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National
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Concept paper on Pathways out of Poverty

A Blueprint for Sustainable Livelihoods Development



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SOUTH AFRICAN SOCIAL SECURITY AGENCY



**Concept paper on Pathways out of Poverty: A Blueprint for
Sustainable Community Development**

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Table of Contents

Introduction	4
Perspectives and context of poverty	6
The Context of Poverty in South Africa.....	7
Literature review on effective models for poverty reduction	12
Government acceleration plan for poverty alleviation	16
National Development Agency Turnaround strategy and 5-year strategy	25
Sustainable livelihoods Concepts for pathways out of Poverty	36
Community-owned enterprises concept	38
The Cooperative Enterprises Concept.....	41
Social enterprises concept	43
Discussion.....	45
Conclusions and Recommendations.....	48
References	53
Appendixes.....	59
Appendix B: Various definitions of social entrepreneurship	64

Introduction

The National Development Agency (NDA) has gone through a process of aligning its approaches to its legislative mandate of contributing towards eradication of poverty and its causes. The process produced a turnaround strategy to guide the strategic shift of the Agency to meet its legislative mandate of “contributing towards poverty eradication and its causes” in South Africa. The NDA turnaround strategy brought with it a fundamental shift in how the Agency will design and implement its poverty eradication interventions. The proposed strategic shift by the turnaround strategy covered the entire value chain pipeline the new NDA service delivery model for poverty eradication. The new NDA service delivery models define approaches, targets and measurements of outcomes and impacts of its interventions.

The NDA turnaround strategy seeks to achieve an effective poverty eradication mechanism that would promote and foster developmental interventions that are based on the creation of sustainable livelihoods for people who are currently excluded in participating in benefiting directly from the economy to attain sustainable income for themselves and their families. It also seeks to establish community-owned developmental vehicles that can drive sustainable income and create wealth for those who currently rely on others, including the government, in pursuit of meeting their basic needs.

The NDA turnaround strategy is underpinned by approaches and programmes that aim at eradicating poverty through creating a productive population and communities for sustenance and improved livelihoods. Sustainable livelihood programmes are one of the most effective developmental mechanisms to achieve a reduction in poverty and vulnerabilities caused by being poor. Mechanisms used for sustainable livelihoods allow people to organise themselves in solidarity to find a solution for a common problem in societies.

The NDA has recently approved its 5-year Strategic plan, 2024-2029 informed by the operational requirements proposed in the turnaround strategy. The NDA 5-year strategy is focusing on building and supporting community-owned enterprises as vehicles for reducing poverty and dependencies on government social assistance systems. The perspective of the strategy promotes inclusivity, community ownership of means of production, solidarity economy, and self-help as means of productivity.

The concept paper on pathways out of poverty is formulated to contribute to the NDA poverty eradication outcomes outlined in its 5-year strategic plan and the outcomes of the government accelerated plan on poverty alleviation to meet the 2030 poverty eradication goals. The paper focuses on strategic approaches the NDA can adopt to configure its interventions models effective for poverty reduction and elimination outcomes.

The first one is developmental approaches. Development can be defined as a process that creates growth, progress, positive change, or the addition of physical, economic, environmental, social and demographic components.¹ Developmental interventions must create skills, sustainable income, and growth to those that are participating and benefiting from interventions designed to bring development outcomes to them. The growth attained by the beneficiaries must be demonstrable across the spheres of their lives which includes physical, social, economic well-being and all the other variables that can be used to demonstrate change in the lives of people who are participants and beneficiaries in the developmental interventions.

The second strategic approach which is, very important for effective service delivery, is the mechanism for deploying services. A mechanism in this concept paper means a system of parts working together to achieve a defined goal. The mechanism provides structure or a frame where all the required different parts are organised and linked to one another to integrate the movements of those parts in the direction of producing the required outcome. This part of development allows predictability, reliance, compliance, standard operation procedures, quality assurance and accuracy in achieving the intended outcome.

The third strategic approach is designing an effective sustainable livelihoods development framework for poverty eradication interventions. A sustainable livelihood framework, which is synonymous with a model, can be used in planning new development activities and assessing the contribution to livelihood sustainability made by existing activities.² The NDA service delivery model seeks to understand and address key components of a sustainable development model or framework, which can be contextualised as: understanding the vulnerability of the people affected by

¹ <https://www.igi-global.com/dictionary/resilience-psychomotricity-preschool-education/7407>

² <https://www.fao.org/3/y5956e/Y5956E04.htm>

poverty; understanding of available assets in relation to social, human, financial, natural and physical aspects; transformation in both structures and processes; strategies for achieving livelihoods; measurable outcomes impacting on poverty eradication. Frameworks, models or approaches used for providing a holistic view in planning, execution and measurements of outcomes.

Perspectives and context of poverty

The conventional definition of poverty is defined as a “multifaceted concept, which may include social, economic, and political elements. Absolute poverty, extreme poverty, or destitution refers to the complete lack of the means necessary to meet basic personal needs such as food, clothing, and shelter”.

The World Bank conducted a study to arrive at a people’s definition of poverty.³ The study came out with five main findings on how poor people defined or expressed poverty from their experiences. The first aspect of people’s definition of poverty defined poverty in many factors that converge to make poverty a complex multidimensional phenomenon.

The second one defined poverty as routinely defined, as the lack of what is necessary for material well-being, especially food but also housing, land, and other assets. Poverty is the lack of multiple resources leading to physical deprivation.

The third one defined poverty from a psychological aspect of poverty. Poor people were acutely aware of their lack of voice, power, and independence, which subjected them to exploitation. They saw poverty also leaving them vulnerable to rudeness, humiliation, and inhumane treatment by both private and public agents of the state from whom they seek help.

The fourth, defined poverty as an expressed pain brought about by their unavoidable violation of social norms and their inability to maintain cultural identity through participating in traditions, festivals, and rituals. Their inability to fully participate in community life leads to a breakdown of social relations.

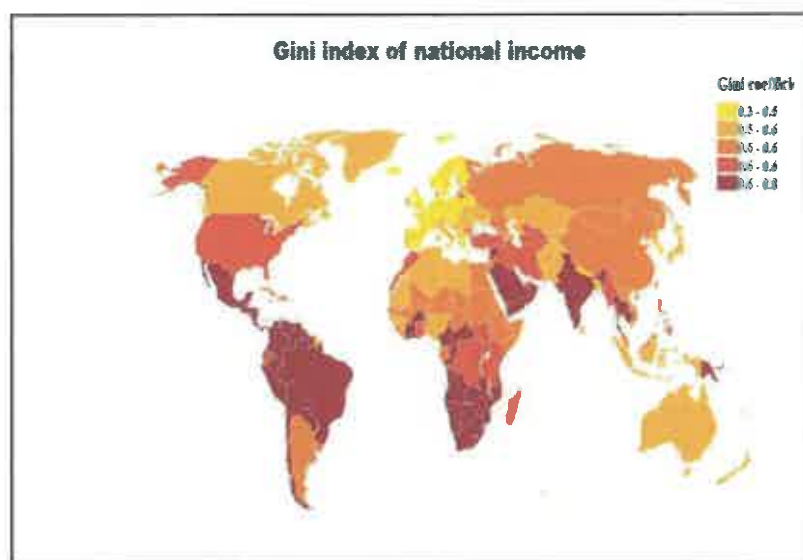
³ World Bank (Undated). Chapter 2: The definitions of poverty. World Bank Publications, Washington DC, USA.

The fifth aspect of people’s definition of poverty was expressed as the absence of basic infrastructure — particularly roads, transport, water, and health facilities — emerged as critical. Whilst literacy was important, schooling receives mixed reviews, occasionally highly valued but often notably irrelevant in the lives of poor people. Poor people who participated in this study saw assets and income as drivers for their exposure to vulnerability and risks.

The Context of Poverty in South Africa

South Africa has the highest inequalities amongst its population. Black Africans are the most affected by this phenomenon. The National Development Plan, Vision 2030 set the overall target of the plan on reducing inequalities from 0.7 in 2009 to 0.6 in 2030.⁴ It then suggests, that eliminating poverty and reducing inequality will transform the economy to be more inclusive and grow faster. Intricately related to poverty is inequality, thus the state must deal with both inclusivity and inequalities to stimulate economic growth.

Map 1: World Income Inequalities Map 2022



The World Bank report published in 2018 on overcoming poverty and inequalities in South Africa,⁵ suggest that by any measure South Africa is one of the most unequal countries in the world currently. The report cites inclusiveness as one of

the drivers for inequalities. When comparing rate of consumption growth in the bottom 40% of the population to those of similar countries like South Africa, it states, 40% of

⁴ National Planning Commission. (2011). *National Development Plan, Vision 2030*. Pretoria, South Africa.

⁵ The World Bank. (2018). *Overcoming Poverty and Inequality in South Africa: An Assessment of Drivers, Constraints and Opportunities*, Washington DC: International Bank for Reconstruction and Development / The World Bank.

the bottom population had consumption growth of 3.5% between 2006 and 2011, whilst it dropped to 1.4% between 2011 and 2015 compared to consumption rate growth of 3.9% for Sub-Saharan countries.

The other phenomenon that fuel inequalities is wealth accumulation, the World Bank report⁶ cite a study that was conducted by the University of South Africa, which reported that between 2008 and 2015, the top percentile of households had 70.9% of the wealth whilst the bottom 60% had 7% of the total wealth. The poor represent 36% of the total asserts, whilst the rich own 75% of the total asserts. Wages gap is a major contributor to inequality in South Africa, those with high-earning jobs earn about five times the average of low-skill jobs. The high-earning jobs represent less than 20% of the working population in South Africa. The persistence of high wage inequality in South Africa is sustained by skills premiums differentials paid for unskilled, semi-skilled and high-skilled workers.

Statistics South Africa (STATS SA) on poverty trends in South Africa in examining absolute poverty between 2006 and 2015,⁷ describes poverty in South Africa as chronic poverty – this phenomenon is generally described and accepted when an individual or group's state of poverty is extended over a period of time. While determining both the implicit poverty line and the duration needed to be considered long-term is debated, the identification of this kind of poverty is considered important because it may require different policies than those needed for addressing transient poverty. As of 2023, around 18.2 million people in South Africa are living in extreme poverty, with the poverty threshold at 1.90 U.S. dollars daily.

In 2022, the South African economy continued with the trend of the last decade, namely flat growth with declining per capita income since 2014 while remaining one of the most unequal countries in the world ranked among 164 countries in the World Bank's poverty database, with a consumption per capita Gini coefficient of 67 in 2018.⁸

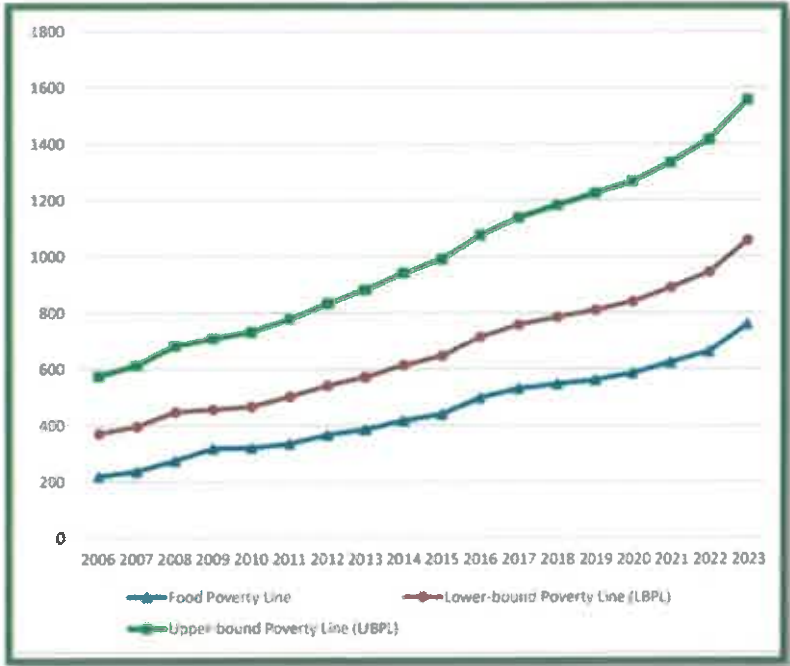
⁶ The World Bank. (2022). *Poverty and Shared Prosperity 2022*. New York. Washington, DC: World Bank Group.

⁷ Statistics South Africa (2017). *Poverty trends in South Africa: An examination of absolute poverty between 2006 and 2015*. Statistics South Africa, Pretoria, South Africa.

⁸ The World Bank. (2022). *Poverty and Shared Prosperity 2022*. New York. Washington, DC: World Bank Group.

The 2019 Statistics South Africa a multidimensional diagnostic of inequalities report,⁹ estimated 62 per cent of children being multiple deprived in South Africa, with this estimate rising to almost 9 out of 10 children in rural areas. The highest rate was in Limpopo province (83 per cent) whereas the lowest rate was recorded in Gauteng province (37 per cent). Whilst the Statistics South Africa report¹⁰ on examination of absolute poverty between 2006 and 2015,¹¹ found that children who are black African were almost 7 times more deprived than children who were white. Overall, the South African Social Security Agency (SASSA)¹² reported paying more than 27 million beneficiaries monthly, accounting for about 45% of the country's population.

Figure 1: Inflation-adjusted national poverty lines 2006 – 2023¹³



South Africa construct and measures the national poverty using the cost-of-basic-needs approach which links welfare to the consumption of goods and services. The lines contain both food and non-food components of household consumption expenditure.

The food poverty line (FPL) as of August 2023 was R760 per person per month, up from R663 (+ 14,6%) in the previous year. This refers to the amount of money that

⁹ Statistics South Africa. (2019). *Inequality trends in South Africa: A multidimensional diagnostic of inequality*. Statistics South Africa, Pretoria, South Africa.
¹⁰ Ibid.
¹¹ Statistics South Africa (2017). *Poverty trends in South Africa: An examination of absolute poverty between 2006 and 2015*. Statistics South Africa, Pretoria, South Africa.
¹² South Africa Social Security Agency. (2023). *Strategy and business development: Sixth statistical report 2023/4: social assistance*. September 2023, SASSA, Pretoria.
¹³ Statistics South Africa (2023). *National Poverty Lines 2023*. Statistics South Africa, Pretoria, South Africa.

