and Wood (2006) explained that ethics are guidelines or sets of principles for good professional practice, which serve to advise and steer researchers as they conduct their work.

According to Chilisa and Preece (2005), participants should be assured of anonymity, confidentiality, honesty and respect. Anonymity was ensured and participants did not provide their names or any other personal particulars. The participants' rights were respected and their informed consent was obtained before they participated in the research. Their privacy was maintained and confidentiality was ensured. Participation in the study was voluntary, and participants were allowed, if they so wished, to withdraw from the study at any time. The researcher explained the purpose of the study to promote better understanding of the nature of the research, its impact on the participants and the procedure to be followed in the study for participants to have a clear view on what to anticipate in the research. The participants were allowed and encouraged to ask questions.

3.8 Conclusion

This chapter described the methodology used to collect data for this study. The researcher began by presenting the research design, followed by a description of the sample and sampling procedure, and the research instruments. This was followed by a discussion of data collection procedures, data analysis and the ethical considerations.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

This chapter presents the data collected through interviews, with a view to understanding the perceptions of the IGA grant beneficiaries of the use of the income-generating grant they receive from the Ministry of Gender Equality and Child Welfare. The data collected were analysed and interpreted in order of relevancy to the study's aim and objectives. The results are presented using the narrative approach.

4.2 Demographic Data of IGA Grant Beneficiaries Interviewed

Thirty-two (32) respondents in total participated in the study. Twenty-seven (27) participated in focus group discussions, while five (5) participated in the one-on-one in-depth interviews. All participants were adult members of the targeted communities who had been trained and benefitted from income-generating activities (IGA) grants given by the MGECW. Respondents were involved in a variety of IGAs, including baking, clothing, gardening, poultry, livestock farming, brickmaking and many others (see section 4.4.1). This finding agrees with Parker (2009) that adults are more likely to participate or become entrepreneurs, for the following reasons:

- The human and physical capital requirements of entrepreneurship are often unavailable to young people/workers. For example, adults are more likely to have received inheritances and to have accumulated capital which can be used to overcome borrowing constraints and set up a business.
- Adults might choose entrepreneurship to avoid mandatory retirement provisions sometimes found in paid employment.
- They have had time to build better social and business networks and to have identified valuable opportunities in entrepreneurship, possibly through learning about the business environment.
- As their own masters, entrepreneurs often possess greater control over the amount and pace of their work, making it sometimes better suited to older people who have lost their physical stamina, or for workers in poor health or with skills which are obsolete in paid employment.

The data shows that 66% of the participants were females, compared to 34% males. The IGA grant does not specifically target women, although it is understandable considering that women are the primary caregivers who are hardest hit by the effects of poverty at family level (MGECW, 2010). The data show that more female beneficiaries engage in income-generating activities than males. This finding confirms the traditional practice in most rural communities in the Kavango Region that women administer and arrange the means of survival in homesteads rather than the men (NPC, 2006). This tradition motivates women to apply for and benefit from the grants, and indeed participate in general community activities more than their

male counterparts. Essentially, women remain the drivers of household survival, and the main source of food security in homes.

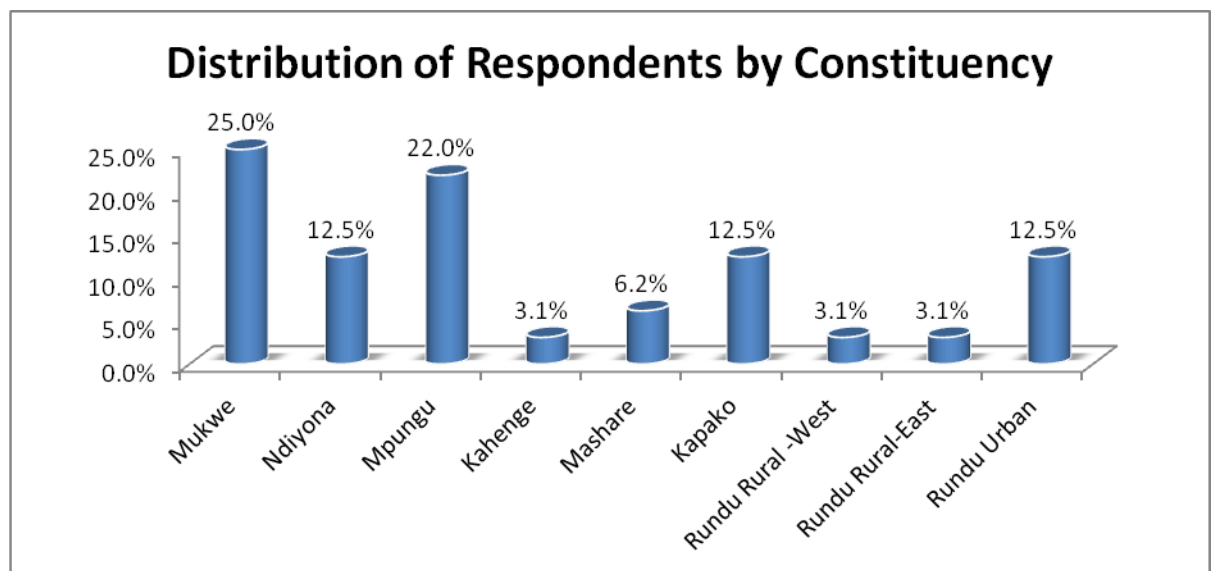


Figure 4.1: Distribution of respondents by constituency (n=32)

The criteria used to draw participants from constituencies resulted in 25% of the respondents being taken from the Mukwe constituency. These criteria were: whether the IGA grant beneficiary had received sponsorship through a grant from the MGECW, and whether that beneficiary had received training in basic entrepreneurial/project management skills from MGECW. It should be noted that not all beneficiaries had received training in basic project management skills from MGECW.

There were 22% respondents from Mpungu constituency. There were generally fewer respondents from constituencies such as Kahenge, Rundu Rural East and Rundu Rural West, which each had only 3.1% of the respondents and they

participated in the one-on-one interviews. In Ndiyona, Kapako and Rundu Urban constituencies, each had 12.5% of the total respondents and they participated in focus group discussions. It is possible that challenges such as timing and distance to the meeting places hindered this participation; however, the total targeted number of participants in the study was reached.

This study deliberately explored the level of education, knowledge and skills of the IGA grant beneficiaries. Moreover, the researcher wanted to learn how beneficiaries use the grant to initiate, develop and expand their enterprises.

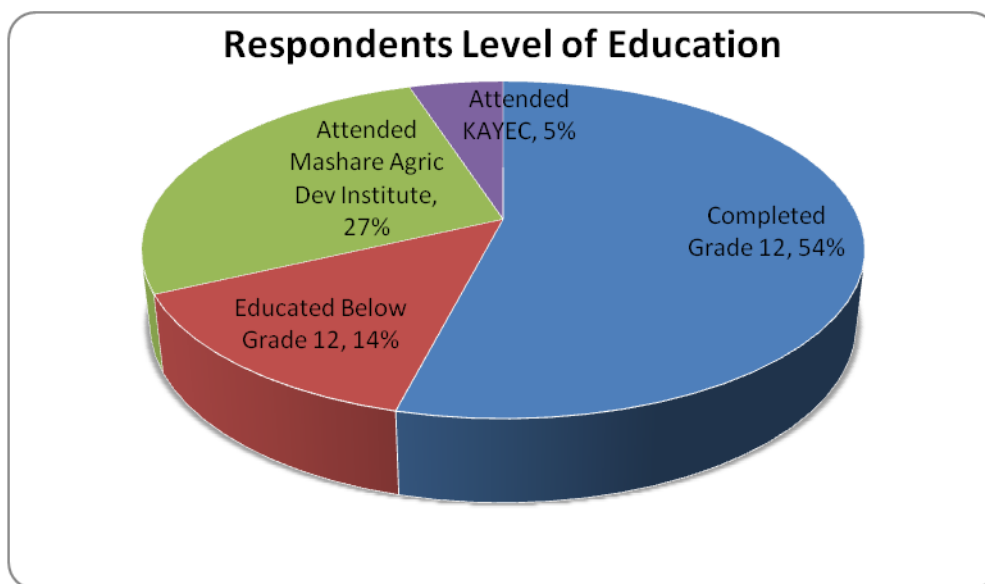


Figure 4.2: Level of Education of Respondents (n=32)

Figure 4.2 above reveals that 54% of the respondents completed grade 12, but did not have any further skills training or continued formal education after Grade 12.

