

# Water Research Commission (WRC) Deliverable (August 2024)

## Analytical Framework

### Introduction

In the last few decades, there has been a high interest and a considerable attention to promote Village Savings and Loans Associations (VLSAs) as alternative microfinance vehicles for broad-based economic participation and sustainable livelihood objectives. VSLAs are continuously promoted as alternative financial models that promise to deliver sustainable financial services to poor and vulnerable populations.

The main objective of this case study is to explore factors that contribute towards greater success and sustainability of farming business enterprises of farmers participating in the Mahlathini Development Foundation (MDF) programmes. The study also wants to carry out an experience review of VSLA and enterprise development approach that is employed by MDF. This case study plans to collect data from a sample of *3-5 farmers in 5 communities found in Bergville, Midlands, Southern KZN, Matatiele and Limpopo* – and that have been participating in the MDF programmes in the last 5 years.

A series of questions to dissect the experiences of the operators of farming enterprises will be developed. These questions will focus on probing operators' experiences in terms of improved success and sustainability of farming enterprises; and factors that push operators to make minimal contribution or worse, abandon their farming enterprises. The key questions for this study are:

<b>Main Question</b>	What are factors contribute towards success and sustainability of farming business enterprises?
<b>Supplementary Questions</b>	<ol style="list-style-type: none"><li>1. <i>Which</i> farming business enterprises are active/operational (<i>type, scope, management</i>)?</li><li>2. <i>How do</i> farming business enterprises are able to contribute towards improved livelihoods of their operators?</li><li>3. <i>What are the profiles</i> of participating farmers (and/or households) whose enterprises are considered to be successful and sustainable versus those that are not success or that are eventually abandoned?</li><li>4. What are characteristics of functional and non-functional farming enterprises?</li><li>5. What methodological changes are needed to ensure that the activities of farming business enterprises are successful and sustainable?</li><li>6. What is the impact of training and supervision by MDF, and which specific training promotes success and sustainability of farming business enterprises?</li></ol>

**Commented [EK1]:** Dear Nqe-Hmm I thought we were going to focus on operational businesses only to dissect what makes them tick. In our list of farmers we haven't included non operational ones... Can we maybe think of a way to deal with that? Or do you want ot interview some of these folk as well?

## Theoretical Framework

This will be an in-depth case study of small farming businesses (including farming related businesses) whose operators participate in the farmer learning groups and the VSLA programme. This case study wants to explore the factors that influence operators of small businesses to practice or not to practice what they have learnt in the enterprise development and VSLA programmes, as well as looking at ways to enhance learning for MDF and sustainable microfinance and enterprise development. The sustainable livelihoods theory (Chambers and Conway, 2002; Scoones, 1993) will be used to explore the participation of operators of small businesses, explore factors that contribute towards greater success and sustainability of farming business enterprises and to analyse how operators learn while they participate in the MDF programmes.

The significance of sustainable livelihoods as a development theory in this study is that it acknowledges that economic development does not always reduce poverty, but depends on the capabilities of the people to take advantage of expanding economic growth. Sustainable livelihoods also recognises that poverty relates to other dimensions other than income, and acknowledges that poor people have solutions to development problems they face. Lastly, sustainable livelihoods takes into consideration all other symptoms and manifestation of poverty including vulnerability, social exclusion and marginalisation.

Chambers and Conway (1992) assert that;

“a livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term (p. 7).”

Informed by this assertion, sustainable livelihoods theory has been widely used by development agencies in community development, research and policy development because sustainable livelihoods theory provides a programming planning tool, analytical framework as well as monitoring, evaluation, review and learning (MERL) framework for development programmes.

## Characteristics of a Functional Business Enterprise

The following are main characteristics of a functional business enterprise.

- The product or service is clearly defined
- The operator is knowledgeable about the product/service and the business
- The operator has adequate technical knowledge of the business activity
- The operator has sufficient general knowledge about the business activity including understanding competition, risks, threats, opportunities, etc.
- The market (buyers) is clearly described and understood by the business operator
- The business has a budget and cash flow “plan”

**Commented [EK2]:** Are we not going to find out from farmers what makes their businesses successful -or is this just a generic list . How will you decide for example whether an operator is knowledgeable, and has adequate technical knowledge.

- The operator is able to keep business records and use them to take decisions including adjusting business strategy
- The operator is able to raise operating capital when required
- The business has a separate account from the operator
- The business has assets
- The operator is able to keep business records
- The operator is able to pay expenses, debts and liabilities of a business
- The operator is able to draw salary/wage from the business before profit
- The business generates adequate profit
- The business is a key source of income of the household – as is able to meet at least 50% of the household's financial needs

### Data Collection

Data collection will employ desktop research, interviews, focus group discussions (FGDs) and a findings discussion workshop of the MDF team. Desktop research or literature review will mainly include past research reports and programme reports produced by MDF. Interviews and FGDs will be used to collect qualitative data from farmers that participate in the VSLA and Farmer Learning Group (FLG) programmes and farmers that operate farming enterprises. A discussion workshop will mainly deal with success and sustainability factors of farming enterprises, MDF's implementation approach and methodology, training and supervision, monitoring, evaluation, review and learning (MERL), limitations and recommendations of the study.