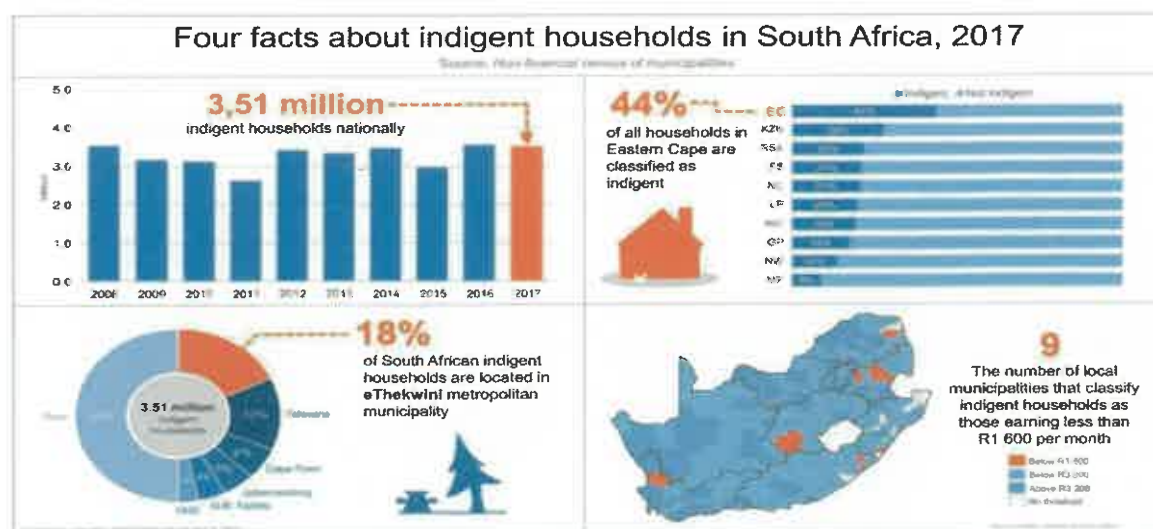
an individual need to afford the minimum required daily energy intake. This is also commonly referred to as the “extreme” poverty line.

The lower-bound poverty line (LBPL) as of August 2023 was **R1,058 per person per month**, up from **R945 (+12%)** in the previous year. This refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line.

The upper-bound poverty line (UBPL) as of August 2023 was **R1,558 per person per month**, up from **R1,417 (+10%)** in the previous year. This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line.

The government introduced free basic services in 2001 as a means of helping poorer households. As part of this policy, municipalities were tasked with identifying indigent households that would receive free or partially subsidised services. Indigent households are those that are unable to make monetary contributions towards basic services. Status as an indigent household is granted by municipalities, who on an annual basis, receive and review applications sent by households within their boundaries.

Figure 2: StatsSA Indigent Households in South Africa, 2017

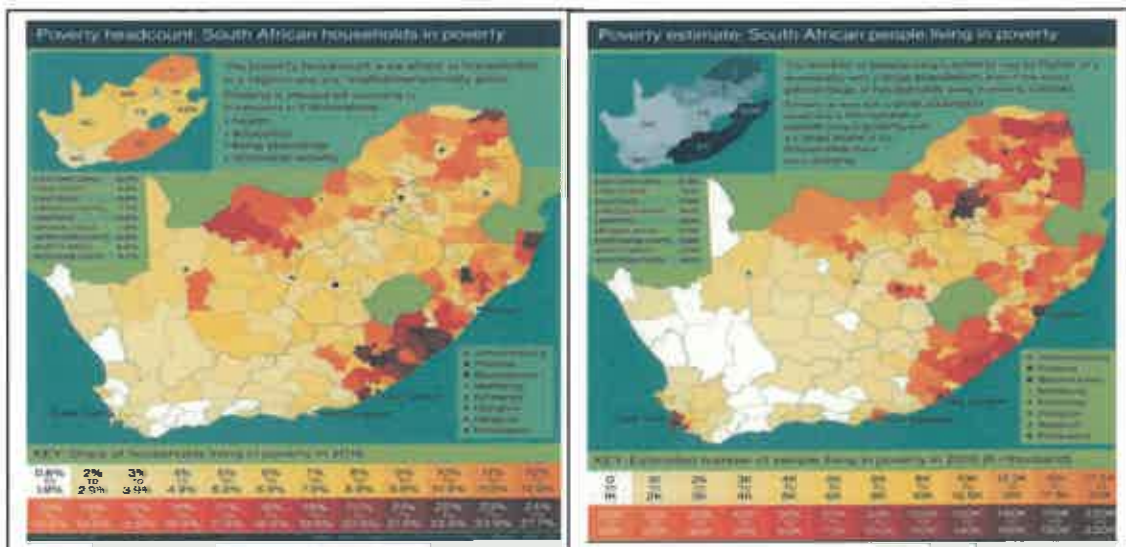


Source: Statistics South Africa Households report, 2017

From 2011 the numbers of indigent households have been increasing suggesting more households classified by municipalities is increasing. The Eastern Cape province

has the highest indigent families representing almost half (44%) of all indigent households in South Africa. In fact, KwaZulu Natal and Eastern Cape homes are classified as indigent households representing more than 2 thirds (72%), with 9 local municipalities in across South Africa provinces have households' income of less that R1 600/month.

Figure 3: Statistics South Africa Poverty Maps



Source: Statistics South Africa Poverty Maps

In South Africa, poverty levels tend to be higher amongst female-headed households, black Africans, less educated, unemployed, large families and children. These population descriptors constitute most of the population, translating to a nation made up of a population living under poverty treat. The World Bank report on poverty and shared prosperity,¹⁴ cites that in South Africa, female headed household are up to 10% likely to fall into poverty versus 2% likely to escape poverty. Living in households where the head of the family has attained some tertiary education reduces the average risk of poverty by about 30%; large families, children and people living in rural areas are likely to be in poverty for a very long time. In such context, the role-played by the social protection programmes in reducing poverty must be acknowledged The World Bank report states that, in 2015 government social transfers were estimated to have reduced poverty headcount by 7.9% and poverty gap by 29.5%. The report also suggests that during the period of economic stagnation, if there were no social assistance, the Gini

¹⁴ The World Bank. (2022). *Poverty and Shared Prosperity 2022*. New York. Washington, DC: World Bank Group.

coefficient would have increased by 10.5% resulting in unprecedented negative impact on inequalities.



The persistent challenges of poverty, inequality, and unemployment in impoverished South African communities necessitate sustainable development strategies that empower communities and promote economic self-reliance (AfDB, 2019)¹⁵. Despite being an upper-middle-income country, South Africa has high levels of poverty and income

inequality. Understanding the dynamics and dimensions of poverty is crucial for developing effective strategies to eradicate it. Based on Gini coefficients¹⁶ of consumption (or income) per capita, South Africa, the largest country in SACU, is the most unequal country in the world, ranking first among 164 countries in the World Bank's global poverty database (World Bank Group, 2022)¹⁷. The South African poverty lines report published by Statistics South Africa set the upper-bound poverty line at a monthly income of R1,471 per person per month for (as of 2022).¹⁸ This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line.

Literature review on effective models for poverty reduction

Literature reviewed for the purposes of understanding effective models for poverty reduction and eradication points to a range of interventions design that has been used

¹⁵ AfDB. (2019). Sustainable Development Goals Baseline Report for South Africa. African Development Bank. Retrieved from https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/South_Africa_SDG_Baseline_Report.pdf

¹⁶ Developed by Corrado Gini (building on the work of Max Lorenz), the Gini coefficient is a statistical distribution of welfare indicators commonly used to measure inequality, such as in income or consumption. It ranges between 0 and 1 (or 100), where 0 means perfect equality and 1 (or 100 percent) perfect inequality.

¹⁷ World Bank Group (2022). Inequality in Southern Africa: An Assessment in the Southern African Custom Union

¹⁸ StatsSA (2022). National Poverty Lines 2022

by countries to get rid of poverty. The common denominator in these interventions is their perspectives on community participation and community driven approach. Poverty reduction or and eradication programmes are rooted in communities themselves to find relevant solutions for their struggles caused by being poor.

IRENA Coalition for Action (2018)¹⁹ stated that community-ownership is characterised by local stakeholders owning most of the project and voting rights and by control resting with a community-based organisation. Most of the project's socioeconomic benefits are therefore distributed at the local community level. This is key in the identification of viable and effective pathways out of poverty. The literature also describes the advantages of community at the centre of poverty reduction and refers to cost-sharing, community ownership, enabling participants, cooperation and partnerships, use of local assets, community development and scaling up of projects.

Community-owned enterprises have emerged and gained recognition as a promising model for addressing poverty, fostering local economic development, and driving social transformation. According to Mertens et al., (2021)²⁰ community-owned enterprises refer to businesses or organisations collectively owned, managed, and operated by a community or group of individuals within a specific locality. Mkhize, Derera & Ganiya (2020)²¹ similarly describe community-owned enterprises as businesses that are owned and operated by a local community or a specific group of people within a community.

The fundamental goal of community-owned enterprises is to serve the community's common interests and requirements rather than to maximize profit for individual members or shareholders. Mkhize, Derera & Ganiya (2020)²² states that community-owned enterprises strive to contribute to the local community's economic development and well-being. They might specialise in agriculture, renewable energy, healthcare,

¹⁹ IRENA Coalition for Action. (2018). Community ownership models: innovation landscape brief. United Arab Emirates, www.irena.org

²⁰ Mertens, F., De Moor, T., & Huybrechts, B. (2021). The Role of Social Enterprises and Cooperatives in Poverty Reduction: A Systematic Review. *World Development*, 137, 105214.

²¹ Mkhize, Derera & Ganiya (2020). The role of sense of belonging on the success of community-based agricultural enterprises in KwaZulu-Natal, South Africa. *Journal of Contemporary Management*. Volume 17 (2): 1-20

²² Ibid

housing, transportation, or retail. Additionally, Ebrahim (2020)²³ indicates that community-owned enterprises offer several benefits, including poverty reduction, wealth creation, job creation, skills development, and improved social capital by empowering individuals and communities. Moreover, these enterprises are seen as having the capabilities of creating pathways for inclusive growth and sustainable livelihoods. Thus community-owned enterprises can play a significant role in poverty eradication by providing employment opportunities, income generation, and fostering community development. Mkhize, Derera, and Ganiya (2020)²⁴ further argues that community-owned enterprises have the potential to empower marginalised communities, reduce dependency on external aid, and create sustainable livelihoods.

Mkhize, Derera and Ganiya (2020)²⁵, argue that empowering underprivileged communities through community-owned enterprises has emerged as a potential strategy to promote sustainable development in the face of global economic inequalities. These businesses provide underprivileged communities with economic possibilities, social cohesiveness, and environmental awareness while solving their problems. Creating sustainable models for community-owned enterprises in poor communities is essential for fostering sustainable income, economic development, social cohesion, and environmental consciousness.

Moyo et al., (2020)²⁶, indicated successful models of community-owned enterprises that have been implemented globally, providing valuable lessons. Cooperative enterprises, community land trusts, social enterprises, social entrepreneurship, microfinance and microenterprise development, social cooperatives and community-based tourism initiatives are some notable examples and provide viable approaches to empower marginalised communities and promote their self-reliance. These models have demonstrated their effectiveness in promoting community ownership, economic empowerment, and poverty reduction. The African Development Bank report (AfDB, 2019)²⁷, asserts that adaptation and contextualization of these models to the specific

²³ Ebrahim, A. (2020). Community Ownership of Enterprises for Poverty Alleviation and Social Justice: Insights from South Africa. *Journal of Community Practice*, 28(1-2), 46-63.

²⁴ *ibid*

²⁵ *Ibid.*

²⁶ Moyo, B., Lekobane, K., & Nyamwanza, O. (2020). Exploring the Role of Community-Based Tourism Enterprises in Local Economic Development: A Case Study of Victoria Falls, Zimbabwe. *Development Southern Africa*, 37(6), 949-965.

²⁷ *ibid*

needs and challenges faced by poor communities in South Africa are essential. Peredo (2017)²⁸ emphasises on the leveraging these models and supporting community-driven initiatives, policymakers, organisations, and individuals as a strategy to contribute to the creation of more equitable and prosperous societies.

Chengeta et al., 2018,²⁹ caution's and says despite their potential benefits, community-owned enterprises face various challenges. Limited access to capital and financing is a significant constraint. Moyo et al., (2020)³⁰, additionally pointed out that lack of technical skills and knowledge, inadequate infrastructure, insufficient market access, and regulatory barriers pose obstacles to their success and sustainability. Ebrahim (2020)³¹ points out that governance, leadership, and conflicts within the community can also hinder the effective functioning of these enterprises.

Given these challenges, the adoption of community-owned enterprise models requires supportive government policies and institutions to create an enabling environment for these enterprises to thrive. However, despite these challenges, community-owned enterprises present significant opportunities for poverty eradication in South Africa, particularly in sectors such as agriculture, renewable energy, retail and microfinance. The South African government's efforts to address poverty have often been inadequate, necessitating innovative approaches such as community-owned enterprises to create sustainable and locally driven solutions. It is through the collective effort and commitment to sustainable development that community-owned enterprises can truly transform the lives of individuals and communities in need.

Chengeta et al., (2018)³² posit that while community-owned businesses can be effective, they also require continuous support, access to resources, and favourable legislative and policy frameworks to develop and attain long-term sustainability. Supportive policies and interventions are crucial to promote the development and sustainability of community-owned enterprises in South Africa. These may include

²⁸ Peredo, A. M. (2017). A social entrepreneurship model for engaging in poverty alleviation. In *Poverty alleviation through sustainable entrepreneurship*

²⁹ Chengeta, T., Chirimuuta, R., & Dziva, C. (2018). Unlocking the Potential of Community-Owned Enterprises for Rural Development in Zimbabwe. *Journal of Sustainable Development in Africa*, 20(5), 27-39.

³⁰ *ibid*

³¹ *ibid*

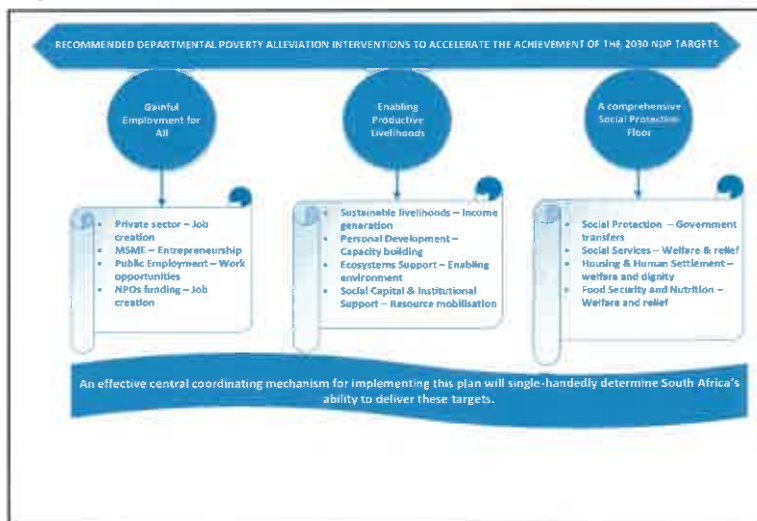
³² *ibid*

access to finance, technical assistance, capacity building programs, and regulatory frameworks that enable community ownership and participation. Ebrahim (2020)³³ emphasises that, collaboration among government, civil society, and the commercial sector is essential for building an enabling climate for these models to flourish and have a substantial influence on poverty reduction.