Another 14% of the respondents attended formal education, but did not complete or reach Grade 12. Some grant beneficiaries had technical and livelihood skills which they had gained from institutions such as Mashare Agricultural Developmental Institute (MADI), (27%) and Katutura Youth Enterprise Community (KAYEC), (5%).

Most of the respondents who had not completed Grade 12 admitted to having failed Grade 10. One respondent dropped out of school before Grade 10. That respondent gave her reason for dropping out of school as follows:

“I only have standard 6; I was impregnated by my teacher and had to drop out of school”.

The data indicated that participants' level of education plays an important role in the understanding of how to use the grant for the purpose of self-sufficiency and poverty reduction in their communities. Data further revealed that the majority of respondents' level of education was that they had completed Grade 12 but did not have any further skills training or continued formal education after Grade 12. Liedholm and Mead (1998) claimed that the educational level and experiences of entrepreneurs play a major role in ensuring the survival and expansion of an enterprise. This also agrees with the view expressed by Casson (1999, as cited in Parker, 2009) that education might improve entrepreneurial judgement by providing people with analytical abilities, information about business opportunities and an understanding of markets and entrepreneurial process.

In addition, formal education is also associated with general research skills, foresight, imagination and computational and communication skills, as well as with specific skills and knowledge needed to run businesses. This argument is supported by Chrisman, McMullen, and Hall (2005) who argued that entrepreneurial knowledge can come from many sources, including formal education and experience gained previously as a manager or in start-ups. Furthermore, they also noted that knowledge alone is not sufficient, because entrepreneurs must also know how to interpret the knowledge and recognise conditions under which it should be used.

4.3 Beneficiaries' Perceptions of the Use of the IGA Grant

The question of beneficiaries' perceptions of the use of the IGA grant, explored their understanding of the concepts of income generation and grant, and the use of the grant, including changes or improvements observed in their communities because of the grants.

Generally, respondents had varied but unclear views of what income generation was and could not explicitly describe the word "grant". One respondent stated:

"I do not understand these terms at all, the MGECW must give us more information about these concepts".

While another attempted to define the term, saying:

"I understand the word 'grant' as to help or build the communities or own houses."

The third attempt was not so different from the above when a respondent stated:

“Grant is the money you use and can return back.”

The fourth answer was:

“Maybe, is when you set up a project and then you make some profit.”

The researcher’s assumption was that if one could not demonstrate knowledge of the two concepts, then the possibility of such a person not understanding the purpose and use of the grant was high. This was found to be true, based on the responses from the respondents.

The respondents’ limited understanding of the two concepts is further reflected in how the grants have been used, since most projects have either collapsed or are struggling to remain operational. Some respondents believed the grant could be stretched further than it originally intended. One respondent declared:

“There are a lot of Orphans and Vulnerable Children (OVCs) suffering, if I was given cash, I could have bought all livestock needs and distribute the rest of the money to the OVCs or pay for their school fees or buy them school uniforms.”

The grants were designed to provide initial capital for income-generating activities targeting poverty reduction and sustainability and were not given for supporting OVCs. None of the respondents could provide evidence that their projects have achieved these goals. However, the respondents’ answers indicated the understanding

that the grants were not to be used for personal gain and expressed great commitment to putting the resources only to project use.

The grants were received as cash, cheque or materials for some projects. For most projects, they had received ready-bought equipment and supplies, whereas others were given cash or cheques used to pay for the running costs of the project. In all cases, respondents revealed that the grant was always inadequate to cater for the full project costs and to drive the project to profitability.

When beneficiaries were asked about what the grant had contributed to community development, the 70% reported considerable individual as well as community change. One respondent revealed that:

“... The grants have brought about change in our lives. We can now write business plans to seek additional financial assistance. We have attended various trainings and we are now equipped to do the best.”

Another respondent indicated that:

“The project was initiated to keep these youths roaming around away from drinking alcohol, criminal activities and all stuff, so if you keep them at the site making bricks at least they feel they have something to do.”

Similarly, one respondent categorised the contribution the grant brought to his community:

“Ok, number one, it has brought quality products to my community. Number two, it has created employment because we have employed 2 people. Number three, it helped to reduce deforestation in the community; people have now started constructing houses using the bricks we are making at the project.”

One respondent stated that:

“At least now, community members are saving on transportation, as they do not travel any longer far distances like to Rundu to go buy bread, but are just buying at the community bakery; the project members are now able to pay for their children school fees and have a little source of income to buy food for their families.”

Data above indicated the great value income-generating projects have had. The assumptions based on the responses could be interpreted as meaning that community members without formal educational qualifications received useful skills which contributed to project development and productivity. These members have in turn received gainful employment. This was evidenced in submissions such as:

“... If it were not receiving this grant, I would be unemployed because I did not go to school to obtain formal qualifications that would enable me to get formal employment.”

4.4 Community Activities Engaged in by Grant Beneficiaries

For this study, it was relevant to find out how engaged IGA beneficiaries were with their communities, the level of leadership and/or their contribution to rural development. This was important as it is vital to establish how connected

respondents were to their community development initiatives. This kind of engagement is critical to ascertain necessary support for IGAs once established.

It is crucial to note that engaging in different community-based activities may lead to exposure, which may result in individual capacity enhancement in order to respond to IGA demands and challenges. The overall intention of engaging in voluntary activities can be a strong motivation for start-up and maintenance of an income-generating activity. While a strong motivation alone is not enough, it is important to note that should beneficiaries have strong and clear intentions, that in turn builds a strong motivation, a good idea of an IGA is likely to survive, compared to one with low and unclear intentions and motivation.

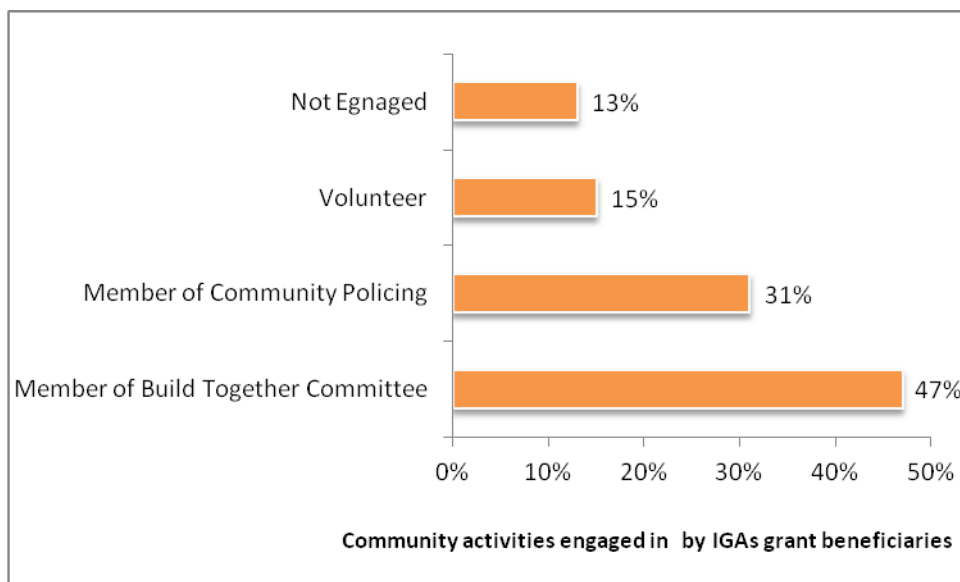


Figure 4.3: Community Activities Engaged in by IGA Grant Beneficiaries (n=32)

Figure 4.3 above shows that 47% of the respondents were members of the Build Together Committee which is responsible for the promotion and construction of low-cost housing for community members. Thirty-one percent (31%) were members of the community policing initiative. Fifteen percent (15%) IGA grant beneficiaries were involved in various community voluntary activities such as church activities, Human Immunodeficiency Virus (HIV) prevention and care organisations. Thirteen percent (13%) were not engaged in any voluntary activity at all.

