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**PROGRAMME PHARE DE PARTENARIAT EDUCATION POUR LES POPULATIONS RURALES  
 (FAO - OAA)**

**RESEAU INTERNATIONAL FORMATION AGRICOLE ET RURALE**

## **FINANCING EDUCATION AND TRAINING FOR RURAL PEOPLE**

**J T ENGELBRECHT**

**Skills Planning Manager, Agricultural Sector Education and  
 Training Authority (AgriSETA), South Africa**

### **1. BACKGROUND.**

The financing of education and training for rural people is a complex issue, not only in South Africa, but internationally. Endless papers have been written on the subject, most of them concluding that Vocational Education and Training (VET) investments focusing on rural people, are wasteful and do not deliver in terms of job creation, alleviating poverty or contributing to sustainable food production.<sup>1</sup>

This brief paper will take a look at experiences in South Africa, using rural agriculture in South Africa as a case study. It is therefore useful to provide a brief background of the South African reality. Whilst being the strongest and most modern economy in Africa, the following statistics paints a less optimistic picture;

- Total population: approximately 45 million;
- It is estimated that 57% of the population lives below the poverty line;
- Gini coefficient: 0,77. It is noted that the black population has a Gini Index of .78 and, even having “benefitted” from the previous regime, whites has a Gini Index of .60. It appears that the Gini Index for South Africa is not improving either.

Focussing on agriculture, some telling statistics can be noted in order to provide a backdrop for this case study;

- Commercial enterprises: approximately 40 000.<sup>2</sup> million under resourced farmers<sup>3</sup>;

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<sup>1</sup> The comprehensive paper drafted by Paul Bennell, ILO titled “Learning to change: Skills development among the economically vulnerable and socially excluded in developing countries” provides a detailed oversight of this observation.

<sup>2</sup> Commercial enterprises are those enterprises in the agricultural sector which participate in the formal economy, whose main economic activity is agriculture and in the case of commercial farmers, are those farmers whose farming activity is their business and main source of income.

<sup>3</sup> Under resourced farmers is a collective term used for what is sometimes loosely defined as subsistence farmers, emerging farmers or small-scale farmers. Added to this is a new and large (still growing) category in South Africa which is termed agricultural land reform beneficiaries. Land reform beneficiaries are those who can be categorized as restitution beneficiaries – they were historically forcefully removed from their land and have

- It is estimated that those who live and work in agriculture are poorly educated (estimated that 30% are totally illiterate and as much as 50% are so poorly educated that they will not be able to join formal educational programmes if such programmes are not preceded by refresher literacy programmes;
- The general agricultural working population is old (+45 years of age). It is expected that the average age in the agricultural sector will increase as young people are migrating out of rural areas and they also regard agriculture as an employer of last resort.

## **2. MACRO (INTERNATIONAL) PERSPECTIVE.**

It is generally known that VET is not making the impact on the reduction of poverty as was generally assumed. There is a low correlation between targeted training interventions and impact on livelihoods<sup>4</sup> In developing the National Skills Development Strategy in South Africa, analysis of studies worldwide indicated that training delivered to the marginalized are frequently not relevant to their needs and even so, the quality of such training is poor.

Reasons are plentiful. What stands out most is the fact that VET providers themselves (private and public) are poorly equipped to deliver quality training and in order to overcome this limitation become supply driven institutions – they produce/deliver what is best known to them and not what is needed by the recipient of the training. This is further amplified by the fact that the recipient is so disempowered in terms of his/her inability to pay for the training that they “accept what they get”.

A second and key reason for the failure of VET interventions lies in the structure and delivery of training initiatives. Training is “course” driven. Courses are designed with the best of intentions, but when delivered, becomes a standard item on “the shopping list” – it becomes static and eventually the belief is internalized that for a particular situation, a given course is the remedy.

It is our deduction in South Africa that formal training has limited impact insofar as it needs to change the lives of the vulnerable and the marginalized. This view is echoed when King states: “It is by no means certain that training is the single most important intervention”<sup>5</sup>

Finally, financing training of the marginalized is normally project based. This therefore implies that there is a starting and ending date linked to the intervention. State and donors alike are (correctly so) results driven. The sooner the result the better. The physical capital investment component of the project is visible and factual. However, developing the skill of the beneficiary is risky and frequently vague: it is difficult to quantify, difficult to link to anything more than immediate outcomes and impact of the investment in training is generally impossible to measure as the time lapse between the delivery of training and proven sustainability is far too long for any government or donor. The result is that project success is measured too soon after implementation, only to find that a year or two later the project has failed.