Government acceleration plan for poverty alleviation

The Presidency has drafted an acceleration plan to achieve NDP targets by 2020.³⁴ The Interdepartmental National Working Group on poverty alleviation has produced a proposal on accelerating social, economic, and developmental intervention areas to guide the implementation of the plan.

Figure 5: Government poverty alleviation interventions



In the reflections made by the interdepartmental working group on its mapping analysis across ten (10) national government departments and their entities on interventions to address poverty, unemployment, and inequalities, noted

that, R1.3 trillion has been spent with no adequate results on poverty outcomes, poverty eradication and breaking the cycle of poverty. The analysis points out the following weaknesses that have contributed to the failure to achieve positive outcomes from the investment by government, these are, small scale interventions not matching the need; extreme fragmentation resulting in duplication; absence of vision and scalable strategy on medium, small and micro enterprises (MSME), informal and livelihoods sectors; focusing on inputs not results in M&E frameworks; and need to maximise results of social wage interventions.

³³ *ibid*

³⁴ The Presidency (July 2023): Acceleration plan to achieve NDP targets by 2030 – Proposals by the interdepartmental national working group on poverty alleviation.

The plan extracts its vision from the National Development Plan, Vision 2030 (NDP) of eradicating poverty by 2030. The acceleration plan seeks to achieve this vision through a framework focusing on enhancing capabilities, guaranteeing pathways out of poverty, and enhancing coordination and integration of interventions. The framework is designed to hang on three approaches – capability approach; integrated, coordinated and massified approach and no poverty guarantee approach.

The proposed approach in the accelerated plan seems to be designed to assist the District Development Model of government in enforcing its mechanisms to have a positive impact on the population, especially on government interventions aimed at poverty alleviation across all government departments and entities. The acceleration plan provides a platform and an instrument for the National Development Agency, with its mandate of eradicating poverty with all its causes, to play a strategic role in achieving the vision and outcomes of the plan.

Figure 6: Government vision and approach to end poverty



The government accelerated plan for poverty alleviation identified critical enablers national income pathways for beneficiaries for the poverty alleviation plan. It suggests the establishment of an integrated database for

all beneficiaries identified as benefactors of this programme to ensure coordination and accountability towards meeting targets.

The poverty alleviation plan identifies four strategic areas of operation to provide a comprehensive poverty alleviation programme for South Africa. In each of the areas of intervention, the government has set a target to be met.

Figure 7: Critical enablers for poverty alleviation interventions



In the **sustainable livelihoods'** interventions, which aims at creating sustainable income for people and families that are heavily reliant on social support programme to meet their basic needs. The target for this intervention is tagged at five million self-generated livelihoods opportunities. This area of work is going to be discussed in in-depth in this document.

The **skills and apprenticeship intervention** which its aim is to ensure capabilities and skills at community level to provide services and goods to create sustainable income for individuals and families. This intervention area pre-supposes that there are human capacities for self-help development programmes and enterprises in communities. Once human capacities are built with the appropriate skills for their programmes and enterprises, they will make a sustainable income for meeting their basic needs. The thinking of this intervention is based on concepts of creating community-owned enterprises with skills to provide services and goods in their localities. The target for this intervention is 500,000 people per annum until 2030 which translates to 3.5 million skilled individuals.

The **public employment** intervention has been used as a poverty alleviation tool by several government departments. The programmes include the public works employment programmes, community development workers and the presidential stimulus package interventions. These interventions provide a platform to create sustainable income after completion of the programme's timeframes. This can be achieved through several channels, such as referrals to full-time employment opportunities in government, private sector and NPOs sector. The other channel for sustainable income after gaining skills in the placement areas, is pursuing entrepreneurship in the areas of their exposure and experiences, however, they would

need to be supported in formalising and registering enterprises that can provide services and goods to create sustainable livelihoods and possible creating local jobs in these enterprises. The target set by the government in this area of intervention is 2 million individuals' opportunities.

The **micro and small enterprises** intervention seeks to re-envision this area as a major employment creator in the South African labour market. Over the years, this area has not produced enough numbers of jobs due to several reasons articulated in the government's acceleration plan to achieve NDP targets by 2030. The plan identified six key areas of intervention:

- a) Strengthen & implement an MSME growth strategy and plan - DSBD's MSME master plan must include an MSME growth strategy that significantly increases MSME ownership & sustainability.
- b) Strengthen MSME ecosystems aligned to the District Development Model (DDM) - Every township, village and town in South Africa must have an area of economic specialization, activated at the district level through the DDM, with funding support systems.
- c) Address structural barriers to market access - Invest in micro-manufacturing and trading infrastructure at the municipal level and launch as new micro-loan for micro-enterprises.
- d) Transform SA's public procurement system - Specially to ensure that the micro-enterprises partners with local municipalities to deliver services and supply goods.
- e) Invest in social enterprises.
- f) Invest in sectors that can accelerate the ownership of MSMEs by women and youth, e.g. the care economy - Invest R250 million per annum in the care economy (including health and education services).

The areas of intervention identified by the acceleration plan on poverty alleviation are structural. The macro and small enterprise economic area has been hampered by the absence of a conducive environment to be effective and viable in macro-economic policies that are pro capitalistic and open market in perspective. These enterprises suffer high competition in the markets for both their inputs and products or services. They also lack penetration of the market systems to create demand and supply for

them to grow and employ significant numbers of people. They are also subjected to same rules as large enterprises making these small and micro enterprises as cheap suppliers of their goods and services to big industries. Legislative mandates and policy directives must change and favour small and micro enterprises to thrive and freely participate in the business value chain and create an advantage for these enterprises to sustain themselves and grow. The plan targets 2 million jobs to be added by this area of intervention.

Figure 8: Enabling productive livelihoods.



The enabling productive livelihoods in the accelerated plan is defined as key to achieving the NDP 2030 targets on poverty reduction. This pillar has three areas of intervention in creating 5 million new productive livelihoods. The first intervention is on what it defines as “sustainable livelihoods”.

The concept of sustainable livelihoods in this context should be understood from a development paradigm. Lasse Krantz, 2001,³⁵ says the concept of sustainable livelihood is an attempt to go beyond the conventional definitions and approaches to poverty eradication. The conventional definitions had been found to be too narrow because they focused only on certain aspects or manifestations of poverty, such as low income, or did not consider other vital aspects of poverty such as vulnerability and social exclusion.

³⁵ Lasse Krantz,(2001). *The Sustainable Livelihood Approach to Poverty Reduction: An introduction*. Division for Policy and Socio-Economic Analysis, Swedish International Development Cooperation Agency.

The sustainable development intervention, is the main driver of productive livelihoods, must produce self-generated work to address poverty for people who are dependant of social security for their basic needs. It proposes a radical shift from seeing grant recipients as beneficiaries but as productive contributors to community development and the economy. Its approach is proposed to be embedded in the District Development Model prioritising support for the informal sector. It, however, acknowledges that there must be a framework and indicators to inform plans for sustainable livelihoods programmes. The framework must also empower and support local government in ensuring that the informal sector becomes productive in contributing to development and local economies by providing conducive infrastructure to trade and simplifying registration processes. It also emphasises that sustainable livelihoods programmes need to be significantly scaled up to meet the high levels of poverty and unemployment facing the country.

The second intervention area is defined as **personal development and skills** to ensure productive livelihoods through appropriate skills training and capacities to produce products and services for public consumption. The government has created institutions for skills development and capacity building. The plan asserts that the 21 SETAs can increase their skills training from 21,728 a year to 500,000 annually. However, there is a need to define the appropriate skills required to ensure sustainable livelihoods are achieved by those individuals who have no prospects of finding sustainable employment in the open employment market. The skills provided for sustainable livelihoods must be productive skills that enable individuals to be self-reliant in producing goods and services demanded by markets. This would be a fundamental shift, which first and foremost, recognises unemployed people are the greatest assets for development and creating sustainable income for themselves when provided with the right skills, a conducive environment, opportunities for self-help and support throughout the developmental journey.

The third area in the accelerated plan is **ecosystems of support and linkages** is suggestive or identifies the required conducive environment required for sustainable livelihoods to be effective. The acceleration plan demands the establishment of a national income pathways programme out of poverty. This document provides a detailed discussion on pathways out of poverty for sustainable livelihoods programmes. For the ecosystems to support and linkages, the plan also requires the

development of a value-for-money framework (VfM). The Financial Sector Deepening programmes (FSDs) framework³⁶ defines value for money as criteria and standards for performance that are linked to the programme theory. It continues to provide criteria within which value for money can be measured which are good economy, efficiency, effectiveness, cost-effectiveness, and equity would look like in an [given] context. The value-for-money framework is important for accountability, monitoring, and reporting, especially when scaling up programmes requiring a huge investment. The framework guidelines propose the following areas:

- Sets out explicit criteria and standards to provide a transparent basis for making sound judgements about performance and VfM.
- Aligns with the Impact Oriented Measurement (IOM) guide in a deliberate fashion, to ensure consistency of frameworks, concepts, and terminologies.
- Links explicitly to the Compendium of Indicators to guide the selection of outcome and impact indicators for VfM assessment.
- Combines quantitative and qualitative forms of evidence to support a richer and more nuanced understanding that cannot be gained from the use of indicators alone.
- Incorporates and builds on the 'Four Es' approach to VfM assessment which is familiar to FSDs and a good number of donors.
- Maximises use of existing data from current FSD Monitoring and Results Measurements (MRM) frameworks and reporting activities – both to minimise any extra data collection, and to ensure the VfM assessments are aligned with other MRM and reporting processes.

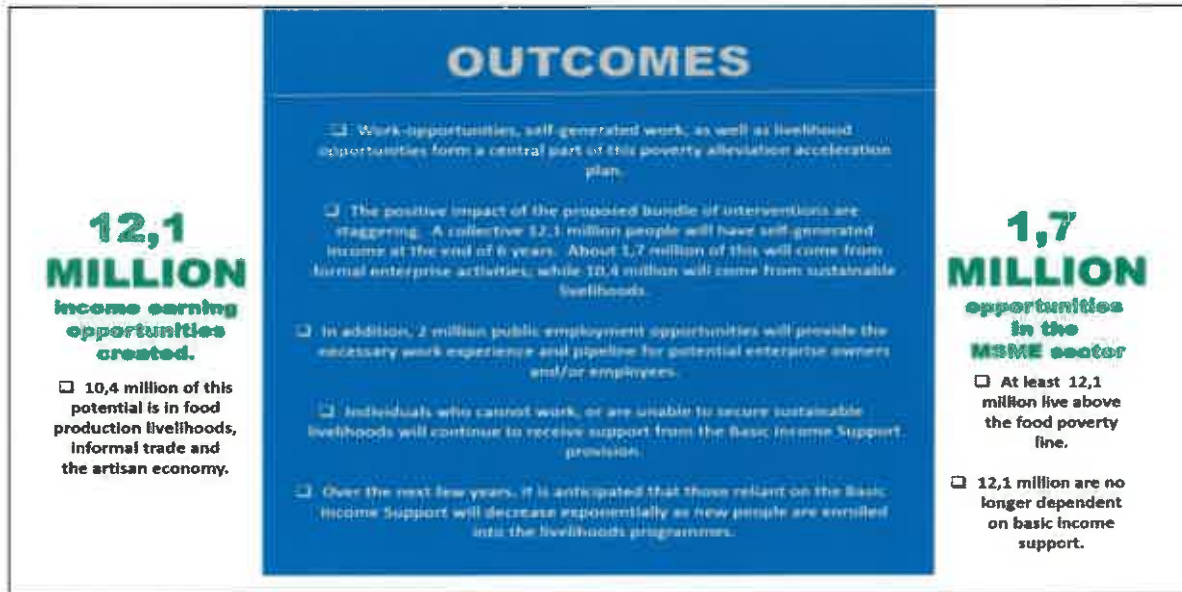
This framework became a useful tool for coordination and management of deliverables against targets of sustainable livelihoods programmes aimed at poverty reduction, including tracking of progress against indicators for the criteria selected.

The government acceleration plan for poverty alleviation set outcomes to be met by public sector poverty alleviation interventions implemented in an integrated approach across departments and public Agencies. As discussed in the document, poverty is an

³⁶ FSD Africa (2018). VfM Design, Analysis and Reporting: A Practical Guide. Prepared for FSDA by Oxford Policy Management Ltd and Julian King & Associates Ltd

outcome of lack of generating sustainable income for an individual or family to meet its basic needs so they cannot rely on others for their survival.

Figure 9: Outcomes measures for the acceleration plan for poverty alleviation.



The government acceleration plan for poverty alleviation set outcomes to be met by public sector poverty alleviation interventions implemented in an integrated approach across departments and public Agencies. As discussed in the document, poverty is an outcome of lack of generating sustainable income for an individual or family to meet its basic needs so they cannot rely on others for their survival.

There are outcomes in the plan on sustainable livelihoods will come from creating opportunities for those who operating in the informal trading sector using skills, social capital and community assets to earn income that can sustain themselves and their families. In this area of intervention, the plan targets to create 12.1 million income-earning individuals' opportunities for people who do not earn income that can sustain their livelihoods. The plan has identified food production, informal trade and artisan as its primary targets for the sustainable livelihood interventions aimed at poverty alleviation by 2030.

The plan also targets 1.7 million opportunities for individuals in the macro, small and medium enterprises (MSME) formal business space. The aim is to grow a sustainable MSME that is competitive and can grow to create jobs and grow the economy. The plan seeks to expand on a large scale to support the Department of Small Business in its efforts to grow townships and rural enterprises, cooperatives support development,

comprehensive agriculture support programme for small-scale farmers and provide business viability programme financial support. These efforts will in turn benefit 1,6 million people to exit the basic income support system over a 6-year period.