When asked about what had triggered participants' interest in engaging themselves in the income-generating activities, the majority of the participants in this study indicated that they did so because of the need to reduce the biting poverty in their families, address unemployment and its effects on household income, the need to take adequate care of their children, and parental motivation.

One respondent indicated that:

“As a founder of the project, I have been so worried by these youths roaming around drinking alcohol, doing criminal activities and all stuff, and had always wanted to keep them busy doing something.”

Another respondent stated that:

“My parents liked woodcarving and that's where I have developed the passion for carpentry.”

4.4.1 Projects Initiated by IGA Grant Beneficiaries

Figure 4.4 below shows the types of income-generating activities in which beneficiaries participated or which they had initiated.

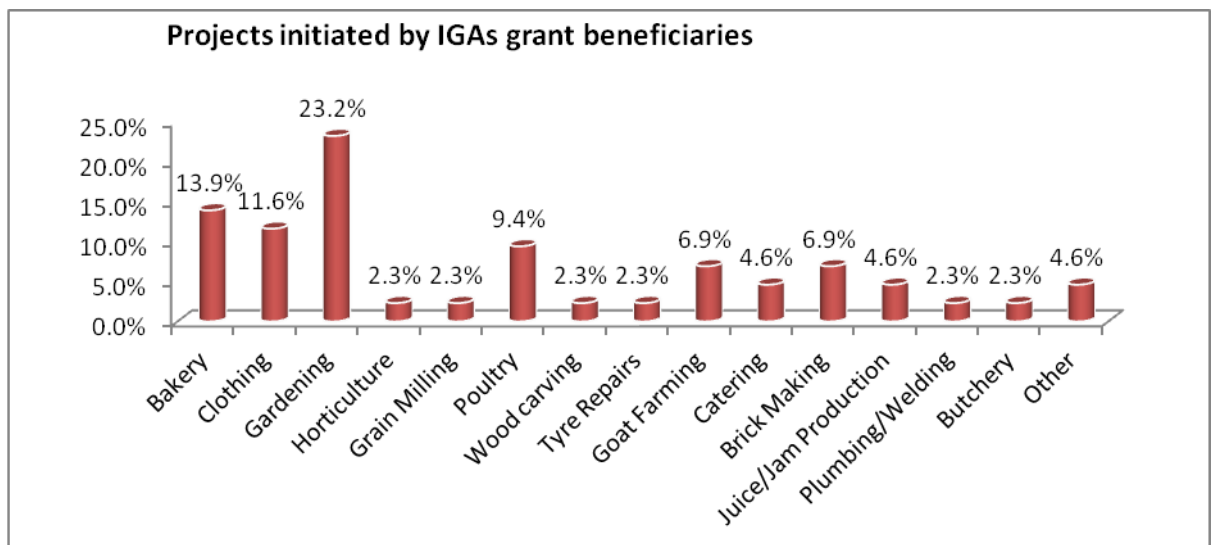


Figure 4.4: Projects Initiated by IGA Grant Beneficiaries (n=27)

The data indicate that 23.2% of the projects initiated by beneficiaries were in gardening, 13.9%, 11.6%, and 9.4% initiated baking, clothing, and poultry projects respectively. This is in line with the NPC (2007) that indicates that livelihoods in Kavango Region are largely dependent on agricultural production.

Some respondents initiated activities such as horticulture, grain milling, woodcarving, tyre repairs, plumbing/welding and butchery, all at 2.3% each. These activities are comparatively more expensive to initiate and maintain, which could be why so few respondents are involved in them.

While there is evidence that indeed beneficiaries have initiated projects, the choice of business ventures as indicated by the data is synonymous with an effort to solve a particular problem or basic need such as food and clothing. It is highly unlikely, therefore, that beneficiaries stress raising income as a goal for these activities.

An individual grant is very little in terms of large-scale investment. Only N\$4,000-00 - N\$35,000-00 was found to have been given in cash across beneficiaries that participated in this study, an amount that is not able to support substantial large-scale investment plans.

“In 2009, the MGECW gave me five thousand (N\$5,000-00) for the project; that is all I could use.”

Another respondent remarked:

“At our project, we got a sponsorship of N\$5,000-00 in the form of cash to buy materials.”

The grant is in most cases inadequate to cover project materials and operational costs. Additionally, for a number of years the MGECW has financed projects whose members are mostly women and the programme aims at assisting communities to earn an income to meet their needs.

4.5 Capacity Building Training Needed by Beneficiaries

The data indicate that skills other than simple literacy are needed for beneficiaries effectively to benefit from the grants. For instance, one respondent reported that his brick making project had lost many bricks because some project members lacked numeracy skills. The respondent claimed:

“I remember we lost almost one thousand bricks when we sold to the Ministry of Health and Social Services. Our people who were on site were not able to count how many bricks were given to customers.”

Another respondent expressed the same sentiment by stating that:

“Sometimes we receive complaints from our customers that our bread is either too salty or salt free. We need baking skills.”

The MGECW provided training opportunities for grant beneficiaries to ensure that their capacity to administer and manage the projects is enhanced. The training interventions were aimed at broadening the capacity of beneficiaries in ensuring project sustainability. Participants revealed however, as indicated in Figure 4.5 below, that training and skills building opportunities were available and indeed provided by other players, including KAYEC, Mashare College, the Ministries of Youth, and Agriculture and the Anglo-American Association.

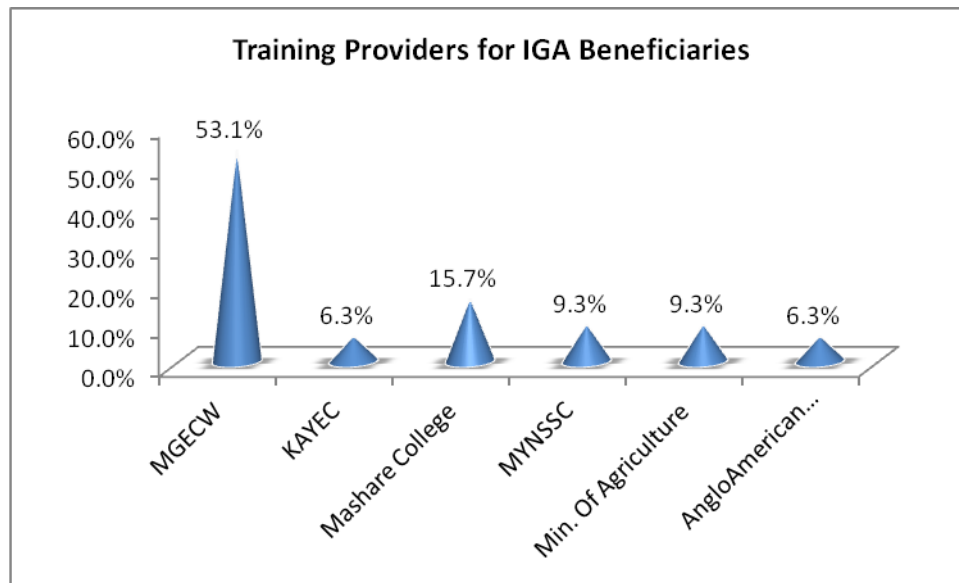


Figure 4.5: Training Providers for IGA Grant Beneficiaries (n=32)

Figure 4.5 above indicates that 53.1% of the IGA grant beneficiaries received training from the MGECW, 15.7% from Mashare College, 9.3% from the Ministry of Youth, National Service, Sport and Culture, 6.3% from KAYEC, 9.3% from the Ministry of Agriculture, while 6.3% received training from the Anglo-American Association.

One respondent stated that:

“I got training by MGECW in 2008, before I started with my meat business.”

Another respondent said:

“The MGECW gave us the training; it was about financial management, bookkeeping and customers.”

Similarly, one respondent stated:

“Yes, we got training. We were taught about marketing, how to prepare our products, how to be responsible, if you are a chairperson on what are your roles and tasks and how to save money.”

