

**External Final Project Evaluation:
Social Entrepreneurship Targeting Youth in South Africa**

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Second Draft (v.2.2)

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(SETYSA)

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Simon White

Southern African IDEAS (Pty.) Ltd.

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Executive Summary

This report presents the findings of an external, end-of-project evaluation of the Social Entrepreneurship Targeting Youth in South Africa (SETYSA) project. The Government of Flanders funded the project, which the Pretoria Office of the International Labour Organization (ILO) implemented. The project was formulated in 2008 in consultation with a range of national actors, the ILO Headquarters in Geneva (Job Creation and Enterprise Development Department), and South African based social enterprise support agencies. It began in January 2009 and concluded on 28 February 2011.

Background and context

The role of social enterprise and social entrepreneurship in promoting social and economic development, including the creation of more decent and productive employment, has been given greater attention recently by donor and development agencies around the world. While the ILO has been at the forefront of this movement, the SETYSA project is the first ILO technical cooperation project to specifically support social enterprise and social entrepreneurship development.

In South Africa, the promotion of social enterprise and social entrepreneurship complements government policy initiatives designed to address national development challenges. These include the *Integrated strategy on the promotion of entrepreneurship and small enterprises* (2005), the *Accelerated and Shared Growth Initiative for South Africa* (2007) and the *Decent work country programme 2010 to 2014*.

Summary of the project purpose, logic and structure

The project strategy was built on a systemic approach to enterprise development that worked at three levels. At the macro-level the project worked with national partners and stakeholders with a mandate for defining and coordinating a conducive policy and regulatory framework for social enterprise and social entrepreneurship.

At the meso-level the project worked with partners and stakeholders with a mandate to facilitate or physically deliver business development services that promote social enterprise and social entrepreneurship.

At the micro-level the project worked with partners and stakeholders directly involved in the market exchange for a good or service, either by taking a stake in the production and provision of the product, or by buying it.

While it was ambitious for a two-year project such as this to focus on three levels of intervention, the project appears to have been successful in managing this process and there have been clear synergies achieved across these three levels.

Two locations were chosen to pilot the project activities at the meso and micro levels: Khayalitsha in the Cape Flats of the Western Cape Province, and the Nelson Mandela Municipality in Port Elizabeth in the Eastern Cape Province.

Purpose, scope and clients of the evaluation

The external evaluation of the SETYSA project is intended to be an in-depth project usability evaluation by multiple partners and beneficiaries. The goal is to validate actual

achievement of immediate project objectives/outcomes and contribution towards the pursuit of the project development objective, as per project log-frame.

The scope of the evaluation in terms of time is January 1st 2009 through to 28th February 2011, thus representing the entire project period. The scope of the evaluation in terms of operational area is the SETYSA geographical coverage area (national in South Africa with pilot activities in Western Cape and Eastern Cape Provinces) in its totality.

The primary clients of the evaluation are the tripartite constituents of the ILO (represented in the Technical Committee under the National Economic Development and Labour Council) and project partners and stakeholders: the project manager, main national project partners, ILO field office director, technical back-stoppers at headquarters, field technical specialists, responsible evaluation focal points, and the donor.

Methodology of evaluation

The evaluation was conducted in February 2011 and involved a review of all project documents as well as consultations with project partners, stakeholders and beneficiaries. Three stakeholder workshops were held: one at national level and one in each of the pilot provinces: Eastern Cape and Western Cape. Two focus group meetings with ultimate beneficiaries were also held in the Eastern Cape and Western Cape provinces. Additionally, the evaluation was based on a review of key documentation and individual meetings with the stakeholders.

Main findings and conclusions

Brief overall assessment of the project's performance

The evaluation found that the project performed well in achieving most of its eight designated outputs:

1. The project produced a wide range of research and assessment reports dealing with social enterprise and social entrepreneurship development in South Africa as well as internationally. These documents are located on the website of the African Social Entrepreneurs Network (Output 1).
2. The project commissioned research into social business opportunities in South Africa. While it did not focus on priority industries, as specified in the *Project Document*, the project took a comprehensive, area-based approach to social enterprise and social entrepreneurship development (Output 2).
3. The project produced a number of tools that can be used by local agencies in the promotion of social enterprise and social entrepreneurship. These tools were based on local assessments (Output 3).
4. The project produced a range of training materials for use by organisations that support the development of social enterprise and social entrepreneurship. This material is available on the African Social Entrepreneurs Network website and has been tested in the pilot communities. While the *Project Document* referred to the certification of trainers, the project believed it was too early in the development of these resources to begin certifying trainers (Output 4).
5. The project successfully raised awareness about the role of social enterprise and social entrepreneurship and stimulated demand for support services in the pilot

communities. The principle means of doing this was through the use of social business plan competitions (Output 5).