The plan has identified six outcomes to be met by both the sustainable livelihoods and MSME interventions. The outcomes are specific in the targeted population, targeted numbers of the beneficiaries, pipelines to be used to achieve the targets and the changes in the lives or livelihoods of those who are targeted by these interventions. The following are the outcomes outlined to achieve the set targets and outcomes of the sustainable livelihoods and MSME interventions of government:

- Work opportunities, self-generated work, as well as livelihood opportunities form a central part of this poverty alleviation acceleration plan.
- The positive impact of the proposed bundle of interventions is staggering. A collective of 12,1 million individuals will have self-generated income at the end of 6 years. About 1,7 million individuals will come from formal enterprise activities, while 10,4 million will come from sustainable livelihoods.
- In addition, 2 million public employment opportunities will provide the necessary work experience and pipeline for potential enterprise owners and/or employees.
- Individuals who cannot work or are unable to secure sustainable livelihoods will continue to receive support from the Basic Income Support provision.
- Over the next few years, it is anticipated that those reliant on Basic Income Support will decrease exponentially as new people are enrolled on the livelihood programmes.

The government has, for the first time, since the adoption of the National Development Plan, Vision 2030 developed a coherent plan for fighting poverty with precise activities, outputs and outcomes. The anti-poverty acceleration plan for meeting the 2030 targets on poverty reduction attempts to map out an implementable framework that needs public institutions to design and set up developmental interventions that are responsive to the needs of the poor. It also provides parameters for continuous assessment and measurements of outcomes and the impact of the development programme interventions comprehensively. It is for this reason that the pathways out of poverty document is developed to guide the conceptual thinking of the plan.

National Development Agency Turnaround strategy and 5-year strategy

The NDA mandate is enshrined in the National Development Agency Act of 1988, as amended. The NDA Act, states in its preamble, that the aim of the establishment of the National Development Agency is to promote an appropriate and sustainable partnership between the Government and civil society organisations to eradicate poverty and its causes. It further defines the primary objective as contributing towards the eradication of poverty and its causes by granting funds to civil society organisations for the purposes of carrying out developmental projects or programmes aimed at meeting development needs of poor communities and strengthening the institutional capacity of other civil society organisations involved in direct service provision to poor communities.

The NDA is, therefore, entrusted by the state with a legislative mandate of contributing to the eradication of poverty and its causes in South Africa. This mandate suggests that the NDA's main preoccupation is to implement innovative developmental solutions to move those classified to be poor out of that condition to a position of self-sustenance. The NDA turnaround strategy provided a strategic long-term framework for designing and implementing programmes and projects aimed at poverty eradication with all its causes. The turnaround strategy was the basis used by the NDA to formulate its 5-year Strategy 2024-2029, which has adopted a poverty eradication approach towards its interventions. This fundamental shift from a service delivery model that focused on civil society organisations (CSO) development to an approach that focuses on poor individuals and families to achieve sustainable livelihoods, would require reforms of its operational interventions design. The new poverty eradication approach would also need to develop capacities to advocate and lobby to influence changes in the legislative and policy environment to support efforts to eliminate poverty for those that are targeted by the interventions. In addition, it must find an appropriate space in the Presidency acceleration plan to achieve NDP targets by 2030 to effectively demonstrate its contribution towards poverty eradication. The NDA has also repurposed its secondary mandate to a tool for the lobby and influencing development policies to be supportive of the achievement of poverty eradication and its causes.

The NDA has concluded the processes for the development of its turnaround strategy and finalisation of its 5-year Strategic Plan 2024-29. The NDA turnaround strategy proposed a new development model that responds to its mandate. The strategic plan of the NDA premise itself in four critical outcomes for poverty eradication:

- **Community-driven projects to build self-sustainable communities**, using community-owned entrepreneurship concepts - this suggests the creation of solidarity economies.
- **Increased access to resources** for target Community Owned Enterprises – this suggests resources, human, financial and non-material resources will drive the sustainability of these enterprises.
- **An enabled environment for sustainable development** – this suggests the development, social, and economic reforms will be used to drive poverty out of communities.
- **NDA's capacity to deliver** on its mandate - this suggests, an NDA fit for purpose to deliver on poverty eradication interventions.

There has been debates and views within the NDA, the Social Development Portfolio and government in general, on the definition of “civil society organisation” as envisaged to partner and collaborate with the NDA as it designs and implements its poverty eradication interventions envisaged by the NDA Act. Even within the NDA, the definition of who is a civil society or who is not has confined the NDA design and implementation of poverty interventions, within the prescripts that govern the public sector – the Public Financial Management Act (PFMA). The source of the limitation is the definition of civil society organisation – which is found in the NDA Act which should be the working definition of the Agency. The NDA Act defines civil society organisations to mean “*a trust, company or voluntary association established for a public purpose, but does not include an organ of state.*” This definition has been seen as broad and difficult to target as it is inclusive of organisations that may not have any designated registration authority to comply with government funding as per the PFMA prescripts on public sector funding requirements.

Understanding, comprehension, and application of this definition have always affected the design, targeting and measurements of NDA programmes and interventions over the years. Some, in government, have seen the NDA's efforts in addressing its

mandate as duplication, encroachment and or lack of the NDA's abilities to establish and define its niche in the poverty eradication space.

This has been, in part, one of the core reasons for the NDA to embark on its turnaround strategy project. Grabbling with defining the target audience for poverty eradication interventions that produce sustainable livelihoods for poor individuals, families and communities as an outcome. To achieve this outcome, the NDA needed to redefine the specific groups of CSOs as defined by the NDA Act. This step by the NDA processes would assist the NDA not to be seen as an "encroachment" to other departments' mandate but be seen as contributing to the acceleration of poverty-targeted interventions across government institutions and civil society sector with a mandate of fighting poverty in South Africa.

The NDA turnaround strategy comprehends that the levels of poverty in South Africa cannot be effectively addressed and responded to by a single entity of the state, but a coordinated response from all state organs working through a framework with pathways that respond to individuals, family and most importantly poor communities inflicted by the outcomes of being poor.

The rationale for the new 5-year strategy is the premise of creating sustainable development approaches for the millions of families and individuals who are trapped in the cycle of poverty with very little prospect of migrating themselves out without

Figure 10: District and municipal view of poverty 2016

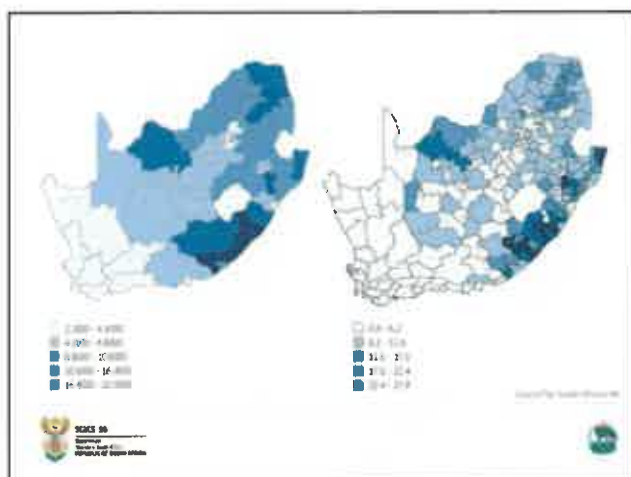


Figure 11: Mapping the poverty headcount by ward 2011



Source: Statistics South Africa Poverty Maps

support from the government. The NDA, through this new strategy, has defined its model and approach towards poverty eradication. The approach or model recognises the complexities of fighting poverty, it therefore, adopted a multi-layered model which intervene where poverty is manifested. Statistics South Africa data shows that poverty is experienced at individuals and families' abilities in meeting their basic needs. The larger the aggregated families and individuals in poverty in a community, the more poverty is pronounced or visible in the area (community). In South Africa, we have large parts of poverty-stricken communities, where most of the economically active population is not engaged in any sustainable income economic activities.

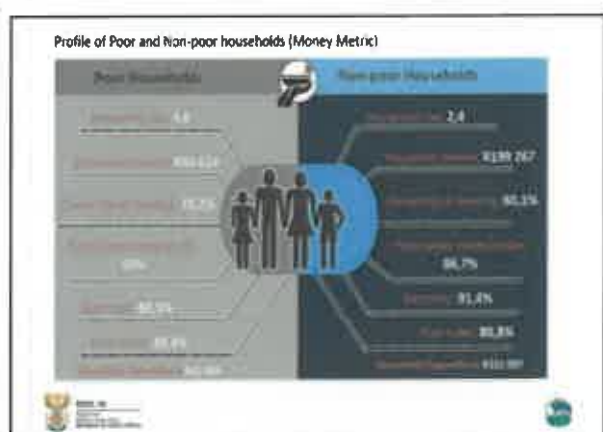
The poverty maps show that the severity of poverty is area-specific in South Africa. The mapping of poverty by headcount by ward, 2011 shows where individuals afflicted by poverty are located. The pattern resembles the district and municipal poverty 2016, which presents household poverty levels. In both maps, poverty is concentrated in the Eastern Cape, KwaZulu Natal, Mpumalanga and Northwest Provinces.

It is for this reason that the NDA strategy identified targeted population groups, household types and individuals in specific geographic locations as the building block for poverty eradication developmental interventions. The NDA has defined its target beneficiaries as those individuals and families who are dependent on others to meet their daily needs. It also states that its focus areas are geographic locations with a high concentration of population of people and families who are dependent on state social security protection programmes for their livelihoods.

Figure 12: 3.6 million indigent households identified by municipality

Province	Indigent households	State	Electricity	Sanitation and water	Social grant management
Western Cape	379 639	362 571	385 839	257 815	357 818
Eastern Cape	797 783	818 372	307 832	214 586	221 588
Northern Cape	73 831	87 035	68 548	81 200	62 941
Free State	178 740	147 204	184 215	144 414	148 737
KwaZulu-Natal	708 208	843 280	296 234	347 732	489 588
North West	162 170	36 482	148 386	74 842	79 879
Gauteng	462 221	344 844	407 788	384 322	814 206
Mpumalanga	109 319	163 125	158 847	91 791	92 884
Limpopo	307 163	127 500	121 448	44 803	42 480
South Africa	2 831 442	2 819 433	2 024 147	1 782 888	2 285 963

Figure 11: Mapping the poverty headcount by ward 2011



Source: Statistics South Africa; SAMPI

The NDA strategy requires the NDA to intervene at a family unit – household - as an approach towards poverty eradication. Households' poverty is far complex to address in South Africa. The complexities at household level are structural in nature due to bad and inhuman policies that forced families to be absolute. The colonial policies treated non white families as sub-human structure of a community. Every assert a family had was systematically grabbed and destroyed by the imperialist governments leaving nothing for non-white families to sustain their livelihoods. This period was followed by a brutal system by the Afrikaners government of apartheid. This system did not only destroy the concept of non-white families but enacted laws that would take more than centuries to completely eradicate its impact on the post-apartheid period. The post-apartheid has also complicated the family environment as a unit that forms a community. The adoption of neo-liberal economic and development policies adopted by the democratic government has not addressed the legacies of colonialism and apartheid. These policies may have unintentionally aided the exclusion of most black Africans from owning the means of production and fully participating and benefiting from the South African economy.

Statistics South Africa reported that there are over 3.6 million indigent households in South Africa. Over 2.4 million (66.9%) are found in three provinces (Eastern Cape, KwaZulu Natal and Gauteng). These households cannot afford the payment of municipal services they are exempted from payment and the cost is carried by municipalities. The profiling of poor (indigent) and non-poor households by Statistics South Africa using money metrics as a measure of access to services showed a sharp contrast between the two sets of households. Non-poor households earn 4 times higher income than poor households. Non-poor households spent 5 times more money than poor households, whilst poor households have 2.5 more people living in the household compared to non-poor households. Fewer poor households have access to piped water inside the house or site compared to non-poor households. The NDA strategic interventions are aimed at changing the conditions experienced by poor households, such as the inequalities in access to services and the total dependency on social security services to protect them from abject poverty.

Figure 14: NDA strategic approach to poverty eradication

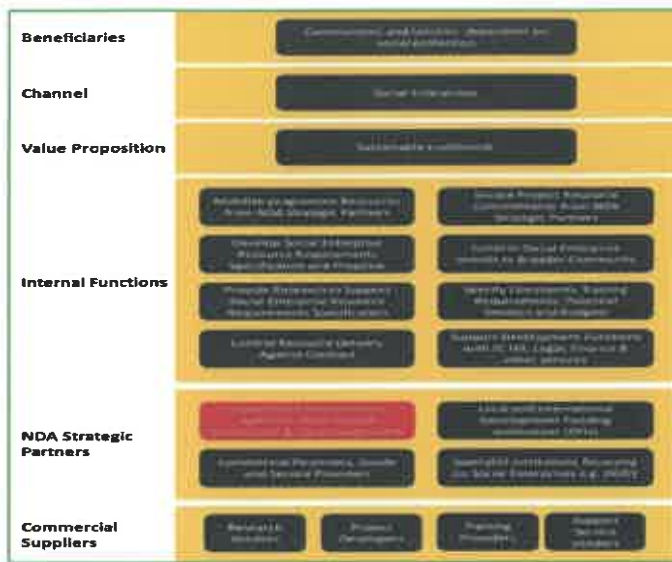
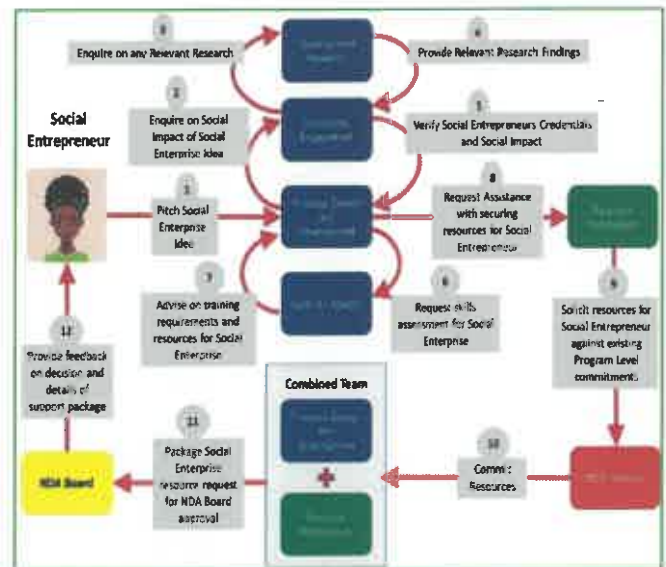


Figure 15: NDA poverty eradication service delivery model



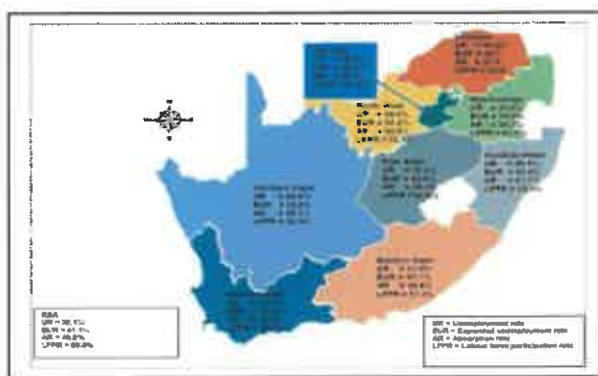
Source: NDA 5-year Strategy (2024-29) and Turnaround Strategy 2023

The NDA 5-year strategy and the government accelerated plan on poverty alleviation are key documents to address poverty causes comprehensively. Both documents recognise that the conditions and levels of poverty cannot be eliminated by developmental interventions only, but they require a conducive environment through legislative and policy frameworks reforms to ensure that those who want to actively participate in the economy are not excluded due to legislative and policy impediments. Design and execution of poverty eradication interventions in South Africa must have the development arm and creating enabling environment in consort to produce required outcomes and impacts against poverty. Targeting poor individuals and indigent households is an effective and appropriate approach to eradicate poverty eradication as envisaged by the NDA 5-year strategy document.