Other partners such as the Mashare Agricultural Development Institute, the Ministry of Youth, National Service, Sport and Culture and the Ministry of Agriculture, Water and Forestry, KAYEC and Anglo-American Association supported IGA beneficiaries with training as well.

One respondent indicated that he was trained by another institution:

“I was trained by KAYEC for six months on woodcarving.”

By the time of this study, respondents revealed that training had not reached every single IGA grant beneficiary. In many cases, some members from individual projects were selected. One respondent put it as follows:

“The training was not given to all project members, but to only two members who were selected from our project, the chairperson and the secretary.”

In itself, selective training is best when measures are in place eventually to train everyone. In the absence of such plans, pressure is mounted on the trained few to ensure projects run well, and the risk that untrained members become incompetent and eventually uncooperative can lead to project failure. On the other hand, anxiety

and burn-out of the trained few could result in withdrawal and ultimately the projects may fail.

A deliberate attempt was made by the researcher to determine the types of skills the IGA beneficiaries had acquired from the training opportunities received. Figure 4.6 below presents the different skills categories the respondents received and their frequencies.

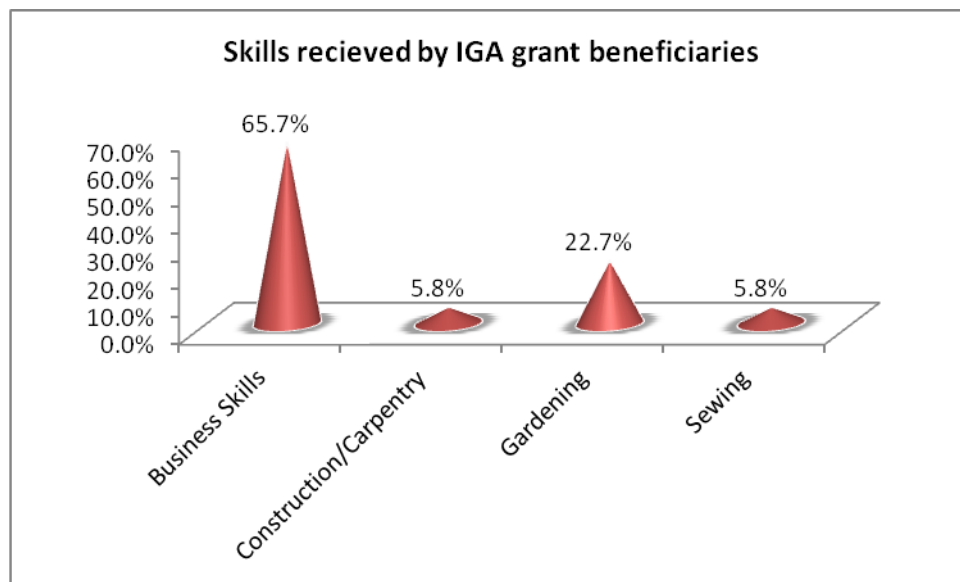


Figure 4.6: Skills Received by IGA Grant Beneficiaries (n=32)

When participants were asked about the type of training and skills received, 65.7% of the beneficiaries indicated that they had received training in business management, while 22.7% had received training in gardening skills. An equal 5.8% of the beneficiaries were trained in construction, carpentry and sewing.

A beneficiary explained:

“The MGECW gave us the training; it was about financial management, bookkeeping and customer service.”

Another beneficiary remarked:

“We were taught how to keep records. When baking, we must know how much bread we baked, and how much profit we made a month, work on income and expenditure, and how to save money and spend it well.”

Expressing a similar sentiment, one respondent indicated:

“I was trained in financial management and bookkeeping.”

From the list of training provided, the highest focus was on the technical aspects of running a business venture and not necessarily how to do the actual activities of choice in the business.

One respondent stated:

“The skills of training I have received was on the project proposal, but that was done back in 2007, so when you write a new proposal you make mistakes.”

Another respondent indicated:

“We got trained on how to write business plan, how to be a good entrepreneur and stocktaking. But we want more training, especially on business proposals so that we look for other financial assistance of our projects.”

It is probable that knowing the technical aspects of business management, including finance management, cannot adequately ensure the overall profitability of income-generating activities. For instance, if a group of women are in a baking project but do not know how to bake bread, although they know how to manage a business and finances, they will need to learn how to bake bread for such a project to be profitable.

In line with this example, a respondent remarked:

“We were trained on how to keep records, for example, when we are baking every day, we must know how much bread we baked, the profit and how much we made per day and month, how to save money and spend it.”

Furthermore, the data suggest that the training needs are almost insatiable, as meeting one need leads to the development of another need. For instance, a respondent that was trained on how to write a business plan, required more training in bookkeeping. A respondent stated:

“We also want to be trained more on bookkeeping.”

Participants revealed that all training received was certified. Despite the fact that respondents need ongoing training support, they were able to evaluate the trainings received so far. This evaluation is presented in Figure 4.7 below.

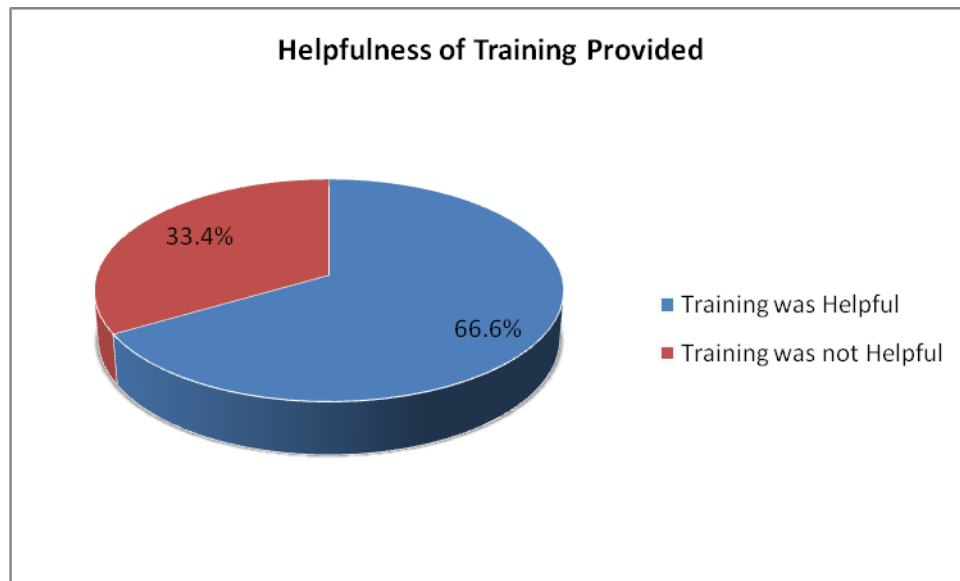


Figure 4.7: Helpfulness of Skills Trainings Provided (n=32)

Sixty-six percent (66.6%) of the respondents reported the training as helpful. The appreciation of the training is clear:

“The training really helped me , especially the one I got from Mashare Agricultural Development Institute. The skills I got from the training are the one I am currently using in running my business.”

On the other hand, 33.4% of the respondents experienced trainings as less effective in helping them manage their businesses better. In part, the negative experience of training is indicative of the need for continuous education and skills development for IGA grant beneficiaries, which should be based on their needs and given through refresher training. A respondent remarked:

“The skills from the project proposal training were not helpful, because it was done back in 2007. Therefore, when you write a new proposal now you make mistakes.”

There is evidence therefore, that while useful training was received a few years back, it needed to be followed up by refresher opportunities over time.

In support, another respondent remarked:

“In 1996, the MGECW conducted a two-week training workshop where I was a participant. This workshop was about sewing, but at the time of the training, I was running a gardening project. As a result, the workshop did not respond to my business needs.”

There is a revelation in this respondent’s words that consultations on skills training was not always considered before inviting beneficiaries to take part in a particular training. In the absence of this, beneficiaries might find the training irrelevant and frustrating.

Moreover, the data revealed that beneficiaries required training in additional skills such as animal farming and human resource management. Human resource management is important for project managers to manage and sustain their members in their projects. A respondent complained:

“The people who trained us did not give us handouts, the training was not nicely clear.”