### Data Analysis

The qualitative data collected will be recorded and coded. Emerging trends will be analysed. This analysis will be carried out by iterations every evening during data collection, so that adjustments could be made to collection tools to explore certain trends in greater depth. The analysis will focus on estimating the factors to ensure the success of enterprise development programme, which is defined as generation of enough profit margins on sustainable basis to meet all or part of a household's needs. Sustainability will be assessed from the point of view of continuity of farming enterprises, improved resilience and ability of operators to cope with stresses and shocks. Data will be examined with due consideration for these definitions, in particular by asking participants how they would define success and sustainability. For each of the questions, the analysis will attempt to define a model profile for a successful or unsuccessful farming enterprise.

### Semi-Structured Interview Guide (Questionnaire)

1. Tell me about your participation in the MDF programmes.

Farmer Learning Group  Savings Groups  Enterprise Development

Probe. Why do you participate? What are the benefits? What is your contribution? What is your role in this?

**Commented [EK3]:** How to deal with the issue of focus and scale - some people just try and sell surplus of whatever they have whenever they have it -and that generally doesn't work - so how did they decide on the focus? What have they learnt about demand and supply? How have external forces impacted on their approach?

We somehow have to untangle from a farmers' perspective why formal markets aren't accessible to them - who have they approached formal markets- what have been the outcomes, what do they think they still need to know or have to enter into these kinds of arrangements... do they thin it is even an option

**Commented [EK4]:** We also need to tackle the diverse range of activities coming together in some form of synergy to create multiple small income streams that create a livelihood - this is our focus - not commodities within existing value chains..

**Commented [EK5]:** I was thinking we would get a good summary of each of the different income generation activities a farmer is undertaking - and then add these all up with the different inputs and output flows to show how they combine to make a livelihood??/

2. How many savings groups are you a member of? Probe. Why do you participate in a savings groups.
3. What is your business or businesses (*combination of enterprises*)? Probe. What does it do? When was it started (year)? How long have you operated your business? *How did you decide to do this business*
4. How did you learn to operate your business enterprise?
5. Did you receive any training from MDF, if yes, what sort of training?
6. Who are your main customers?
7. How do you reach your customers?
8. Do you see yourself as successful? Probe.
9. What challenges have you encountered and how have you dealt with them?
10. What have been your major achievements?
11. How have you financed your business in the past?
12. Have you used money from your savings groups to finance your business in the last:
 

Month	<input type="checkbox"/>	3 months	<input type="checkbox"/>	6 months	<input type="checkbox"/>	Year	<input type="checkbox"/>	2 years	<input type="checkbox"/>
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13. Do you make profit? How do you know?
14. On average, how much do you make per month? (or per production/yields)
15. What business records do you keep? Probe. Why is it important to keep business records?
16. What support including training do you wish MDF has provided to you?
17. What are your key business lessons from your experience?
18. In your view what are the factors promoting and inhibiting sustainable business practice?
19. Any other comments?

**Commented [EK6]:** Different small enterprises, different customers- how do you find your customers- how does this change or has it changed? What strategies do you employ? ( I am assuming a combination of approaches- farmgate, schools, local markets, shops, bakkie traders, etc - doubt it will just be one - need to maybe compare which ones work better for what

**Commented [EK7]:** Don't we need a more in-depth moment here- I know you did look at it in the livelihoods one - can you compare the present list of people that were interviewed there? Lets try and find some overlap there - can you do this comparison and send to me asap...

## FGD Schedule

### Guiding questions

1. What is your understanding of enterprise development programme?
2. How do you operate your business enterprise?
3. How did you learn to operate your business enterprise?
4. Did you receive any training from MDF, if yes, what sort of training?
5. How were you selected to participate in this programme?
6. What was the selection criterion?
7. What was involved in the MDF enterprise development programme?
8. Are there any benefits of participating in the MDF programmes, if so what are the long term and short term benefits?
9. What are the major successes of the enterprise development programme?
10. What were the major challenges in the programme, have the challenges been resolved. If yes how were they resolved?
11. Are there any plans for continuing with activities when MDF stops to support the programme? If so, what plans and, how were the plans developed?
12. What do you think should have been done differently?
13. Any other comments?

**Commented [EK8]:** Hmm.. Who do you envisage to be part of the FGD? You are assuming we have a coherent enterprise development programme - which we actually don't -

**Commented [EK9]:** We have focused on inputs and cashflows for this as well as production, but after that farmers have pretty much been on their own... except for the monthly local marketing activities - and we still want some idea of how much this contributes compared to their other marketing strategies... which this focus group will not do.. Need a little rethink here  
Maybe a focus group on the few most active people in the market and then they compare this with their other activities? How they plan, what they produce, logistics, sales, strategies for improvement, diversification etc...