6. While the project supported the establishment of a referral system that bundled social business development services in the pilot communities, there are concerns as to how effective this was and how sustainable it is in the long-term (Output 6).
7. While the *Project Document* described how the project would establish business partnerships between tertiary students and nascent businesses, this proved not to be feasible and was not achieved (Output 7).
8. Local assessments in the pilot communities found there were no formal or semi-formal coordination structures specifically related to social enterprise development. In response, the project sought to develop these and was partially successful in this regard (Output 8).

The evaluation also found that the project was successful in achieving most of its four immediate objectives.

First, the project strengthened the capacity of South African policy level stakeholders to conceptualize social enterprise development in the context of key policy debates in South Africa. The inclusion of social enterprise and social entrepreneurship in the government's New Growth Path and the National Youth Development Agency's strategic plan are notable examples of this success, as is the recent initiatives of the Western Cape Provincial Government.

Second, the project strengthened the capacity of local organizations to facilitate and provide both financial and non-financial social business start-up support services. This was achieved through the commissioning of research and assessments, the development of resource material and the piloting of new approaches.

Third, the project mobilized the pilot communities to embrace a more self-reliant approach to local economic and social development, and stimulated their demand for social business start-up training and related services. It tested a range of tools and processes in these communities and has provided valuable lessons in this regard.

Finally, the project found some synergies between its activities and those of other employment promotion initiatives.

The project's achievements towards the above outputs and immediate objectives have demonstrated a high degree of efficiency and professionalism. The project worked well with a wide range of national, provincial and local partners and stakeholders. It also established an effective monitoring and evaluation system.

The development objective of the project was to "boost employment opportunities and access to social services for the youth in South Africa, with particular emphasis on traditionally disadvantaged groups of the population". Achievement of this objective was to be measured by the net number of jobs for young people created in the pilot communities and by an increase in the number of people in these communities with access to social protection and environmental protection services. While it is understood that the ultimate goal of job creation is central to the ILO's work in this field, the evaluation found a wide range of other extremely positive outcomes from the project that are not reflected in this development objective. Indeed, a major achievement of the project is the introduction of a model for social and economic development that can improve policy-making and service delivery at national, provincial and local levels. While it is possible that the anticipated generation of jobs and provision

of social protection may eventually be realised, the more tangible outcomes of this project has been to improve the way government and its social partners can work together to address the major challenges facing South Africa today.

The strong focus on young people outlined in the *Project Document* proved not to be feasible without an established policy framework for social enterprise and social entrepreneurship development. While the project has clearly contributed to the creation of this framework, it could have been more careful in how it documented changes in project strategy and focus.

The project steering committee was encompassed within a broader steering structure that was created, firstly, for all the ILO's Enterprise Programme and then within the National Economic Development and Labour Council, which deals with all projects under the ILO's country programme. While this was done to encourage consistency and synergy across ILO projects and programmes, it reduced the time the committee was able to assign to the work of the SETYSA project.

Recommendations and lessons learned

Recommendations

1. It is recommended that the findings of this evaluation be presented to all project partners and stakeholders in order to provide an opportunity for these actors to reflect on the project's experiences, achievements and lessons, and to consider future support requirements for the promotion of social enterprise and social entrepreneurship in South Africa.
2. It is recommended that the ILO Pretoria Office pay urgent attention to the distribution of the development tools produced by the project. This should include an awareness raising campaign to help potential users (e.g., BDS providers and other social enterprise champions) learn of the tools and how they can be applied, along with a series of introductory seminars. This should include SEDDA, NYDA and all branches of The Business Place.
3. It is recommended that the ILO Pretoria Office liaise with ASEN regarding the design of a capacity building programme that can help the association design and implement a range of income generating strategies that improve its prospects for long-term sustainability.
4. It is recommended that the ILO Pretoria Office and NEDLAC consider the creation of a NEDLAC technical sub-committee that deals specifically with the projects within the employment portfolio of the DWCP (i.e., Outcome 4). While this would still mean that the sub-committee would deal with a number of projects, this would be fewer than the current number of projects dealt with by the NEDLAC committee and would hopefully mean that greater attention is given to the technical content of these projects.
5. It is recommended that the Government of Flanders explore new lines of support for social enterprise and social entrepreneurship in South Africa. This could include the testing of development tools and the development of interventions, such as public procurement, that support the development of the social economy. This could include collaboration with the Economic Development Department on the theme of developing South Africa's social economy.