Another respondent suggested:

“The training was okay, but I still need new training on grazing animals (farming animals).”

Farmers needed skills in supplementary feeding of their animals and protecting them from infections.

One of the respondents expressed why he was in dire need of these skills:

“At my goat farm, five animals have died. I did not know what type of food and medications to give them when they were sick. I need training on the different types of goat food, what type of medications and pesticides to give them when they are sick.”

Furthermore, some respondents reported that their projects had closed down because of poor management skills. Respondents with negative experience reported that they had stored materials and equipment of projects that closed down and were no longer functional. Furthermore, some beneficiaries put the blame on inappropriate training opportunities. To support this, a respondent remarked:

“...the training that I attended was for sewing while I had a gardening project.”

In some cases, only a single member of the project, usually the leader, benefitted from the opportunities the project provided, such as training. Another respondent stated:

“... Our project manager attended the training alone. Now, he left the project and now we do not have the skills needed to run the project.”

Overall, respondents expressed open eagerness to learn and be a part of an on-going skills development process to enhance their capacity to manage their projects. This finding agrees with Nieuwenhuizen (2011), who maintains that successful entrepreneurs need particular skills, expertise and aptitudes that can be applied profitably in any business (project). Furthermore, it is best to start or run a business with something with which you feel comfortable and know a lot about (expertise), in which you are skilled.

4.6 The Contributions of IGA Grants to the Development of Beneficiaries’

Communities

When asked to explain the positive changes and improvements their projects had brought about in their community, business and region, as a result of the grant received from the MGECW, overall, respondents agreed that IGAs have contributed to the development of their communities through employment creation, nature conservation and food production in the area. One beneficiary highlighted his experience:

“The project has created employment because we have employed 2 people. We have helped to reduce deforestation in the community ... people have now started constructing houses using the bricks we make at the project.”

Another respondent declared:

“The project brought positive changes to people, why I am saying like that is because people were just sitting at homes but now through this project they are now planting vegetables and even got some food from the project to eat at home.”

Another benefit indicated by respondents was reduced distance to access basic commodities such as bread. A respondent reported:

“At least now, community members are saving on transportation, as they do not travel any longer far distances like to Rundu to go buy bread.”

Mothers reported that they were more able to support their families because of the income-generating projects. One woman stated:

“Like me, a project member is now able to pay for my children school fees and buy food for families. The project is the source of my income.”

The data show that a jam and juice production project initiated a soup kitchen which supports orphaned children with nutritional food, school uniforms and school fees in the community. One of the project initiators appraised the project:

“The project has made positive changes, because we started with a jam and juice making project, from which we got money to start a soup kitchen to help orphaned children. We bought school uniforms and paid school fees.”

The data indicate that a lot of progress has been achieved through the implementation of IGAs with the support of the MGECW. Some of these projects remained

functional and provided employment to individuals. Some projects produced products given to members that are HIV-positive. A respondent remarked:

“The project has made positive changes, because since we have started with the jam and juice-making project, we have helped a lot of community members with the profits we made out of it; for example, helping elderly women to go and come back to and from hospitals, especially those affected by HIV and Acquired Immuno-Deficiency Syndrome (AIDS) and providing them with the nutritional juice when visit our project.”

Some projects have done well over years as they even exhibit their products at trade fairs. Most of the projects have made a difference in the lives of its members, apart from meeting their basic needs. Beneficiaries make money from selling their products. One respondent reported:

“In our project we use local natural food such as ‘Mutete’, ‘Mpundu’, and ‘Maka’, to make our juices and jam. This helps us to save on buying expensive (costly) imported foreign products and in return helps us to make more money as people like our local juice and jam; local is lekker.”

Additionally, the money that beneficiaries make out of IGAs do assist community members living with HIV and AIDS to travel to hospitals to get their medication and buy nutritious food which is required for the medication to work effectively as one of the statements above indicates.

Although the majority of respondents reported positive experiences on the contribution of IGA grants, some respondents indicated that the grants were not very effective, citing struggling projects and some that had actually closed down. This finding was clear in this respondent's words:

“... My project name is ‘Shikamba’, which means it will never get finished or closed down (kapingayipwa), but because I did not have enough materials and equipments, it has closed down.”

4.7 The Challenges Experienced by IGA Grant Beneficiaries

Respondents indicated that they experienced some challenges in the process of implementing IGAs. Overall, the challenges were caused by a lack of sufficient funds to acquire project equipment, and meet project-running costs including rental fees and municipal fees such as for the water supply. One respondent stated:

“...renting, including paying for water and electricity, is very expensive; if we had our own building it would be much better.”

Similarly, another respondent remarked:

“When we started this project, we did not know how much water we will need to use.”

For some projects, a lack of skills led to poor quality products and subsequently low numbers of customers. A bread-baking project reported that owing to their lack of

skills in bread-making, with poor salt and sugar mixes, customers would not buy their bread. Additionally, one respondent indicated that their project did not have funds available to meet equipment servicing and repairs, as one respondent narrated:

“...the meat cutting machine worked only for two days and got broken. When I informed the Ministry of Gender Equality and Child Welfare, I was told that the machine was not under guarantee, therefore I should repair it on my own...”

While these challenges were real, there was evidence from data which proved that project members were willing to contribute to the sustainability of their projects.

“The grant was not enough to buy all the required equipment, therefore members suggested to make own contributions.”

The findings on respondents’ challenges agree with the MGECW (2008), which highlighted the fact that the IGA grant beneficiaries face several challenges that include a shortage of transport to fetch materials and deliver products to the markets and customers, electricity to power machinery, lighting and refrigeration, water, infrastructure for production and storage purposes and on-going skills development.

4.8 Conclusion

The analysis and interpretation of data on the perception and use of IGA grants in the Kavango Region revealed that beneficiaries could not clearly define the critical terms “grant” or “income-generating activity”. On the other hand, however, the majority of

the respondents recognised that the grants were not to be used for personal gain and expressed great commitment to putting the resources only to project use. Beneficiaries generally initiated food producing projects, essentially because the grant amount was small and not sufficient to support large-scale investments. Beneficiaries received capacity-building training from the Ministry of Gender Equality and Child Welfare and other partners, particularly in business skills. These training courses in particular were perceived as helpful.

Overall, respondents agreed that IGAs have contributed to employment creation, nature conservation and general community development in the Kavango Region. Furthermore, the projects have contributed to increased food production in the area.

These achievements did not go without challenges, as beneficiaries reported a lack of sufficient capital and skills as major hindrances to project development and sustainability. Indeed, some projects were reported to have closed down prematurely.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS, CRITICAL REFLECTIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses findings of the study, presents what the study contributes to the literature and suggests recommendations for possible improvements. The chapter also justifies how the study addressed the research aim, objectives and questions and demonstrates how the findings are linked to existing theory.

The overall aim of the study was to establish whether the income-generating grants from the MGECW were perceived as responding sufficiently to poverty reduction, improved food production and sustainability of livelihoods among the beneficiaries of the grant. The study was guided by a set of objectives which included:

- a) To assess beneficiary perceptions of the use of income-generating grants from the Ministry of Gender Equality and Child Welfare;
- b) To identify different income-generating activities established through grants given by the Ministry of Gender Equality and Child Welfare;
- c) To review the effectiveness of follow-up skills training given to the beneficiaries;
- d) To generate useful recommendations for the improvement and better application of income-generating grants.

In an effort to attain the research aim and objectives, the researcher analysed the beneficiaries' perceptions of the use of the income-generating grant; identified the kind of income-generating projects the beneficiaries had established in their communities as a result of the grants; investigated the effectiveness of the beneficiaries' projects in responding to the overall aim and objectives of the income-generating grants and looked at follow-up training programmes provided by the Ministry of Gender Equality and Child Welfare and its partners.

5.2 Discussion of the Findings

5.2.1 Perceptions of the Use of Income-Generating Activities Grants

Generally, this study revealed that respondents had varied and unclear views on income generation and could not explicitly describe the term "Grant". While there is no generally accepted definition of income-generating activities, the generally preferred definition in Namibia is provided in the small business development policy and programme of 1997, which explains that small businesses would need to meet the criteria associated with the sector of operation, ability to employ workers, turnover and a particular level of capital invested (MTI, 1997). The fact that respondents had unclear views about income-generating activities and the grant itself, demonstrated evidence why most projects collapsed or struggled to remain operational. The respondents' limited understanding of this concept was reflected in how the grants were applied.