## **3. CASE STUDY: FINANCING TRAINING FOR RURAL PEOPLE IN AGRICULTURE IN SOUTH AFRICA**

A skills levy system is operational in South Africa for the past 10 years. Enterprises with an annual payroll exceeding R500 000 (US\$ 55,000) pays a 1% skills levy to the State. These funds are channeled to various Sector Education and Training Authorities (in the case of the agricultural sector, their levy funds are channeled to the AgriSETA). These funds have to be utilized to up-skill the working population in the particular sector as well as the marginalized who live in the sector. In the case of agriculture, AgriSETA uses the funds received to focus on scarce and critical skills in the formal agricultural sector as well as to develop the skills of the under resourced component of the sector.

Of the 40 000 commercial enterprises in the sector, 4 700 are paying the levy (qualifying due to an annual payroll exceeding US\$ 55 000). These funds (US\$ 20 million per annum) is then used to, within the context of the National Qualifications Framework, fund the training needs of both the employed worker and the under resourced beneficiary.

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now legitimately reclaimed the land or redistribution beneficiaries – those who in the past were excluded from owning land but with the assistance of the state, obtained land legally and most likely now intends to farm on it.

<sup>4</sup> Bennett, *op cit*

<sup>5</sup> Training for self employed through vocational institutions: Lessons from experience, King, K., 1996

A range of state owned Further Education and Training Colleges, state owned Agricultural Colleges and in access of 200 private accredited providers are contracted to deliver training services. Modes of delivery are mainly learnerships (somewhat similar to a one year apprenticeship) which leads to a formal qualification on the National Qualifications Framework or Skills Programmes (short courses based on a selection of elements of a formal qualification – ranging in duration from 5 to 30 days) A learnership cost on average US\$ 4 000 whilst approximately US\$ 500 is invested per Skills Programme.

Basic arithmetic shows that very limited impact can be made with these funds, especially if taken into consideration that approximately 50% is spent on workers already in formal employment. Very limited funds remain available to fund the training needs of rural, impoverished people. It is simply a matter of “**too little is received from too few to serve the needs of too many**”. Vink in his international research on behalf of AgriSETA clearly concluded that;

*“It is thus the purpose of this paper to engage the Department of Labour and National Treasury in intensive and urgent discussions with the Department of Agriculture with regards to a way forward. The current state of affairs of skills development in the agricultural sector is unacceptable and need to be addressed as a matter of priority. If the national imperative of agricultural land reform is to succeed, collectively, the State and sectoral stakeholders have to prioritise the development needs of beneficiaries and engage in high-level focused debate with the purpose of finding solutions to the current dilemma.”<sup>6</sup>*

From the international experience of financing training it was established that, similar to the South African situation, the mainstream financing models and mechanisms are all biased towards the larger and industrial firms, with those needing support most, the small and medium enterprises as well as the informal sector, not really reaping the benefits from such mechanisms. Internationally a need for additional financing that is focused on the needs and requirements of these groups were thus identified.

Finally, international research revealed that **a levy-grant system is not ideal for economies or sectors dominated by small enterprises and informal sector operators**, and that changes in the operating environment resulting from shifts in political priorities and focus often demand additional or complementary revenue sources to address needs.

#### **4. WHAT SHOULD BE FINANCED?**

If training is not the single most important intervention, if training has become a “shopping list” and if training is “a standardized course rather than needs driven training demand”, then what should be funded?

Whist millions of Rands have been invested in learnerships and skills programmes over the past 10 years, the return in South Africa has been bad. Small scale farming projects are still small scale and survivalist in nature. Land reform beneficiaries fail in becoming vibrant and economically viable enterprises. Some farms that were model export produce farms have since the reform process become failures.

Two basic errors are continuously being made. Firstly, because an impoverished beneficiary of training has the expectation that he/she now has the knowledge to farm successfully. Because some technical skill was imparted, the knowledge to farm is in place. An expectation was created which cannot be fulfilled. No managerial expertise is in place, no financial skills, no market understanding or access.

The second, and most important is the fact that any commercial farming enterprise was most likely built over many years and even generations. After a few training interventions it is expected of marginalized beneficiaries to succeed. It will not happen. With this approach to skills development the system which is intended to assist, actually set marginalized people up for failure.

AgriSETA has taken the strategic decision to embrace a broader definition of what training really is. Amongst others the most important is that of mentoring. To use the expertise of those who know to guide and support those who are under resourced. This may appear to be obvious, but if not embraced as a philosophy, it will not be implemented. It requires;

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<sup>6</sup> An alternative training funding model for the agricultural sector. Prof. Vink, N., University of Stellenbosch, 2007

- Long term engagement (3 to 5 years and beyond) ;
- Mentoring first, training second. Training will be very specific, jointly identified by the mentor and mentee and will address specific gaps the mentor cannot necessarily fill ;
- It will be costly. Whilst the mentor needs to be committed (in the case of agriculture, also in the interest of good neighbours), the process needs to be financed over a very long period ;
- Results will take time to become visible – there will be no place for short term, immediate impact evaluation. An approach of “make haste slowly” needs to be adopted ;
- The state and donors will have to be orientated and refocused.