6. It is recommended that the dti consider ways of incorporating cooperative development within a broader social economy portfolio.
7. It is recommended that the ILO Pretoria, in collaboration with donor agencies (such as the Government of the Flanders) consider expansion of a social enterprise and social entrepreneurship development programme in the Southern African region. This could draw on the lessons learned from SETYSA and especially look at how social enterprise and social entrepreneurship models can be applied in neighbouring countries.
8. It is recommended that the ILO Pretoria Office, in collaboration with donor agencies, consider further assistance to the development of social enterprise and social entrepreneurship in South Africa within specific target groups and sectors. This could involve the identification of the potential for social enterprise development among women, young people and within specific social sectors.

The lessons learned from this project are divided into two kinds: strategy lessons and management lessons.

Strategy lessons

1. The SETYSA project was a supply-oriented project. While this kind of project is somewhat unfashionable in enterprise development circles, projects like this have an important role to play in helping policymakers and practitioners to deal with the challenges they face. However, when designing and implementing a project of this sort, care should be taken to avoid distorting markets at the local or micro level. Micro level interventions can be used to test new methods and tools, but such tests sensitively managed.
2. It is important to establish a sound policy and institutional base for the promotion of social enterprise and social entrepreneurship before specific attention is given to special target groups or sectors. However, once this base is formed, there may be value in exploring the potential of social enterprise as a model for social and economic development among specific groups and job-rich sectors.
3. Building networks and creating space for dialogue among key government and non-government actors has proven to be an important function of this project. This space builds local alliances, encourages the sharing of knowledge and experience, and supports the introduction of new programmes and services.
4. Business plan competitions are a useful way of mobilising local communities and stimulating a demand for services, but they have their weaknesses. The level of frustration and dissatisfaction among competitors, even finalists and winners, can be discouraging in the long term. Competitions can also distort markets and create artificial incentives.
5. The promotion of social enterprise and social entrepreneurship has particular resonance in the community sector. While social enterprise often falls between the policy and programme silos of economic development and social development, an important field that was not fully pursued by the SETYSA project is to help community organisations to become more entrepreneurial or business like in their approach.
6. Care should be taken in the promotion of “micro social enterprises”. This is a rare model of enterprise and can be difficult to pursue. Enterprise development in poor communities can be frustrated by supply-oriented interventions that force aspiring

business people to provide a social good or service. Business development in these locations is hard enough without forcing unemployed people to take on these idealist models of development that are largely untested.

Management lessons

1. The lessons listed below refer to the ways a social enterprise and social entrepreneurship can be managed. The role of the project steering committee should be clearly described. In the case of a project such as this, which focuses on policy reform and programme innovation, the steering committee should invest its time in carefully assessing and debating the documents and resources the project produces.
2. A sound monitoring and evaluation system is essential. Within this system, care should be taken to ensure the indicators used accurately measure the progress and outcomes of the project.

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List of acronyms used

ASEN	African Social Entrepreneurs Network
BUSA	Business Unity South Africa
COSATU	Congress of South African Trade Unions
CTA	Chief Technical Advisor
dti	Department of Trade and Industry
DWCP	Decent Work Country Programme: South Africa
ILO	International Labour Organization
NEDLAC	National Economic Development and Labour Council
NYDA	National Youth Development Agency
RED Door	Real Enterprise Development Initiative (Western Cape Province)
SEDA	Small Enterprise Development Agency
SMME	Small, medium and micro enterprise
SETYSA	Social Entrepreneurship Targeting Youth in South Africa
RSA	Republic of South Africa

Introduction

Social enterprise and social entrepreneurship have been increasingly recognised as valuable models of development. The process of social entrepreneurship and the creation of social enterprises have sought to address the combined social and economic development needs of disadvantaged communities. The genesis is found in strategies pursued by the non-profit or community sector to create new sources of revenue to help maintain and expand their programmes (see Steinman 2010:18-20).

Within the International Labour Organization (ILO), support for social enterprise and social entrepreneurship has grown out of a long history of supporting job creation through enterprise development. The ILO's mandate to promote decent and productive employment provides a basis for its promotion of entrepreneurship and enterprise development, as stipulated in various International Labour Conference declarations, resolutions and recommendations, most notably Job Creation in Small and Medium-Sized Enterprises, 1998 (Recommendation No. 189), and the Promotion of Cooperatives, 2002 (Recommendation No. 193), the 2007 Resolution on the Promotion of Sustainable Enterprises, the 2008 Declaration on Social Justice for a Fair Globalization (2008) and the Global Employment Agenda. See Box 1 on the following page.