Jezkova (1995) argued that if the aim of the grant was to create a viable business, providing a grant to a person who does not know how to keep records, how to produce goods and where to sell them, is too high a risk for investment. The study found that beneficiaries stretched the grant beyond its reach to include activities such as financial support for orphans and vulnerable children at the onset of projects and this meant that projects initiated were not sustainable in the long run.

These findings clearly indicate that efforts should have been made to increase awareness and create an acceptable level of mastery and perception of income-generating grants among the beneficiaries. There was no evidence that focussed attention and specific activities were in place for this to happen, as even within the training opportunities provided, particular attention was on specific skills and not necessarily to contribute to improved perceptions of the income-generating grants.

Also linked to the perceptions was how the grants were applied. Most activities in which beneficiaries engaged were essentially for subsistence, particularly gardening projects for food production, bakeries and extremely low-scale ventures for moneymaking; money that was ultimately meant to buy food. Projects were found to have contributed to increased food production and not necessarily income. The MTI (1997), states that the main source of livelihood for many people in rural areas is agriculture and the incomes they derive from this are typically very low. This literature provided evidence that current interventions aimed at income generation

should have focussed on responding to the basic needs of the beneficiaries as an entry level to answering the quest for income generation.

Agreed, a single beneficiary whose need to have food for his family still lies unanswered, would hardly provide the needed level of attention to activities designed for income generation. The findings found that the nature of ventures reported and their outputs were indicative of a basic problem related to food and food security that needed to be addressed. The MTI (1997) further revealed that the majority of informal entrepreneurs were pushed into self-employment as a means of survival, rather than by the attraction of its potential rewards such as enhanced income. For the project beneficiaries who could sell some of the produce, the target market was fellow community members, who shared in the poverty of the project members themselves. Therefore, the market base was equally poor and could not generally support productivity and profitability of most projects.

5.2.2 Motivation for Engaging in Income-Generating Activities

According to Schwart (1976); Scott (1986); Ljunggren and Kolverreid (1996); Carter, Anderson, and Shaw (2000) there are pull and push factors that influence individuals to engage in income-generating activities. For some it is the hunt for job satisfaction, personal challenges, independence, flexibility or the need to generate an extra income. On the other hand, the push reasons, such as the need to generate extra income, become independent, dissatisfaction with a previous employer and

inequality or low wage earnings, are equally important in explaining why one might set up a business (Boden,1999; Weeks, 2001).

The beneficiaries of the income-generating grants were involved in community activities for which they expressed varied reasons. In some cases, involvement in other community activities supported the beneficiaries through exposure to capacity-building opportunities, or it would become handy in supporting the operations of the income-generating activities, general performance, productivity and sustainability.

The study also revealed that beneficiaries could not demonstrate a strong motivation or good and clear business intentions to engage in income-generating activities. None of the beneficiaries engaged in income-generating activities for the main aim of raising individual income levels. This greatly affected the survival of several income-generating activities, their expansion and sustainability. Juul (2006), highlighted in agreement that if personal motives were unclear or not strong enough, then a decision to engage in business should be delayed. Without a strong and clear motivation, the chances of being successful are very low, since poor motivation or simply the wrong motives will be the basis for business survival.

Unfortunately, the MTI (1997, p.7) revealed that “the majority of informal entrepreneurs are pushed into business rather than attracted to it”. According to Juul (2006) motivation is the key ingredient that makes people give their best. The longer a person stays motivated, the more they give their best. Schaefer (2011) agrees that an entrepreneur should have the drive, determination, patience and a positive attitude

and be physically fit and possess the needed mental stamina to withstand potential challenges, thrive on independence, and be skilled at taking charge when a creative or intelligent solution is needed. It was not evident in this study that beneficiaries possessed more than the need to respond to their basic needs such as food production through the income-generating grants.

In similar view, poverty, low household income and unemployment in communities were not adequately addressed and that had equally hampered the success of the income-generating activities. April (2005) recommends that for most social factors endemic in this area of study such as poverty and unemployment, many business ideas would want to begin with the aim of making much money or producing sufficient food. This explains why, where an impact was felt, such impact was unsustainable, due to the fact that beneficiaries rather wanted to improve food production and family care. As found in this study, beneficiaries did not necessarily regard income-generating grants as offering a viable future and a sustainable source of income and this negatively impacted on the long term sustainability of their established projects.

5.2.3 The Role/Impact of the Income-Generating Activities

This study found that none of the established projects had achieved the ultimate goal of income generation. However, most beneficiaries had used the grants for project activities. There was no evidence, even without the establishment of any successful income-generating project, that beneficiaries had put grant resources to their personal

use. There was further evidence that the grants were inadequate to cater for the full project costs or to drive the project to profitability and greater sustainability. This finding was in line with the view of MTI (2008/2009) that the main contributing factors to the high rate of business failure are the high cost of capital and lack of complementary support initiatives.

Nevertheless, this study found that grant beneficiaries noticed some positive community and individual level changes because of the income-generating grants and activities. Juul (2006) believes that small businesses are an efficient vehicle and are probably the most effective way through which to lower unemployment and improve the health of an economy. Similarly, (Asquith & Weston, 1994; Salojarvi, Furu, & Sveiby, 2005; Samitas & Kenourgios, 2005; Aaboen, Lindelof, von Koch, & Lofsten, 2006; Hussain & Matlay, 2007) further revealed that income-generating activities offer the greatest potential for job creation and contribute positively to economic growth, competitiveness and productivity.

Furthermore, literature indicated the vital role that income-generating grants and activities can play in Namibia's socio-economic development. Indeed, for the Kavango Region in general and the beneficiaries in particular, if income-generating projects were sustained over a reasonable period, greater social and economic benefits would have been noticed. Furthermore, benefits would have been sustainable and admirable over long periods of time.

The income-generating projects resulted in some short-term improvements and changes in the communities. Some projects contributed to community development through employment creation, nature conservation and food production. Some mothers were able to support their families better and some services were brought closer to the community members than they had been before the establishment of the projects. In addition, some needy members of the community, orphans and people living with HIV, received support from some projects. These positive outcomes were in support of the Government of the Republic of Namibia which recognises the role of income-generating activities as a viable solution to employment creation and poverty reduction (MTI, 2004). In the researcher's view, such employment creation is short-lived, especially where the projects are unsustainable and the nature of employment created is not necessarily immediately able to contribute to adequate family finances.

However, one should note that small businesses play a vital socio-economic role in Namibia, given the impact narrated above. Small businesses play the role of a safety net in society by providing income and employment, particularly for the under-employed or those who cannot find jobs in the formal sector. Hussain and Matlay (2007) ascertained that income-generating activities offer the greatest potential for job creation and contribute positively to economic growth, competitiveness and productivity. In similar vein, Juul (2006) argued that small businesses are an efficient vehicle and are probably the most effective way through which to lower unemployment and improve the health of an economy.

The findings of this study provided particularly good lessons from some projects that it should be in the beneficiaries' interests to be keenly interested in taking these gains forward. Literature equally provided evidence that income-generating activities can lay indelible development imprints on the lives of individual beneficiaries and their communities and such opportunities should be taken advantage of by establishing and supporting sustainable income-generating initiatives. This is in agreement with the Ministry of Information and Broadcasting (2006, p.3), that in order to grow and develop the economy of the country, Namibia needs to empower its previously disadvantaged communities and individuals on a broad and shared basis, by encouraging the redistribution of wealth and opportunities.

5.2.4 The Effectiveness of Skills Training for the Beneficiaries

The study found that beneficiaries did not have adequate education or training after Grade 12, which would support salient business entrepreneurship. The level of education and experience in entrepreneurship was very important, particularly in ensuring the survival and expansion of an enterprise (Liedholm & Mead, 1998). This re-affirmed the findings of MTI (1997) that most entrepreneurs received little or no training at all in business management, which is highly risky. This demonstrates that there was a need to provide training in business skills, ranging from simple basic business management skills through to fully-fledged business planning.