The NDA strategy identifies poor individuals and poor households as their primary target for poverty eradication interventions. The rationale is based on the high proportion of economically active age group (15-64 years) who are not economically productive to support themselves. One of the drivers of poverty in South Africa is high unemployment rates which have been surging up for more than a decade now does not show any signs of decreasing. Lack of appropriate skills and capacities for most individuals to create their income through their productivity. An economy that is shrinking rather than growing limits employment growth and the absorption of those

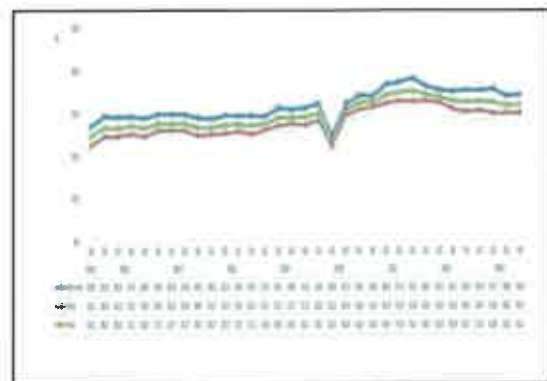
who have completed their academic qualification to be absorbed by the open job market. There are also many other contributory factors to high levels of poverty at the individual level not mentioned here. The recently released quarter 4 labour force survey by Statistics South Africa, shows that official unemployment in South Africa has gone up from 31.9% in the third quarter to 32.1% in the fourth quarter of 2023. The expanded unemployment rate in the period was measured at 41.1% in the 15-64 years age group known as the economically active population group.

Figure 16: Summary of the labour market measures, Q4:2023



Source: Statistics SA: QLFS, Q4: 2023

Figure 17: Unemployment rate by sex, Q4: 2015-2023

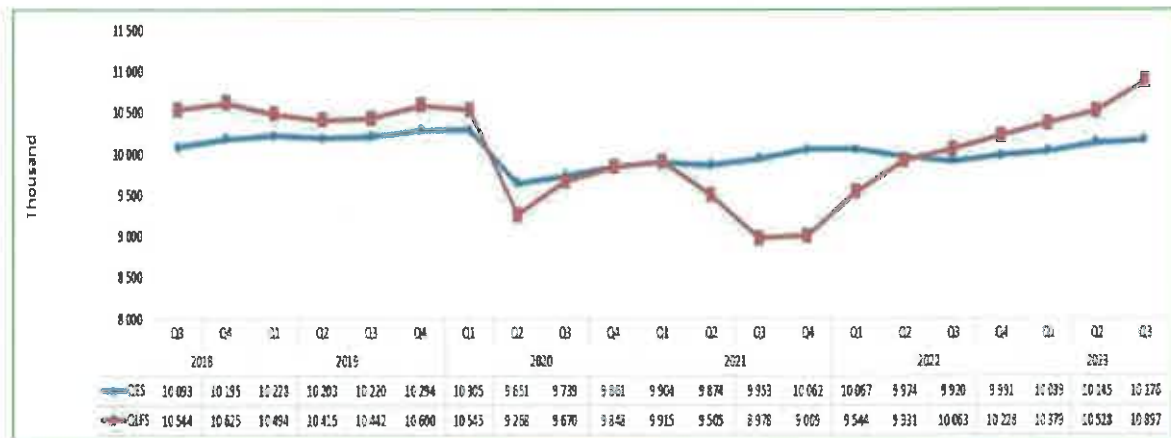


The unemployment patterns shown in this labour force provide a picture on where and how to design and deploy targeted poverty eradication interventions. Of the 9 provinces, 5 provinces have higher than the official average unemployment rate. Interesting, Gauteng an economic hub of South African economy recorded 33.8% official unemployment rate, 1.7 percentage points above average. However, on expanded unemployment, of the 9 provinces 7 provinces recorded above average and Gauteng and the Western were the two provinces with lower-than-average economic active populations classified to be below average of this measurement. These seven provinces had not only a rate on expanded unemployment rate but also a very low labour force absorption rate and labour force participation. This suggests that South Africa has high levels of unproductive population and, thus needs different methods and approaches to create a productive society.

The unemployment trends, 2015 – 2023, show that unemployment is steadily increasing but confined to between 25% and 35 % mark over the period. This confirms the low employment absorption rate and below-average labour force participation rate.

Formal sector employment has shown not to be resilient to economic shocks. When the quarterly labour force survey and the quarterly employment surveys were compared for the same period, 2018-2023, the quarterly employment survey employment trends dropped significantly during the COVID-19 years, 2020-2022. Although between 2022 and 2023 it started to rise and is performing higher than those measured through the labour force survey.

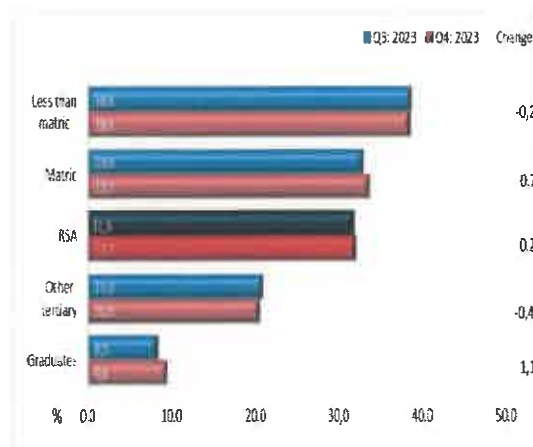
Figure 18: Formal sector (non-agriculture) employment trends in QLFS and QES Q3:2018 – Q3:2023



Source: Statistics SA: QLFS, Q4: 2023

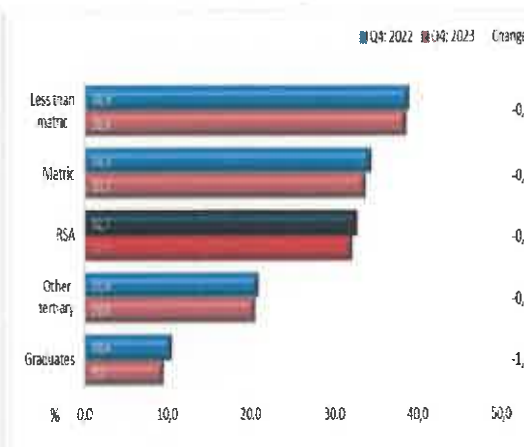
South Africa has made significant gains in the education sector. Enrolments in basic education and tertiary education has significantly increased since 1994. This means most children and young adults are in one form or another of the education system. Not just only enrolment that has significantly increased, but also the completion rate in these institutions.

Figure 18: Unemployment rate by education level, Q3:2023 and Q4:2023



Source: Statistics SA: QLFS, Q4: 2023

Figure 19: Unemployment rate by education level, Q4:2022 and Q3:2023



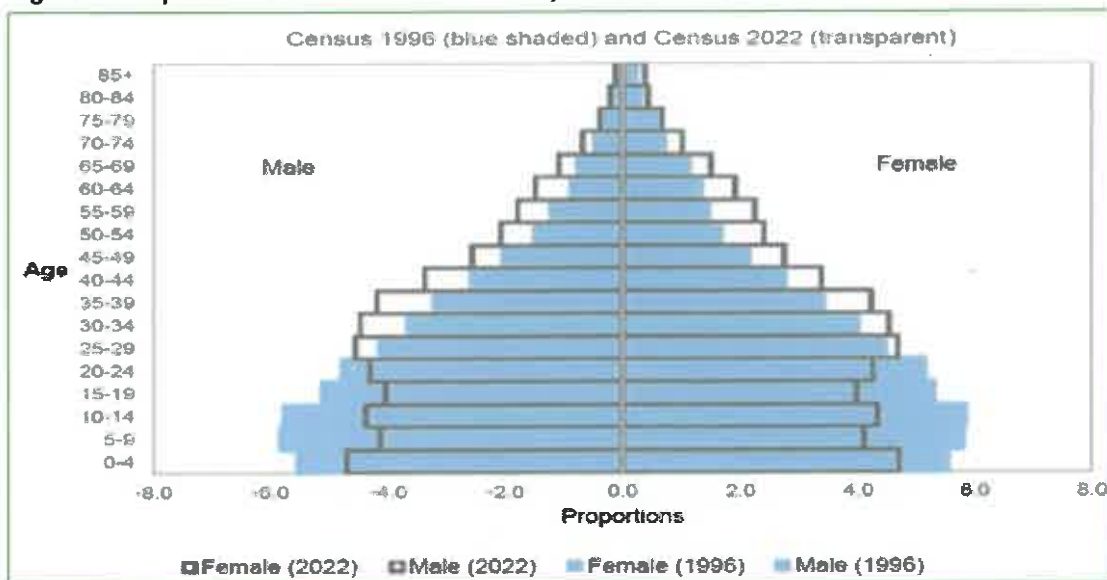
However, these gains have not translated into productivity. The assumption here is that possession of a tertiary education qualification will enhance an individual likelihood of being in gainful employment or economic productive. However, the labour force survey unemployment results show a significant proportion of people with tertiary qualification, 20.6%, and graduates, 9.6% to be unemployed. This may mean the labour market is not creating enough jobs to absorb these graduates or the economy is selective in the types of qualifications needed. We therefore need to create an alternative to the formal labour markets to absorb the skills produced by the education system or expand the means of production to open for those who are excluded from participating in the economy.

StatsSA published the 2022 Census report,³⁷ which provided information on the status of the population in South Africa. In relation to poverty reduction or elimination intervention, there is useful information from the census report for targeting specific population groups and geographical locations. The Census reported between the 1996 census count and 2022, the population has grown at an average of 4.1%. The total headcount has grown from 40.5 million in 1996 to 62 million in 2022. What is significant is the changes in the population structure.

In 1996, the South African population structure was characterised by a youth bulge. In the 2022 census, there is a significant reduction of the 0-24 years age group between the 2016 and 2022 census data. It also shows increases in all the above 24 years age groups, which may indicate the population is slowly becoming ageing, thus losing the benefits of having a youthful population.

³⁷ Statistics South Africa. (2023). Census 2022. Pretoria, South Africa.

Figure 20: Population structure of South Africa, Census 1996 and 2022



Source: Statistics SA: Census 2022

The changing population structure has both positive and negative implications for the country in economics, development, and social terms. The current structure shows that South Africa is losing its youthful population, thus losing in the benefit of having young population group, called “demographic dividend”³⁸ as a feeder to active, skilled labour force. South Africa is also grappling with its shrinking youthful population that is not in employment, education, or training (NEET). This suggests the young people between the ages of 15 – 34 years as the population structure shifts and more adults become the larger share of the population structure, the skilled labour force would not benefit from the growth required to sustain the population. The advantage of a smaller young population which, in theory, would have reduced the investment demands, such as education, health etc would be shifted to support social spending to support the middle age population growth for sustainable livelihoods.

³⁸ Experts in population studies and policy defines demographic dividend as economic growth that may result from changes to a country’s age structure, due to the shift from people living short lives and having large families to living long lives and having small families. Because of this change in age distribution, fewer investments are needed to meet the needs of the youngest age groups and resources are freed up for what is called the “economic gift.” This means that the labour force is growing more rapidly than the population that is dependent on it, creating a window for faster economic growth and family welfare. In theory, at the micro level, this transition can result in better living standards for families and higher incomes per person while at the macro level, it can have significant gains in the economic development of a country.

Figure 21: NEET rate for youth aged 15-24 years by sex

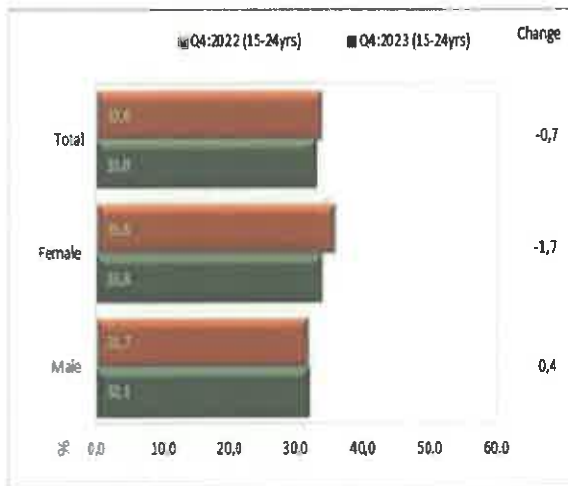
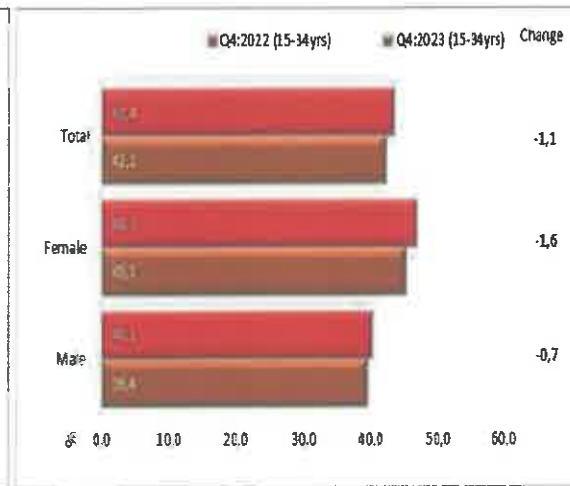


Figure 22: NEET rate for youth aged 15-34 years by sex



Source: Statistics SA: QLFS, Q4: 2023

The fourth quarter labour force survey reported 33% of the people aged between 15 – 24 years were not in employment, education, or training. The total youth cohort, those between 15 – 34 years the proportion significantly increase to 42.2%, this means almost half of the youth population in South Africa is not productive to contribute to the growth of the South African economy.