Enterprises are the main source of economic growth and employment creation and are at the heart of economic activity and development in nearly all countries (Buckley, et. al., 2009). Entrepreneurs play a crucial role in taking the risk to establish an enterprise and in combining land, labour, capital and other factors to compete effectively in local, national or international markets.

The ILO's work on social enterprise and social entrepreneurship forms part of its Decent Work agenda, which focuses on four aspects of the world of work and the links between them: rights at work, employment creation, social protection, and social dialogue (ILO 1998). Social enterprise and social entrepreneurship is considered a part of the economy that can promote the creation of decent jobs and promote social value.

Social entrepreneurship is an emerging field at both academic and practitioner level. As a result, when the project commenced, there were no clear agreed definitions of social enterprise and related concepts. The ILO definition drew on the 2001 Report of the Director-General: *Reducing the Decent Work Deficit – a Global Challenge*, in which social enterprises were described as those that create “sustainable market solutions to social problems” (ILO 2001). This approach does not categorise or exclude social enterprises on the basis of their for-profit or non-profit status or legal form. It focuses on those enterprises with a viable business model, at least in the long term, which may incorporate a variety of income streams in line with the ILO understanding of the term “sustainable enterprise”.¹

The ILO's strategy for the promotion of sustainable enterprises stems from the International Labour Conference's (ILC's) 2007 *Conclusions concerning the promotion of sustainable enterprises*. The Sustainable Enterprise Programme describes how the ILO

¹ The SETYSA project tried not to prescribe a definition of social enterprise and, instead, sought to facilitate processes through which a working, South African definition could be formulated. However, the project fostered the view that a social enterprise typically was established for a social purpose and pursued an enterprise model that was sustainable in the long term.

will achieve the Sustainable Enterprise Outcomes as set out in the ILO's Strategic Policy Framework 2010 to 2015. The Sustainable Enterprise Programme identifies social enterprise development as a means of promoting youth and women's entrepreneurship, as it offer a link to growing markets and provides an opportunity for young people and women to be change agents in their communities by building sustainable enterprises, i.e., triple bottom line (ILO 2010).

Box 1: Relevant ILO standards and documents
<ul style="list-style-type: none"> • Recovering from the crisis – A Global Jobs Pact (International Labour Conference, 2009) • The African Decent Work Crisis Portfolio adopted by the Preparatory Meeting of Experts on the First African Decent Work Symposium (Addis Ababa, February 2009) • Declaration on Social Justice for a Fair Globalization (2008) • Decent Work Agenda for Africa: 2007-2015 • ILO Recommendation 193 concerning the Promotion of Cooperatives (2002) • The ILO code of practice on HIV/AIDS and the world of work (2001) • The ILO Declaration on fundamental principles and rights at work (1998) <p>International Labour Conference resolutions:</p> <ul style="list-style-type: none"> • Resolution concerning decent work and the informal economy (90th ILC Session, 2002) • Conclusions concerning the promotion of sustainable enterprises (96th ILC Session, 2007) • Resolution concerning youth employment (93rd ILC Session, 2005) • Resolution concerning the promotion of rural employment for poverty reduction (97th ILC Session, 2008) • Report of the Committee on Social Security (89th ILC Session, 2001) • Report of the Committee on Gender Equality (98th ILC Session, 2009)
Source: ILO (2009)

It is within this context that the ILO initiated the Social Entrepreneurship Targeting Youth in South Africa (SETYSA) project, which was launched in January 2009. The Government of Flanders provided financial support to the project, which was implemented by the ILO Country Office for Botswana, Lesotho, Namibia, South Africa and Swaziland (hereafter referred to as the ILO Pretoria Office). This is the first technical project of the ILO's dealing directly with the promotion of social enterprise and social entrepreneurship. As outlined in the following chapter, SETYSA was also developed in response to the framework for social and economic development pursued by the Government of South Africa and the Decent Work Country Programme.

This two-year project ends on 28 February 2011. In its final month, the ILO Pretoria Office commissioned Simon White to undertake an external evaluation of the project.² The results of this evaluation are the subject of this report.

² Simon White is the managing director of Southern African IDEAS (Initiatives for the Development of Enterprising Action and Strategies) (Pty.) Ltd. a Johannesburg-based

This report is organised in the following manner.

Chapter 1 provides a background to the project. It describes the project's framing within the Decent Work Country Programme (DWCP) and other policy and programme frameworks of the Government of South Africa.