The study also found that beneficiaries of the income-generating grants did not receive specialist training opportunities. There was no evidence to prove that the

beneficiaries possessed business and entrepreneurial skills that were needed to respond to business development and management. The results of this study are in agreement with the assertion of the MCA-N (2012) that Namibia experiences a severe shortage of skills and to address this issue, the supply-driven nature of current training efforts must change to demand-driven training.

Drawing largely from the literature review and study findings, there was need for training in the skills that the market required as a fundamental aspect of economic growth and job creation. Furthermore, the study found no evidence that beneficiaries could confidently initiate, manage, expand and sustain income-generating activities. The lack of these skills results in substantial project stagnation, unprofitability and eventually closure.

Beneficiaries of the income-generating grants required skills that were more than basic literacy and numeracy. On several occasions, the MGECCW and its partners provided technical skills training opportunities to some grant beneficiaries. These trainings resulted in improved products for some projects, improved business, recordkeeping and financial management, better marketing and eventually profitability. However, these trainings were not universal, as not all members of benefitting projects were trained. This supported what MTI (1997) found that, despite adequate levels of literacy, surveys show that less than 15% of entrepreneurs received technical training and the vast majority received no training at all in business management. This implied the need for practical vocational training.

Nieuwenhuizen (2011) strongly argued that skills, expertise, aptitude, personal characteristics and management skills were success factors for a business. The few trained members performed under pressure to ensure the proper running of their projects. Over time, most of them either succumbed to the pressure and withdrew from the projects or found other things to do, leaving the projects to be run by those who were not trained. The need for ongoing training and the establishment of an ongoing skills development process for income-generating grant beneficiaries was never adequately addressed and projects lost trained people and eventually failed.

The results of the study showed that the offer of skills training opportunities to grant beneficiaries was significantly uncoordinated and was rarely evaluated for impact on the abilities of the beneficiaries. This concurred with what MTI (2008/2009) maintained, that there were multitudes of focused interventions for small businesses by both the Government and non-governmental organisations (in terms of trainings), but they did not have the desired impact because they were often disjointed and uncoordinated.

It was found that most beneficiaries had received uncoordinated training opportunities and such outcomes could be attributed to individual values and interest in making a difference by the beneficiaries, rather than the face-value design of the training opportunities provided. Furthermore, trainings were selectively provided, which exerted pressure on a few individuals within projects. In some projects, a single trained individual was responsible for the smooth running of the entire project, which eventually contributed to the failure of several projects as a direct result of

member burn-out and withdrawal. An entrepreneur with the required physical fitness should possess the required mental stamina to withstand potential challenges. There should be sufficient motivation, determination, patience and positive attitude (April, 2005). With the nature of trainings received and the individual entrepreneur's values and interests as alluded to above, these needed attributes were found to be in short supply among project members.

5.2.5 Challenges Faced in Implementing Income-Generating Activities

The implementation of the income-generating projects was found to have faced challenges too. The study found that the grant amount was in most cases inadequate to cover project costs and insufficient to support large-scale investment plans. Furthermore, funds could not meet project overheads, running costs, depreciation, equipment repair, replacement and/or maintenance costs. For some projects, there was a lack of the specific skills for a particular project, which led to poor quality products and subsequently poor clientele. These challenges were noted by the MGECW (2008) which highlighted that the IGA grant beneficiaries faced several challenges, including shortage of transportation to fetch materials and deliver products to the markets and customers, electricity to power machinery, lighting and refrigeration, water, infrastructure for production and storage purposes and on-going skills development.

The results of the study clearly demonstrated that the grant amount per project was very small and could hardly be stretched to achieve business viability at the onset.

This concurred with the MTI's view (1997) that small businesses lacked finance as the greatest constraint on their growth and development, whether they are formally registered or not. This is in agreement with Tonin and Venditto (2001) who argued that lack of finance or small savings is a major problem to future growth of small businesses. Similarly, deficiencies in funds and a lack of management skills are identified as two of the major reasons for a high rate of business failure (Juul, 2006).

The methods by which the grants were delivered to beneficiaries were hardly commensurate to the individual needs and abilities of most recipients. The fact that the grant was delivered as materials and equipment implied that the beneficiaries were denied the opportunity to apply own creativity, re-assess their proposals and/or defer plans that eventually became impractical. Worldwide, small businesses faced constraints on their development and growth. The rate of business failure is high, particularly among new businesses. In Africa, various studies indicated that an estimated 80% of small businesses failed within five years of starting up. Namibian small businesses are particularly disadvantaged, especially in the informal sector, where most businesses were new, having just been established since independence. Furthermore, the colonial past has made such businesses confine their access to resources and spheres of activity to a very narrow part of the economy, which is the most underdeveloped (MTI, 1997). Deficiencies in funds and a lack of management skills are identified as two of the major reasons for this high rate of failure (Juul, 2006).

According to Bowen, Morara, and Mureithi (2009), starting and operating a small business included a possibility of success as well as failure. Three out of five small businesses failed within the first few months of their operation. This may be due to lack of planning, improper financing and poor management that have been posited as the main causes of failure of small enterprises. The above literature agreed with what Tonin et al. (1997) stated, that small and medium enterprises often failed because entrepreneurs restricted themselves to only a few business ventures because they lacked business sense and relevant entrepreneurial experience to identify new opportunities.

5.3 Critical Reflections and Attainment of Study's Aims and Objectives

Overall, the findings of this study confirmed the provisions of existing theory relating to capital, skills, zeal, motivation and determination as key elements of business success. However, caution should be taken in over-emphasising these values and attributes. According to the findings of this study, business thrives within a continuum of needs that also require non-financial answers, especially those which relate to hunger, employment creation and stable family lives.

The Namibian Government emphasised the creation of a business-friendly environment, which encourages investment, and the protection of emerging and small businesses (Namibia Trade Directory, 2010). In addition, the government recognises the need for finance to stimulate the growth of small businesses. Other

than the government sector, the banking industry provides several grants and low-interest loans for business development in Namibia.

Income-generating activities are indeed small-scale projects that create a source of income to individual beneficiaries or groups, whilst promoting the principal right to self-determination and the objectives of integration, repatriation and reintegration (Danish Refugee Council, 2008). In income generation, it is thus not only a question of opportunity, but it is also concerned very importantly with bringing about new skills, services and opportunities for members of the community. In the definition of income-generating activities lies a concern for the involvement of disadvantaged communities and individuals in the country's economic growth, which emphasises the provision of funds to individual beneficiaries and beneficiary groups. What impact these activities have and whether the grant associated with it liberates people and communities from the individually and collectively draining and devastating impact of poverty, are questions that researchers and policy-makers need to answer.

This study has attempted to respond to the main research question as to whether the income-generating grants from the Ministry of Gender Equality and Child Welfare were sufficiently understood and whether they assisted in poverty reduction, improved food production and sustainability of livelihoods among the beneficiaries. In so doing, it contributed to the body of knowledge on income generation.

5.4 Recommendations

5.4.1 Recommendations to the Ministry of Gender Equality and Child Welfare

The recommendations presented in this section are for the Ministry of Gender Equality and Child Welfare, as a means to address the conclusions made and based on the findings of this study.

Potential beneficiaries of income-generating grants should be assessed and supported to understand the concept of income generation and grant during a pre-qualification assessment process, to ensure full understanding of the requirements of the grant and proper application of the funds. This prerequisite should be backed with a deliberate process involving regular reviews that ensure continuous compliance of grant beneficiaries with the requirements of the income-generating grant.

The process of grant allocation should be strengthened to pay specific attention and support to beneficiaries to focus on income generation. This should include a careful evaluation of how profitable suggested projects will be, including their viability to address the established financial needs of the beneficiaries.

The MGECW should consider a deliberate requirement that beneficiaries are members of and involved in other community-based activities, which would ensure linkages to exposure to opportunities and skills-building necessary for successful income-generating activities.

Furthermore, potential beneficiaries of the income-generating grant should be assessed for their motivations, interests and intentions for that grant. This will be essential in the final analysis so as to determine whether the motivations link to and will support the overall aim of the income-generating grant scheme.