The conditions faced by households and individuals, including the youth, in South Africa need strategies and programmes that are pro poverty eradication in their core. The NDA 5-year strategy approaches has fundamentally shifted from all the strategies developed for the Agency in previous years. This strategy is aligned with the bigger picture of creating productive individuals and communities using community-driven and owned development programmes. Using “community-owned enterprises” rooted in cooperation and partnerships among members of communities brings with it a more sustainable approach towards poverty eradication.

The configurations of the NDA strategy interventions, if fully implemented and adopted by the government, overtime it may change the current topology of poverty in South Africa. The investments on poverty alleviation or reduction by the state are likely to realise or achieve tangible benefits that directly benefit the poor population. South Africa has a significant number of unemployed graduates which has not been acknowledged as community asserts. The country has also a significant proportion of unemployed literate people, those who completed matric currently not contributing to

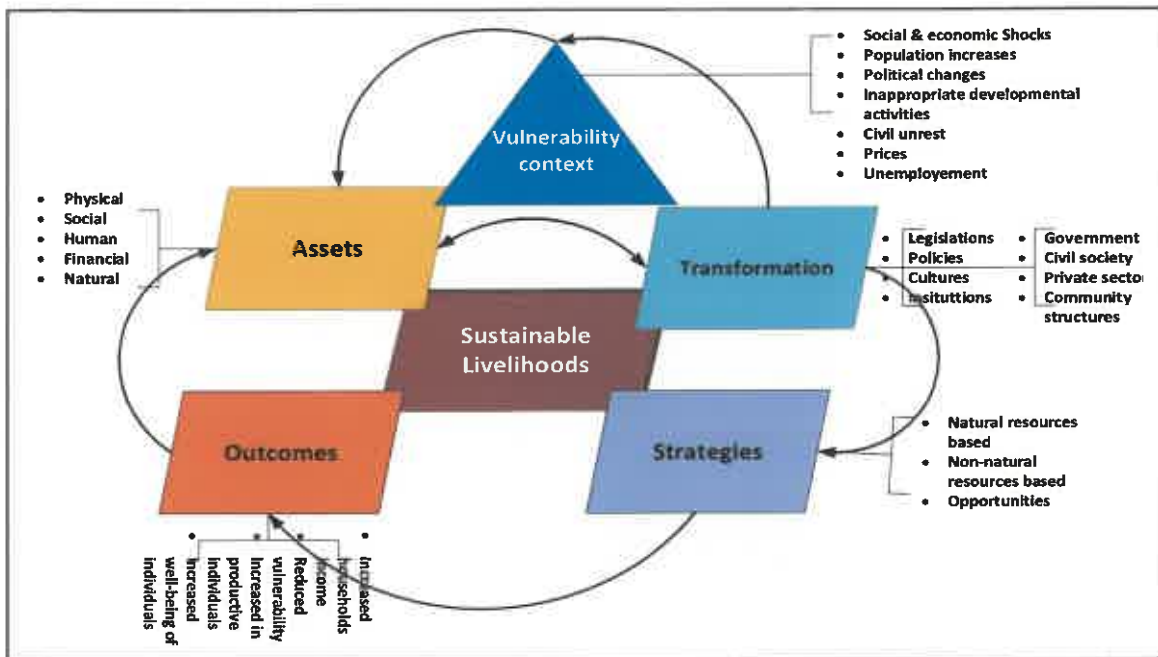
better their livelihoods through employment or participating in any gainful economic activity. These human resource asserts exist in the different communities, but they have not seen themselves as asserts or defined as latent asserts in any community is in so far as economic productivity is concerned. These individuals, who are currently unproductive, have the potential to create new community-owned industries across all sectors of the community. They have the potential to create new jobs that cannot be absorbed by the existing industries and to also diversify the current South African economic structure and open the economy up to be inclusive.

The NDA 5-year strategy has its spine from the NDA turnaround strategy. The concepts of cooperatives, community-owned enterprises and social enterprises are the spine of the NDA strategy. These concepts are known and used worldwide for development, economic empowerment for the poor and the creation of sustainable income and livelihoods for individuals and families that are poor. Development interventions designed based on these concepts, which espouse values of cohesion, trust, respect, cooperation, collaboration, and common cause are radical in nature. For these concepts to produce effective interventions they need to be approached through a “bottom-up approach”, where individuals and communities view themselves as owners and control the destiny of the benefits brought by their efforts. This concept paper discusses and provides examples of these concepts as developmental tools for poverty reduction and eradication.

Sustainable livelihood concepts for pathways out of poverty

It is recognised that more attention must be paid to the various factors and processes which either constrain or enhance poor people’s ability to make a living in an economically, ecologically, and socially sustainable manner. The sustainable livelihood concept offers a more coherent and integrated approach to poverty.

Figure 23: Sustainable livelihoods interventions design model



Adapted from FAO – Module 2 Training Manual: Sustainable livelihoods framework (2005)

Chambers and Conway (1992)³⁹ proposed that a sustainable livelihood which is applied most commonly at the household level should comprise the capabilities, assets (stores, resources, claims and access) and activities required for a means of living. They further said a livelihood is sustainable when it can cope with and recover from stress 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. The United Nations⁴⁰ advocating for sustainable livelihoods states, that sustainable livelihoods could serve as an integrating factor that allows policies to address development, sustainable resource management and poverty eradication simultaneously.

This concept paper will discuss only three enterprise development approaches that can be used for sustainable livelihoods in the context of South Africa. The NDA turnaround strategy proposed the use of these concepts for poverty eradication intervention models. The NDA 5-year strategy adopted the concepts of community-

³⁹ Chambers R and Gordon C. (1992). *Sustainable Rural Livelihoods: Practical concepts for the 21st Century*. IDS Discussion Paper 296, IDS, Brighton, UK.

⁴⁰ UNDP. Promoting Sustainable Livelihoods: A Briefing Note Submitted to the Executive Committee, June 4, 1997

owned enterprises, cooperatives enterprises and social enterprises as vehicles to address poverty at community level. These concepts they also fit well with the NDA mandate of working through civil society organisations with capacity to deliver its mandate of poverty eradication. All three types of structures fall within the definition of civil society organisations.

Community-owned Enterprises Concept

The community-owned enterprises (COEs), also referred to as community-owned business (COBs). Community-owned enterprises are often confused as small or medium size business, owned by individuals for economic reasons. However, community owned enterprises are a concept that needs to provide key and useful elements for community development, especially in tackling unemployment and poverty. The fundamental reason for communities to create such enterprises is to achieve a collective sustainable livelihood and the sharing of income and resources to improve the standard of living. Therefore, community-based entrepreneurship is a shift from the traditional enterprise models of creating individual wealth. Community-owned enterprise, as a development concept, can be used as a viable tool for bridging the development gap between poor communities and affluent communities to equitably create sustainable livelihoods. A major issue in developmental activities is that projects are generally conceived and implemented by outside agencies rather than by local community members. This has often led to a lack of ownership on the part of the local population and beneficiaries. It is exemplified by the fact that once the finances of a project dry out, the interest of the local population also recedes. Identification of this trend has forced several international and domestic agencies to conceive and implement projects with enhanced local participation.⁴¹

Mkhize (2020)⁴² considers community-based entrepreneurship (CBE) as a viable approach for bridging the gap between people living in the mainstream economy and the Bottom of the Pyramid (BoP), especially in rural communities of developing nations such as South Africa. Although it is commonly acknowledged that enterprise development is a crucial element in the process of economic development, numerous

⁴¹ World Bank (1996) cited in Parwez,S (2017). Community-based entrepreneurship: evidence from a retail case study. *Journal of Innovation and Entrepreneurship*, 6 (14), 2-16

⁴² Mkhize, Derera & Ganiya (2020). *The role of sense of belonging on the success of community-based agricultural enterprises in KwaZulu-Natal, South Africa*. *Journal of Contemporary Management*. Volume 17 (2): 1-20.

projects aimed at promoting small businesses have not been successful. Maria-Costanza Torri (2010)⁴³ proposed the conditions under which community-based enterprises could be used as an alternative model of entrepreneurial activity to enhance rural livelihoods and promote socio-economic development. Peredo & Chrisman (2006:309)⁴⁴ and Parusottama *et al.* (2018),⁴⁵ posit that community-based entrepreneurship is a concept that emerged from the need to provide sustainable local economic development among the poor populace mostly located in rural areas. This involves creating cooperative relationships in which resources are exchanged to create value among all parties, Ratten and Welppe (2011)⁴⁶ conclude that many governments globally have seen the benefits of CBE because of its potential to transform society and improve the standard of living of the people.

The design of legislation and policy at the national and global level uses concepts of entrepreneurship and economic development that fail to understand the effect and to some extent the implications on essential features of venturing into impoverished communities in developing countries, such as South Africa. The entrepreneurship concept is understood and approached as business ventures that are created by an entrepreneur acting solely or as part of a small team of individuals to create wealth or income for the individual or small group owner.

The concept of entrepreneurship or enterprises applies to not only those who created means of production from an economic sense but even those who create economic activities for social and developmental reasons. According to Peredo and Chrisman (2006),⁴⁷ community-based enterprises are created by community members acting corporately as the solution to respond to poor communities to address poverty challenges through income generation for members of the community. This suggests

⁴³ Maria-Costanza Torri (2010). *Community-based Enterprises: A Promising Basis towards an Alternative Entrepreneurial Model for Sustainability Enhancing Livelihoods and Promoting Socio-economic Development in Rural India*. *Journal of Small Business & Entrepreneurship*, 23:2, 237-248.

⁴⁴ Peredo AM and Chrisman JJ. (2006). *Toward a theory of community-based enterprise*. *Academy of management Review* 31(2):309-328.

⁴⁵ Parusottama A, Trilaksono T, Soehadi AW. (2018). *Community-Based Entrepreneurship: A Community Development Model to Boost Entrepreneurial Commitment in Rural Micro Enterprises*. *MIX: Jurnal Ilmiah Manajemen*, Volume 8, No. 2, June 2018.

⁴⁶ Ratten V and Welppe IM. (2011). *Community-based, social and societal entrepreneurship*. *Journal of Entrepreneurship and Regional Development* 283-286.

⁴⁷ Peredo AM and Chrisman JJ. (2006). *Toward a theory of community-based enterprise*. *Academy of management Review* 31(2):309-328.

that community-based enterprise concepts must be seen as a developmental solution to an economic problem, in this case, high poverty levels and creating economic participation and means of production for those in poor communities.

Community-ownership models are characterised by local stakeholders owning most of the venture, voting rights and the control rest with a community-based organisation. The socio-economic benefits of the venture are therefore distributed at the local community level. The innovative aspect of community-ownership business models lies in the role of the community and its participants, which goes beyond the core business of the venture. Nowadays, community ownership models cover the entire venture, for example, an agricultural venture to provide vegetables can include the growing of the vegetables, packaging, supply chain and end-user markets.

While community-owned ventures have various purposes, they typically focus on creating social benefits. One major benefit of community ownership models is that communities are less reluctant to expand their benefits or return on investment. Opposing ideas to grow their production capacities to meet the demand for products and services provided by the venture are significantly reduced, and the “not in my backyard” effect is diminished as communities become part of and actively involved in the project. This creates a sense of ownership that in turn can empower a community greatly, especially if the venture is addressing their socio-economic needs for a sustainable livelihood and less dependency, they develop a bigger sense of attachment to the venture and the community through their active involvement. This is observable in rural areas and poor communities where attachment – together with job creation (decent jobs) – can play a crucial role in, particularly young, people’s decision to stay or return to places with otherwise declining and ageing populations. Another important social benefit of community ownership is the consciousness and ability to take control of their lives and future created among members of a community, which can go beyond consumption to the production of goods and services.

The advantages of community-ownership models allow costs to be shared, which lowers upfront investments and therefore enables larger deployment of decentralised products and services at the local level. They also encourage people to unite and act on socio-economic challenges specific to their communities, while encouraging solidarity and co-operation. While community-owned ventures have various purposes,

they typically focus on creating benefits for the community. In addition, products and services developed under community ownership can provide flexibility in how the products are financed, produced, packaged, and accessed by community members, including the payment system used to improve revenue collection mechanisms.

Community-owned enterprises have played a significant role in addressing poverty, fostering local economic development, and driving social transformation in various parts of the world. For example, the Working World (Argentina, United States), a nonprofit organisation that supports community-owned enterprises globally provides accessible loans, technical assistance, and mentorship to help grassroots initiatives start or expand their businesses. The organisation has empowered communities by promoting economic self-determination, job creation, and sustainable development.

The Cooperative Enterprise Concept

When the United Nations International Year of Cooperatives (IYC) ⁴⁸ concluded its session in 2012, it reported overwhelming success stories from developing and developed countries, including India, Brazil, China, Kenya, Rwanda, Ethiopia, Italy, France and the United States. Of the developing countries, over the past decade, they have reduced their unemployment rate, increased their economic growth and had sustainable economies, some of their economic success can be partly attributed to their cooperative policies and strategies adopted and implemented by these countries.

Some of the examples presented in the session had an enormous economic benefit for the state and challenged the stereotype of big business and large infrastructure projects as economic drivers of a state. For example, they pointed out that the largest domestic agricultural food businesses in India – the Indian Farmers Fertilizer Cooperative (IFFCO) and the Gujarat Cooperative Milk Marketing Federation (widely known as Amul) – are both highly successful cooperative business models. Amul, which is owned by over three million small dairy farmers, mostly women, has helped elevate India as the world's largest milk producer. IFFCO partnered with Coop

⁴⁸ United Nations (2012). United Nations International Year of Cooperatives (IYC). United Nations, New York, USA.

Federee, a major agricultural cooperative in Canada, to invest in a hefty US\$1.3billion joint transnational cooperative venture for a fertiliser plant in Quebec.

In Brazil, a clearly defined government policy aimed at helping rural people, through cooperative businesses, has seen a massive reduction in poverty and inequality in the rural areas of the sprawling South American nation. In Kenya, cooperatives account for nearly half of the country's gross domestic product (GDP), while in Rwanda the cooperative economy has gone from zero to 8% of GDP over the last 10 years. The cooperative model of business could be a valuable tool in building sustainable, grassroots agricultural businesses in South Africa, Examples such as in Italy where about 90 % of the production of parmesan cheese comes from cooperatives, while nearly all the champagne produced in France is the result of cooperatives.

A roadmap for the future of cooperatives in South Africa, first and foremost, should be guided by the National Development Plan, Vision 2030. The short and intermediate terms, action plans with specific outcomes must provide a preliminary roadmap for coordinated activities and policies concerning cooperatives. Over the longer term, the cooperative programme must anticipate that cooperatives will continue to grow, not only in terms of business and public visibility but also regarding the transformation of the economic landscape and policies.

