The ASGISA program objectives speak of halving poverty and unemployment by 2014.

Government believes that this is not an unrealistic expectation given the steady improvement in the performance on job creation capacity of the economy.

*Despite this success unemployment remains high at over 26%.* Government has then set certain targets to ensure that it meets the social objectives adequately; these are, below 15% unemployment and halving poverty by 2014.

The target set to achieve this is 5% annual economic growth rate, up to 2014.

The government is also realistic about binding constraints that could frustrate the targets it has set and believes that certain economic imbalances need to be effectively encountered before the ASGISA program objectives are adequately met.
To Think about:

• “Take no action and the people themselves are transformed.....Engage in no activity and the people themselves become prosperous.....The more laws and orders are made prominent, the more thieves and robbers there will be....”
Introduction

ECONOMIC DEVELOPMENT MODEL

REDUCE POVERTY AND STIMULATE ECONOMIC GROWTH IN THE SECOND ECONOMY
Content

- Poverty Reduction Interventions
- Historical Overview of SA Cooperatives
- The typical IE approach
- Economic model for community development
- Building capacity for poverty reduction
- Measuring the impact of the model
- Lessons learned from implementations
- Conclusion
Almost ten years after its liberation from white minority rule, our country still faces many challenges. Many of our people are unemployed. Many of our people continue to live in poverty. Violence against the person in all its forms continues and especially plagues those sections of our population that are poor and live in socially depressed communities.”

President Thabo Mbeki: State of the Nation Address, February 2004
Product Service offering → Bill of Events

*M Qualities
* How to assemble
* Key Performance Indicators (KPI's)

Make to Stock
- Purchase → Make → Deliver
- Customer waits

Assemble to order
- Purchase → Make → Deliver
- Customer waits

Make to Order
- Purchase → Make → Deliver
- Customer waits
The aim of the model is to have an impact on the socio-economic activities of a community.

"The experience of all peoples is that their freedom remains fragile and their rights empty shells unless they bring real improvements to the lives of ordinary people."

(President Nelson Mandela, Durban, 1 July 1998)

Achieving greater self-reliance for the individual,

Improve local enterprise opportunities

Attaining self-generated sustainable growth

Maximise community resources

Retain and re-circulate resources in the community
Economic development model

Trading Storehouses

Eco-Community Flows
Community Needs
Business Development
Community Comm.

Eco-Community

Services, education, housing, health, finance, agriculture, security, recreation, transport, wholesale

Collaboration
Community Driven, Co-Operative based, Interdependence, Freedom of choice
Cycle of economic development

Co-operative Infrastructure Development

Basic Needs & Services

Business Development

Health

Education

Wealth Creation

Infrastructure Development

Socio-demographic fit to interventions
Building capacity for poverty reduction

- Social Capital
- Governance
- Markets
Building capacity for poverty reduction

Community organisation and marketing
Community Ownership
Cooperating group formation
Savings mobilisation
Leader targeting and identification

Financial literacy and business development
Building capacity for credit to grow the business
Creation/identification of markets

Introduction to corporate governance
Register legal entity
Appointment of management and staff
Deployment of operational and regulatory systems
Governance training

SUSTAINABILITY
### Measuring the Impact

#### Sustainability

#### Outreach/Impact

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#### Transaction history

**SAVINGS ACCOUNT**

For period: 2006-04-01 to 2006-04-30

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Lessons Learned

• Sustainability
• Levels of capacity
• Governance
• Limited linkages
• Good corporate citizens
• Socio-demographical differences
• FMCG source of business activity
• Training
• Growth of the cooperative – marketing of benefits
• Behavioural attitude of membership is so critical
Conclusion

• Extreme poverty
• Increasing the social welfare burden
• Economic development model
• Key for wealth creation
• Cooperative structure forms the cornerstone for economic development in these poor communities
Reality Check!

- Hand-over of the first pilot (R50 000.00)
- Hand-over of POC (R500 000.00)
- Hand-over of SAMAF Ops (R450 mil)
“Take no action and the people themselves are transformed.....Engage in no activity and the people themselves become prosperous.....The more laws and orders are made prominent, the more thieves and robbers there will be....”

Lao Tzu’s “Tao Te Ching” 600 B.C.
Questions?

Dear Diary-
You’ll never guess what I FINALLY caught today...

Thank You
Dr Antonie van Rensburg, Pr. Eng
Department of Industrial and Systems Engineering
University of Pretoria
South Africa