Response to the basic needs, such as food for potential beneficiaries, should be built into the income-generating grant. This would take the form of an assessment to ensure that the grant is not diverted to food production for household consumption or used to fund basic needs of beneficiaries which they cannot afford prior to the grant allocation.

The amount of funds available for an individual grant should be increased to ensure that project start-up is sufficiently funded and supported through to break-even. In cases where beneficiaries commit to make personal contributions to the projects, such contributions should be meticulously evaluated and verified to guarantee resource sufficiency when projects start. The manner in which the grant is delivered should provide for allowable recourse which would make certain greater project sustainability and cater for unforeseen project costs. In cases where equipment is given, cash allowance should be available to cater for set-up costs.

Skills development opportunities for beneficiaries should be coordinated and responsive to the needs of the beneficiaries. In addition, these trainings should be evaluated for impact to ensure that beneficiary productivity and ability to run

projects are enhanced. Skills development should target project membership in general, as opposed to selected individuals in the projects, to achieve sustainability of skills flow should members withdraw from projects. A major focus of training should be to elevate beneficiary perceptions, understanding and good use of the income-generating grant. Both women and men IGA beneficiaries should be empowered about proper use of the IGA grant, through sensitisation and more refresher trainings.

Special grant consideration should be given to people living with disabilities, so that they can also demonstrate their talents and gifts, as they are the majority left out in grant awards.

The MGECW grant should have a standardised granting system countrywide to attain justice for all beneficiaries, as most beneficiaries received cash, cheques or equipment.

There should be regular monitoring visits to project sites, as this serves as a motivating factor to project members.

Continued grant awards by MGECW should be given to existing projects that still need some equipment in order to revive and keep them functional, rather than giving funds to new projects that may not be able to be sustained.

The Government of the Republic of Namibia, MGECW in particular, must budget adequately for IGA grants and for beneficiaries' needs.

5.4.2 Recommendations for the Income-Generating Grant Beneficiaries

The beneficiaries of the income-generating grant should form themselves into supportive cooperatives to increase group sharing and learning opportunities where lessons learnt from the implementation of a particular project could be shared to support another project. This kind of venture should be used equally to share challenges and in a way share human resources to help bridge skills gaps among benefitting projects.

Project members should invest in comprehensive planning and forecasting exercises at the planning phase of their projects to minimise the chances of project failure at the infancy stage owing to a lack of appropriate preparedness.

5.4.3 Recommendations for the General Community Members

Members of the general community should support the income-generating projects in their areas with voluntary acts such as labour and expanded fundraising for the projects to achieve project sustainability.

5.5 Suggestions for Future Research

From this study, one can learn that there is a need for more research related to policy development and on the impact of the social-economic status of beneficiaries on the successful implementation of the income-generating grants. Issues such as poverty, food security and education should be given particular attention and analysis.

In addition, given that this study was limited to unearthing perceptions of the MGECW IGAs grant beneficiaries on understanding of the use of the grant, in- depth case studies of other institutions' grant beneficiaries should be undertaken in order to harmonise strategies tailored to address challenges of the IGA beneficiaries in the region.

5.6 Conclusion

The findings of this study indicated that, generally, respondents could not demonstrate sufficient knowledge of the concept of income generation. This was later reflected in how the grants were used. Most projects either collapsed or are struggling to remain operational.

The grants, however, brought about considerable individual as well as community positive changes. Community members without formal education qualifications received useful skills which contributed to project development and productivity. IGAs contributed to the development of communities through employment creation, nature conservation and increase in food production. Mothers reported that they were more able to support their families because of the income-generating projects.

The majority of the beneficiaries of income-generating grants did not have strong motivation to elevate their own income levels; rather, they engaged in income-generating activities because of the need to reduce the severe poverty in their families, to address unemployment and its effects on household income, and to take adequate care of their children (parental motivation). This had a negative impact on the performance of the majority of the projects established.

In addition, findings indicated that an individual grant was very small to sustain large-scale and profitable investments. The grant was in most cases inadequate to cover project materials and operational costs.

Although training and skills development were provided, they had not reached every single IGA grant beneficiary. In many cases, particular members from individual projects were selected. Consequently, the trained few eventually succumbed to project management pressure and the untrained members soon became project leaders and this negatively impacted on project growth and sustainability.

The majority of income-generating activities had not reached effective levels of sustainability; in fact, most were found to be struggling and some had actually closed down. Respondents experienced some challenges in the process of implementing IGAs. Overall, the challenges were caused by a lack of sufficient funds to acquire project equipment, and meet project-running costs, including rental fees and municipal fees (such as for water). For some projects, a lack of skills led to poor quality products and subsequently few customers.

Finally, this study presented the experiences of the income-generating grant beneficiaries in implementing income-generating projects, paying particular attention to their successes and challenges. The recommendations presented in this study were meant to ensure sustainable grant allocation process, focusing on measures that are supported by the findings. Overall, the income-generating grant scheme could do much more and achieve better results than currently.

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APPENDICES

Appendix A: Interview Schedule for MGECW IGAs Grant Beneficiaries

Introductory Paragraph

Greeting First

(Introducing myself): My name is Frieda Indileni Kavetuna, a Master's Degree student in Adult Education at the University of Namibia. It is part of the University's requirements that I must do research in partial fulfilment of the requirement for this degree. Therefore, I am carrying out an interview on the use of Income-Generating Activities Grants in the Kavango Region. The study is trying to determine your perceptions of the use of the IGA grant.

Please answer the questions as objectively as possible. All the information you will share with me will be kept confidential and will be used for the purpose of this study only. Please feel free to ask if you are not clear on any question asked. Your cooperation in this regard will be highly appreciated. We are using a back-up recording system and I would like to ask your permission to record the session with a tape recorder. May I proceed with the interview?

YES _____

NO _____

(If yes, continue; if not, use written notes.)

SECTION A: Demographic Information

1. Tell me about:

1.1 Yourself/Yourselves including the following: your highest level of schooling including post-school qualifications, if any, your position in this community (if any) and length of stay in the community.

1.2 The story behind your business, including the following: your position in the business, when and how your business started, what triggered your interest in becoming an entrepreneur, in which year did you receive the grant from the MGECW and how much was it?

SECTION B: Training Provided to Beneficiaries

Now that I have a better understanding of you and your business's history, I would like to know your perceptions of the use of IGA grants in your community in Kavango Region.

1. What type of training did you receive and from whom (in relation to business management)?
2. How long was the training that you attended?
3. What kind of problems have you encountered in your business for which you want to be better trained?
4. Were there certificates provided? [*Certificate of successful attendance and certificate of attendance*]

5. What refresher training did you receive after the initial training had taken place?
6. In your opinion, did the training address your business needs correctly?

SECTION C: Understanding and Use of the IGA Grant by Beneficiaries

1. How do you understand the term Income-Generating Activities?
2. How do you understand the term Grant?
3. How do you use the grant that you receive from MGECW?
4. Could you please explain the changes and improvements you have brought about in your business, community and region, as a result of the grant you have received from MGECW?
5. What factors challenge you and prevent you from effectively making use of the grant?
6. How do you deal with these challenges?

SECTION D: Beneficiaries' Satisfaction with the Grant
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1. Would you recommend this grant to be given to other people and why?
2. Please tell me something positive about this grant. [*Probe for suggestions on what could be done differently.*]
3. Would you please give me a couple of examples of why you think this grant you have received is effective and addresses your needs? [*Probe.*]
4. Has the grant influenced your business career in any way? How?

SECTION E: Closure

1. Do you have any other information/comments you would like to share with me about the use of the IGA grant?
2. Would you please share any available documentation that will help to inform my research?

Constituency name:		
Name of business/company:		
Type of Income-Generating Activities:		
Contact details: Tel.:	Fax:	E-mail:
Respondent (s) by Gender: (Male and Female)		
Date of interview:		
Starting time:	Finishing time:	Total Time:
Name of Interviewer:		
Respondent'(s) level of Cooperation: ___ High ___ Medium ___ Low		

Thank you very much for your time, cooperation and participation!