The cooperative programme plan seeks to align cooperative objectives and action on this front with those of the National Development Plan and the call by the government to implement radical socio-economic transformation programmes by state departments and agencies to stimulate economic growth. The NDA recognises that cooperatives are crucial to people empowerment, employment generation, social protection, social cohesion and tolerance. Cooperatives have an increasingly significant role to play in the future economy and its development trajectory. Currently, youth unemployment and food security are major priorities for South Africa, so government departments and state agencies must provide the necessary support so that cooperatives can effectively direct efforts to address these issues of development and economic empowerment.

Even the developed world, they have used cooperatives as a muscle to sustain their economies, for example, the Ocean Spray, in the United States, described as one of the world's largest cranberry producers, registered a 20% increase in sales in 2011.

The world's largest 300 cooperatives, primarily in the insurance and food and agriculture sectors, generated revenues of US\$1.6 trillion and employed nearly 100 million people worldwide. Even in the once-troubled Eurozone, cooperatives have also demonstrated that generally, they are more resilient to the downturn than non-cooperative businesses, while cooperative banks are protective agents against market failure. In Spain, the Mondragon worker's cooperative has seen its members vote for two years running now to take pay cuts rather than lose people this shows a recognition of the value of human capital in business. All of this means that cooperatives are sustainable businesses and supporting and promoting them will help ensure we can climb out – and stay out of the financial crisis in which so much of the world once again finds itself.

Cooperatives hold a key to a radical transformation of local economies and development in South Africa, but so do governments, civil society and the private sector in reducing poverty, inequality and unemployment for all. The cooperatives sector is pervasive, it cannot be just restricted to agriculture and farming cooperatives, it touches every part of business, including insurance, banking, health, housing, retail and education as these sectors can thrive better with a strong cooperative business share component. Cooperatives are a significant feature of the South African economy where vulnerable groups, who would otherwise be reliant on the state for support, or be part of the long-term unemployed, can have equal opportunity of starting and successfully running their cooperatives. Cooperative enterprises have made significant contributions to addressing poverty, fostering local economic development, and driving social transformation.

Social Enterprises Concept

Teasdale (2012)⁴⁹ asserts that recent academic interest in Social Entrepreneurship (SE) has identified two important contextual considerations. First, a historical review finds that the meaning of SE has changed over time. Whilst Kerlin (2010)⁵⁰; Peattie &

⁴⁹ Teasdale S. (2012). What's in a Name? Making Sense of Social Enterprise Discourses. *Public Policy and Administration*, 27(2), pp. 99-119.

⁵⁰ Kerlin, J. A. (2010). *A Comparative Analysis of the Global Emergence of Social Enterprise*. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 21(2), pp. 162 -179

Morley (2008)⁵¹ and Nyssens (2006)⁵² argues that from a temporal perspective, the concept of a social enterprise is not a new organisational form, but a product of the evolutionary development of non-profit or voluntary organisations, cooperatives and mutual organisations. The concept of social enterprise mainly refers to a dynamic of commercialisation at work within the non-profit sector – a phenomenon of NPOs which increasingly rely on the market to finance their activity. Nyssens (2006)⁵³ also associated this concept with the dynamics of ‘social entrepreneurship’ developed by businesses which seek to stress the social impact of their productive activities. The United Nations Development Programme, UNDP (2008)⁵⁴, states that social enterprise does not seek to supplant existing concepts for the third sector such as the social economy or the non-profit sector. Rather, it is intended to bridge these two concepts, by shedding light on features of the third sector that are currently becoming more prevalent: entrepreneurial activities focused on social aims.

Rao and Marwah (2018)⁵⁵ argue that social entrepreneurs emphasise social problems, and then come up with innovative initiatives to build new social arrangements which help to mobilise resources for problems of the market or commercial criteria. There are different definitions in literature defining social entrepreneurship. Literature reveals more than a dozen different definitions of social entrepreneurs and social entrepreneurship.

Encouraging the growth of social enterprises that combine business models with a social or environmental mission that creates economic opportunities while addressing social challenges. Poverty reduction in rural areas is an important development goal concerned by the international community, but the traditional poverty-reduction methods have certain drawbacks. Social entrepreneurship, with its innovative way of solving social problems, has gradually become a new sustainable development path to solve rural poverty. Social entrepreneurship is the process of identification,

⁵¹ Peattie K. & Morley A. (2008). *Eight paradoxes of the social enterprise research agenda*. Social Enterprise Journal, 4(2)

⁵² Nyssens M. ed.(2006). *Social enterprise at the crossroads of market, public policy and civil society*. In: *Social Enterprise: At the Crossroads of Market, Public Policies and Civil Society*.

⁵³ Ibid

⁵⁴ UNDP (2008). *Social Enterprise: A new model for poverty reduction and employment generation*

⁵⁵ Rao R K, Arora S & Marwah P. (2018). *Social Entrepreneurship: A Few Case Study*. International Research Journal of Commerce Arts and Science, 9(3)

development, and realisation of social opportunities. Zhang, et al., (2022),⁵⁶ are of the view that multidimensional rural poverty creates different social opportunities, including social opportunities in social, economic, and ecological poverty. Enterprises integrate farmers into their value chain to develop and realise social opportunities, which is a sustainable means of poverty alleviation.

Where else, Steiner & Teasdale, (2019),⁵⁷ argues that social enterprise could represent a means of tackling rural challenges by providing sustainable economic development, addressing the withdrawal of public services, and promoting community cohesion. Steiner & Teasdale, (2019),⁵⁸ further suggest that social enterprises can potentially enable an integrated approach to addressing local issues at the local level. Moreover, they can create locally responsive services that fit the rural context. However, unlocking the potential of rural social enterprise may require moving beyond traditional policy silo approaches that treat economic development, community cohesion and public services as separate and disconnected since national policy-making frameworks have not always translated into practice at the rural level.

Additionally, policy treatment of social enterprise needs to move beyond efforts to 'scale up' and achieve economies of scale. Collaborations between groups of social enterprises, and between social enterprises and public authorities can lead to economies of scope, particularly where strong trust-based relations within communities' harness self-help and the co-production of services. With appropriate guidance and support, many rural challenges and needs could be transformed into opportunities for social enterprise development. Social enterprises, across the globe, have achieved success in addressing poverty, fostering local economic development, and driving social transformation.

Discussion

The literature shows various models can be used to turn around poor communities from being sole consumers of goods and services imported elsewhere to become producers of the goods and services consumed by local communities. These models

⁵⁶ Zhang X, Sun Y, Gao Y & Dong Y. (2022). *Paths out of Poverty: Social Entrepreneurship and Sustainable Development*. *Frontiers in Psychology*, 30 November, 13(2022)

⁵⁷ Steiner A. & Teasdale S. (2019). *Unlocking the Potential of Rural Social Enterprise*. *Journal of Rural Studies*, 70(2019)

⁵⁸ Ibid

are usually presented as distinctly separate units of approaches towards achieving a similar goal. Parusottama *et al.* (2018)⁵⁹ state that, these models, social enterprises, cooperatives, and community-owned enterprises are applied as a mixture of parts or components of the application required to achieve urban centres, thereby stemming the tide of rural-urban migration.

The literature suggests that to mount interventions for poverty eradication you need a developmental approach to be effective and achieve poverty reduction outcomes. It also cautions against using economic solutions to deal with poverty, especially the chronic poverty that South Africa is facing. It also states that the approach should be designed to have both developmental and economic approaches complementing one another – not use one at the expense of the other. Even the draft accelerated plan developed by the Interdepartmental National Working Group on poverty alleviation recommends five (5) areas of departmental interventions one of these areas is “enabling productive livelihoods” It aims to create 5 million sustainable livelihoods through income-earning opportunities outside the formal employment sector. It identifies personal skills development, an ecosystem of support, social capital and institutional development as drivers of this recommendation to meet the NDP targets on poverty alleviation. Outside the ecosystem of support, which is defined as job search, job linkages, finance, mentoring and counselling – the other three areas are critical for income earnings outside formal employment.

The high levels of poverty in South Africa require more than tools for integration of interventions at the service delivery point, but other aspects to ensure that they deliver the outcomes and impact. It requires, some targeted planned mechanisms for integration. Whilst the District Development Model (DDM) provides a model which can be used as an effective platform to address chronic poverty and overreliance on the state for basic needs, the model needs a mechanism and approaches to make it work. Access to poor people in South Africa is not a barrier for targeted interventions because they are registered in state agencies databases, such as the South African Social Security Agency (SASSA), municipalities, Unemployment Insurance Fund (UIF) and others. These databases have most of the people – the target audience - that

⁵⁹ Parusottama A, Trilaksono T, Soehadi AW. (2018). *Community-Based Entrepreneurship: A Community Development Model to Boost Entrepreneurial Commitment in Rural Micro Enterprises*.

need to be purposefully targeted for sustainable livelihood interventions of any poverty alleviation plan, as a starting point.

Sustainable livelihood interventions in South Africa will not yield the positive results expected in poverty alleviation and eradication if are aimed at creating employment as opposed to productive capacity to earn a sustainable income without being employed. The models presented in this discussion paper are aimed at building productive capacities from those who are seen to be outside productivity abilities because they do not have the skill sets, levels, complexities and capabilities including experience to find a job in the formal labour market. However, all poor communities, poor families and poor individuals have the skills, capabilities, and human resources to make a sustainable livelihood for themselves and their families. As the literature has pointed out the abilities of social entrepreneurship, cooperatives and community-owned enterprises can provide sustainable models for poverty eradication strategies and plans in a community faced with poverty challenges. These concepts target the population, target the required interventions and target the investments in resources.

The skills development used in these concepts is not directed to acquiring academic qualification but to match the productivity needs of all those who are participating to ensure they are earning or guaranteed a sustainable income. The financing invested in these concepts is not for consumptive purposes or short-term income but for investments in sustaining productivity.

South Africa has invested huge resources over the years in the consumptive economy, which by its very nature and design are meant for short-term relief. Poverty eradication efforts are more complex and multidimensional they go beyond relief of those living in poverty but create environments, through policies and legislative frameworks, strategies and plans that permanently move poor people out of poverty.

The success stories of the social enterprise model have demonstrated the potential for sustainable business models to address poverty, promote local economic development, and drive social transformation. Their success stories showcase the power of innovative approaches, community engagement, and a focus on long-term impact to create positive change in the lives of individuals and communities. Moreover, cooperative enterprise models demonstrate how cooperative ownership, democratic decision-making, and shared benefits can empower individuals, reduce poverty, and

drive local economic development. They showcase the potential of cooperative models to create sustainable businesses that prioritize social impact and foster inclusive economic growth.

The NDA turnaround strategy which has adopted a poverty eradication approach towards its interventions, would not require only reform of its operational interventions designs but also to influence changes in the legislative and policy environment to support efforts to eliminate poverty to those that are targeted by the interventions. Finding its appropriate space in the Presidency acceleration plan to achieve NDP targets by 2030, would give NDA an advantage in demonstrating its contribution towards poverty eradication and a better place to lobby for influencing policy and legislative environment that impedes the achievement of poverty eradication and its causes.

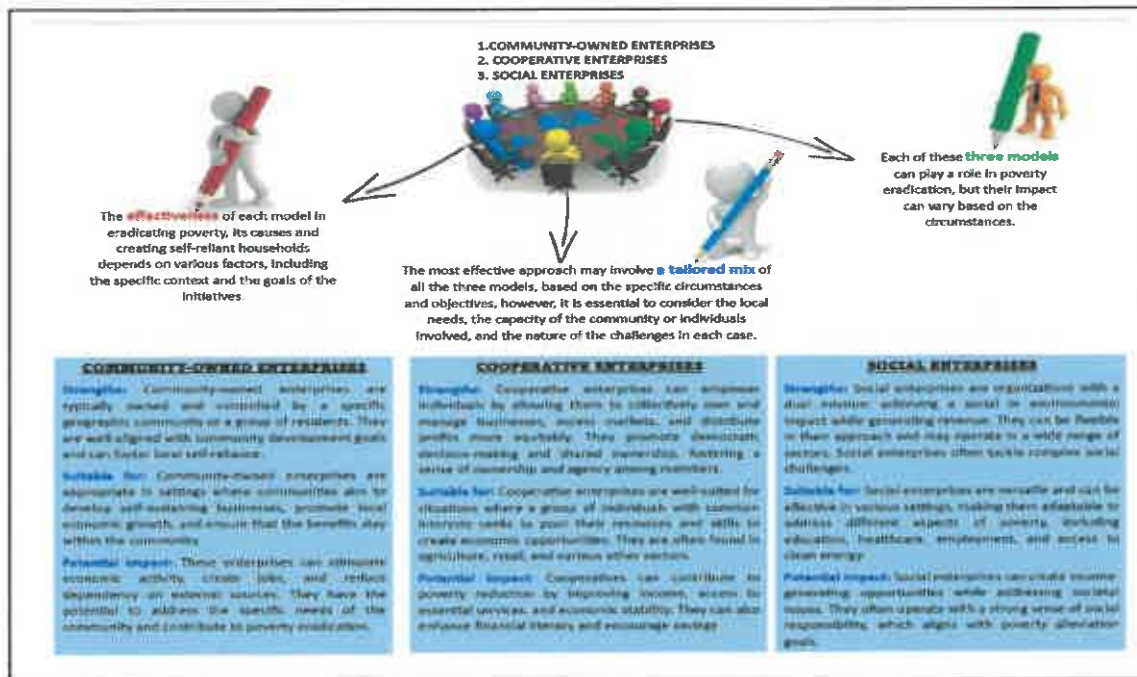
Conclusions and recommendations

“Overcoming poverty is not a task of charity, it is an act of justice. Like Slavery and Apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings”. “In this new century, millions of people in the world’s poorest countries remain imprisoned, enslaved and in chains. They are trapped in the prison of poverty. It is time to set them free.”
Nelson Mandela – London’s Trafalgar Square in 2005.

The concept paper is not a planning, policy, or operation document but rather aims to trigger debates and engagement on different development concepts that can be used in poverty eradication strategies and programmes. It also seeks to provide thought leadership on how

poverty reduction and eradication interventions can be approached from a conceptual point of view. We must state upfront that we are not arguing for better concepts nor comparing these concepts in relation to their effectiveness. However, we are presenting these three concepts: community-owned enterprises, cooperative enterprises and social enterprises as effective tools for poverty reduction and eradication efforts.

Figure 24: Strengths, suitability and potential impact of three types of enterprises on poverty



The review of literature and models of these enterprises, as a form of poverty reduction and eradication vehicles for South Africa, provided us with these conclusions:

- The effectiveness of these concepts is based on a bottom-up approaches in their design and implementation. Membership must be rooted in the communities where these enterprises operate. The idea of imposing these concepts to communities and members result in high failure rate, conflict amongst members and wastage of resources in supporting them.
- These concepts are complementary in nature in addressing a community problem. When conducting community assessments for implementing poverty eradication interventions using these models, community members must freely choose which model or a combination of models they will suit the members who want to venture into entrepreneurship as a form of earning an income.
- The concepts of cooperation, partnerships, values, common interests, and goals drive these types of enterprises. Their focus is addressing community needs and problems to achieve sustainable livelihoods using an enterprise approach. In essence, these are businesses that are open to anyone to voluntarily join and participate actively to improve the standard of living of all members of the group.

- The drive for these concepts is premised on community effort not competition amongst one another. Services and products they produce, markets and resources are pulled together to produce quality products and services, meet market demands and enhance buying power to compete with conventional businesses. Survival of these enterprises is tested at the point of market access and cost of doing business. Therefore, the number of members and access to skills and financial resources are key to their productive capacities.
- Ownership is a keyword for these enterprises. The culture of dependency on outside role players such as government institutions or the private sector in driving their mandate removes the sense of ownership. The role of outside institutions is not to run the business of these enterprises but to provide a supportive environment through several vehicles, these may be financial resources, skills and capacity development, supportive legislation and policies and natural resources – land, water, roads etc. Complete ownership and direction of these enterprises must be left in the hands of its membership.
- The paper has presented how countries have used these types of enterprises to diversify their economic outlook. These types of enterprises have the ability and potential to open the South African economic outlook. The current South African economy is narrow and exclusive, it favours big business to drive labour absorption, revenue collection for the state and meeting market demands for the public. This type of economic structure is bound to result in economic growth opportunities for the country. These types of enterprises – community-owned, cooperatives and social enterprises – must be formalised under the auspices of a “sustainable livelihood economy”. This is an economy of the people, run by the people, controlled by the people, and benefiting the people. This is the only way to bring competition with monopolistic and market-driven economies. The outcome of this is the creation of new industry players, an inclusive economy, an end of monopolies and an end of poverty due to exclusive behaviour of neo-liberal policies.

Several steps need to be taken to eradicate poverty and its causes as per the NDA mandate. We recognise steps already taken by the government and NDA. The government pronounced the District Development Model as a vehicle for service delivery at a local level. This vehicle, when implemented effectively, provides a

platform for poverty eradication. The government has also produced an accelerated plan for poverty alleviation. This plan is re-imagining coordinated and comprehensive efforts by government players to combine efforts to fight poverty, and unemployment thus reducing inequalities in the society. The NDA on the other hand has adopted a strategy focusing on poverty eradication through working with communities to create sustainable livelihood activities benefiting poor individuals and families to lift themselves out of poverty. To reverse what Nelson Mandela referred to as a “man-made condition” this paper proposes the following:

- The country needs to its development legislative and policy frameworks to attain inclusivity in their intentions and perspectives. These types of enterprises, community-owned, cooperatives and social enterprises must be brought back into the centre of economic growth, productive population, inclusive economy and protection of their rights to do business in any sector of the economy. Creating an enabling environment for these enterprises to thrive and grow.
- The government, urgently, need to produce a national policy and strategy to guide all social partners on how to support and build the “sustainable livelihood” industry. This includes the recognition that community-owned enterprises, cooperative enterprises, and social enterprises are part of the formal economy of South Africa. The only difference between the conventional business and these types of businesses is that the sustainable livelihood industry is its main concern bettering the lives of everyone, whilst conventional business is protecting profit for individual owners of the business.
- Those that are contributing to poverty eradication programmes, public or private sectors, when providing resources to support these enterprises must adopt a different approach. These enterprises must be seen as businesses, not as not-for-profit organisations (NPOs) or voluntary organisations or informal businesses. The approach must be that of any formal business or enterprise, the ideas for the enterprise must be driven by members of the enterprise, and the accountability and management of the enterprise must be the duty of the members of the enterprise. Removing the culture of dependency from members of the enterprise.
- Specifically, the NDA, needs to design and implement poverty eradication programmes that can be adopted by the government in the fight against

poverty. These programmes must be effective, measurable and scalable. The mapping analysis conducted by the intergovernmental group on government interventions to address poverty, unemployment and inequality findings of high-value government funding have not shown any significant dent, Small-scale interventions that do not match the scale of the needs and Extreme Fragmentation result in duplication provide a basis for the NDA to find its strategic approach in the national accelerated plan for poverty alluvial operation model.

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Appendixes

Name	Description of business	Country
Mondragon Corporation	Mondragon Corporation is a federation of worker cooperatives based in the Basque Country of Spain. It is one of the world's largest and most successful cooperative enterprises. Mondragon operates in various sectors, including manufacturing, finance, education, and retail. It has created employment opportunities, reduced income inequality, and empowered workers through its democratic decision-making and profit-sharing model.	Spain
Land O'Lakes	Land O'Lakes is a farmer-owned agricultural cooperative based in the United States. It serves as a major supplier of dairy products, animal feed, and agricultural inputs. Land O'Lakes has helped improve the livelihoods of its farmer-members by providing market access, technical support, and cooperative ownership. It has contributed to local economic development and strengthened rural communities through its cooperative model.	United States
Organic Valley	Organic Valley is a cooperative of organic farmers in the United States. It produces and markets organic dairy products, meat, vegetables, and other agricultural goods. The cooperative has supported sustainable farming practices, empowered small-scale farmers, and built a market for organic products. It has played a crucial role in promoting organic agriculture and creating economic opportunities for its farmer-members.	United States
The Phone Co-op	The Phone Co-op is a community-owned cooperative that provides telecommunication services in the United Kingdom. It operates on ethical principles, offering fair pricing, sustainable services, and democratic decision-making. The cooperative has empowered its members, including customers, employees, and the broader community, by providing affordable and ethical telecom services and reinvesting profits into community initiatives.	United Kingdom
COOPHCAFE	COOPHCAFE is a cooperative of coffee farmers in Honduras. It focuses on promoting sustainable coffee production, fair trade practices, and empowering small-scale coffee farmers.	Honduras

	COOPHCAFE has provided technical assistance, access to markets, and fair prices to its members, contributing to poverty reduction and improving the livelihoods of coffee-growing communities.	
Highlands' Small Producers and Entrepreneurs Association (ASOCARP)	ASOCARP is a community-owned cooperative association of coffee producers in the Colombian highlands. It supports small-scale coffee farmers by providing training, access to markets, and fair prices. ASOCARP has helped farmers improve their livelihoods, build resilient farming practices, and protect the environment through sustainable coffee production.	Colombia
SEWA	Self-Employed Women's Association (SEWA) is a trade union and cooperative in India that focuses on organizing and empowering women in the informal sector. SEWA provides a platform for women to access financial services, market opportunities, skill development, and social support. It has been instrumental in lifting women out of poverty, fostering entrepreneurship, and advocating for the rights of informal workers.	India
Coopaname	Coopaname is a cooperative enterprise in France that supports freelancers and self-employed individuals in various sectors, including consulting, IT, and creative industries. It offers a cooperative structure that provides shared resources, administrative support, and access to collective bargaining. Coopaname has enabled self-employed individuals to work collectively, access benefits, and overcome the challenges of precarious work.	France
Cooperative Home Care Associates	Cooperative Home Care Associates (CHCA) is a worker-owned cooperative based in the Bronx, New York. It provides home care services to seniors and individuals with disabilities. CHCA has created quality jobs, improved wages and benefits, and empowered home care workers through its cooperative structure. The cooperative model has increased job satisfaction, reduced turnover, and enhanced the quality of care for clients.	United States
Grameen Bank	Grameen Bank, founded by Muhammad Yunus, pioneered the concept of microfinance. It provides small loans to low-income individuals, particularly women, enabling them to start or expand their own businesses. Grameen Bank has played a significant	Bangladesh

	role in poverty reduction and empowering women in rural Bangladesh, serving as a model for microfinance institutions worldwide.	
Aravind Eye Care System	Aravind Eye Care System is a social enterprise that provides high-quality, affordable eye care services in India. It offers a unique cross-subsidy model, where paying patients subsidize the treatment of indigent patients. Aravind Eye Care System has been instrumental in reducing blindness and providing accessible eye care to millions of people, including those from disadvantaged backgrounds.	India
Tostan	Tostan is a nonprofit organisation that uses a community-led approach to promote human rights, education, and social development in African communities. Through its programs, Tostan empowers individuals with knowledge and skills, particularly in areas such as health, literacy, and women's rights. Tostan's community-led initiatives have had a transformative impact on reducing child marriage, female genital cutting, and illiteracy rates.	Senegal
Danone Communities	Danone Communities is a venture capital fund that invests in social enterprises focused on addressing social and environmental challenges. It has supported numerous enterprises globally, such as Grameen Danone (Bangladesh), which produces affordable and nutritious fortified yoghurt, and Fan Milk (Ghana and Nigeria), which supports smallholder dairy farmers and provides quality dairy products to consumers.	Various Countries
Divine Chocolate	Divine Chocolate is a cooperative social enterprise that produces and markets Fairtrade chocolate made from Ghanaian cocoa beans. By ensuring fair prices, empowering cocoa farmers through cooperative ownership, and promoting gender equality, Divine Chocolate has played a significant role in empowering farmers and fostering sustainable development in the cocoa industry.	Ghana
Barefoot College	Barefoot College is a nonprofit organisation that empowers rural communities by providing education and training to marginalized individuals, particularly women. It offers skill development programs in areas such as solar energy, water	India

	management, and traditional crafts. Through its innovative approach, Barefoot College has transformed the lives of many rural communities by building local capacity and promoting self-reliance.	
The Working World	The Working World is a nonprofit organisation that supports community-owned enterprises globally. It provides accessible loans, technical assistance, and mentorship to help grassroots initiatives start or expand their businesses. The organisation has empowered communities by promoting economic self-determination, job creation, and sustainable development.	Argentina, United States
Cooparaiso	Cooparaiso is a cooperative of coffee farmers in Brazil that operates under fair trade principles. By guaranteeing fair prices, empowering small-scale farmers, and promoting sustainable practices, Cooparaiso has improved the livelihoods of coffee farmers and their communities. The cooperative has invested in education, healthcare, and infrastructure, contributing to poverty reduction and sustainable development in the region.	Minas Gerais
Fairtrade Russia:	Fairtrade Russia is an organisation that promotes fair trade practices and supports fair trade enterprises in the country. It helps small-scale producers, particularly in the agricultural sector, gain access to fair markets, fair prices, and fair working conditions. Through their initiatives, Fairtrade Russia has created economic opportunities for marginalized producers, fostering poverty reduction and social empowerment.	Russia
Sasha Exports	Sasha Exports is a fair trade enterprise that works with artisans, particularly women, from marginalized communities in India. The enterprise provides training, design support, and access to fair markets for handmade crafts and textiles. Sasha Exports has empowered artisans by enabling them to earn fair wages, preserve traditional skills, and improve their living conditions.	Kolkata, India
Guangxi Wuzhouxing Coffee	Guangxi Wuzhouxing Coffee Cooperative is a fair-trade cooperative in China that focuses on producing high-quality, sustainably grown coffee. The cooperative supports small-scale coffee	

Cooperative (Guangxi):	farmers, particularly from ethnic minority communities, by ensuring fair prices and providing technical assistance. By promoting fair trade practices, the cooperative has helped lift farmers out of poverty and improve their economic well-being.	
The World Fair Trade Organisation (WFTO) Africa	The World Fair Trade Organisation (WFTO) Africa is a regional network that supports fair trade enterprises across the continent, including South Africa. It works with producers, traders, and retailers to promote fair trade practices, create market access, and enhance the livelihoods of marginalized communities. WFTO Africa has facilitated poverty reduction and social empowerment through fair trade initiatives in South Africa and the broader African region.	Regional Network

Appendix B: Various definitions of social entrepreneurship

Author (s) & Year	Definitions of Social Entrepreneurship
(Ashoka Southern Africa, n.d.)	"Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems." "They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change." "Social entrepreneurs are the essential corrective force. They are system-changing entrepreneurs. And from deep within they, and therefore their work, are committed to the good of all."
(U.S. Chamber of Commerce, n.d.)	"Social entrepreneurship is a for-profit business model that strives to make a positive impact on social issues or the environment." It is also "a process by which individuals, start-ups and entrepreneurs develop and fund solutions that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, in society or the world".
(Wei-Skilleren, et al., 2007)	"An innovative, social value-creating activity that can occur within or across the non-profit, business, or government sectors"
(Bornstein, 1998)	"A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber and is totally possessed by his vision for change".
(Dees, et al., 2001)	Social entrepreneurs play the role of change agents in the social sector, by: <ul style="list-style-type: none"> • Adopting a mission to create and sustain social value (not just private value), • Recognizing and relentlessly pursuing new opportunities to serve that mission, • Engaging in a process of continuous innovation, adaptation, and learning, • Acting boldly without being limited by resources currently in hand; and • Exhibiting heightened accountability to the constituencies served and for the outcomes created.
(Johnson, 2000)	Social entrepreneurship is emerging as an innovative approach for dealing with complex social needs. With its emphasis on problem-solving and social innovation, socially entrepreneurial activities blur the traditional boundaries between the public, private and non-profit sector and emphasize hybrid model of for-profit and non-profit activities.
(Light, 2000)	"A social entrepreneur is an individual, group, network, organisation, or alliance of organisations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, non-profits, and businesses do to address significant social problems."
(Mair & Marti, 2006)	Social entrepreneurship: Innovative models of providing products and services that caters to basic needs (rights) that remain unsatisfied by political or economic institutions.
(Martin & Osberg, 2007)	The social entrepreneur should be understood as someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large.
Nichols (2007)	Social entrepreneurship entails innovations designed to explicitly improve societal well-being, housed within entrepreneurial organisations which initiate, guide, or contribute to change in society
PBS "The New Heroes"	A social entrepreneur identifies and solves social problems on a large scale. Just as business entrepreneurs create and transform whole industries, social entrepreneurs act as the change agents for society, seizing opportunities others miss in order to improve systems, invent and disseminate new approaches and advance sustainable solutions that create social value.
(Scwab Foundation for Social Entrepreneurship, n.d.)	Social entrepreneurs are pioneering systemic solutions for social and environmental challenges ranging from refugee family reunification and human rights to water infrastructure and financial inclusion.

(Skoll Foundation, n.d as cited in Brock & Steiner, 2009)	Jeff Skoll, the founder of eBay describes social entrepreneurs as individuals "motivated by altruism and a profound desire to promote the growth of equitable civil societies [who] pioneer innovative, effective, sustainable approaches to meet the needs of the marginalized, the disadvantaged and the disenfranchised. Social entrepreneurs are the wellspring of a better future"
Thompson (2002)	People with the qualities and behaviours we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than "making money"