Chapter 2 describes the purpose and methodology of the evaluation. The information presented in this chapter is supplemented by Annex 1, which presents the terms of reference for the evaluation, and annexes 2 and 3, which list the documents reviewed and the people consulted.

Chapter 3 presents the findings of the evaluation. This includes a discussion of the project design and strategy, as well as an assessment of its performance in achieving its anticipated outputs and objectives. Other issues such as the project's management, relevance and sustainability are also assessed.

Chapter 4 draws conclusions from the evaluation. It identifies the lessons learned and makes recommendations.

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1 Project Background

The ILO Pretoria Office formulated SETYSA in 2008 in consultation with a range of national actors, the ILO Headquarters in Geneva (Job Creation and Enterprise Development Department), the Regional Representative of the Flanders Government, and South African based social enterprise support agencies. The results of this process are contained in the *Technical cooperation proposal for a social entrepreneurship pilot project targeting unemployed youth in South Africa*, dated 19 March 2008, hereafter referred to as the *Project Document* (ILO 2008).

The Project Document locates SETYSA within the South Africa's broader economic and social policy framework. This includes *on National Strategy for the Development and Promotion of Small Business in South Africa (RSA 1995)*, *the Growth, employment and redistribution strategy (RSA 1996)*, *the Integrated strategy on the promotion of entrepreneurship and small enterprises (RSA 2005)*, and *the Accelerated and shared growth initiative for South Africa (RSA 2007)*.

The *Project Document* focused strongly on the high levels of youth unemployment found in South Africa. The project was designed to target young unemployed women and men as the "ultimate beneficiaries" and sought to create new employment opportunities for these people through the promotion of social enterprise and social entrepreneurship.

Working with government partners to strengthen the capacity of policy makers to support accelerated economic growth and ensuring this process is effectively implemented and coordinated is a major pillar of the United Nation's (2007) Development Assistance Framework for South Africa 2007 – 2010. This is consistent with SETYSA's focus on policy making and promoting social and economic growth and job creation.

Although not finalised at the time, the ILO-Republic of South Africa Decent Work Country Programme (DWCP) 2010-2014 informed the design of the project. The DWCP identifies four priorities:

- 1 Strengthening fundamental principles and rights at work through the ratification and implementation of International Labour Standards; and improved labour administration for effective employment services.
- 2 Promotion of employment creation through an enabling environment for job rich growth, sustainable enterprises, including formalization of the informal sector and skills development.
- 3 Strengthening and broadening social protection coverage through better-managed and more equitable access to social security and health benefits, occupational safety and health, and improved workplace responses to the HIV/AIDS epidemic.
- 4 Strengthening tripartism-plus and social dialogue through the improved capacity of the tripartite-plus social dialogue institution (and its constituent members), labour market institutions for effective social dialogue and sound industrial relations.

The second priority identified above relates to the overall purpose and Development Objective of SETYSA. Within this priority, the project contributes to two outcomes specified in the DWCP: (1) more women and men, especially youth and persons with disabilities, have access to productive and decent employment through inclusive job-rich

growth; and (2) sustainable and competitive enterprises (including cooperatives) create productive and decent jobs especially among women, youth and persons with disabilities (p. 23-24).

The strategy for achieving these outcomes identifies the development of the social economy and the strengthening of small, medium and micro enterprises (SMMEs) as “one of a variety of viable and sustainable economic enterprises that can help to alleviate pressure on the local labour market” (p. 28). Within this context, the ILO is committed to providing technical and policy advisory support to create an enabling environment for enterprise development and social economy interventions.

The strategy of intervention for enterprise development contained in the DWCP pursues a systemic approach focusing on micro, meso, macro and meta level interventions:

- Micro level assistance to primary beneficiaries through training, market linkage support among others, to help enhance their capacity to start up and sustain their businesses.
- Meso level interventions are geared towards strengthening the capacity of business development support services.
- Macro level interventions focus on creating an enabling policy and legal environment for the promotion of sustainable enterprises.
- Meta level interventions are geared towards changing perceptions and values for the adoption of new and innovative entrepreneurial activities.

Thus, the ILO’s enterprise development strategy in South Africa applies this four-tiered strategy for all its projects and features in the design of the SETYSA project.

The *Project Document* was completed in March 2008. By September the same year, the Flanders Government committed funds and the ILO Pretoria Office commenced its recruitment process.

Mr. Tom Fox was appointed to the position of Chief Technical Adviser (CTA) for the project and commenced work in January 2009, which signified the start of the project.

On 31 March 2009 a project inception workshop was held in Cape Town. Representatives from national and provincial government attended this workshop along with representatives from Employers’ and Worker’s Organizations, academia and civil society. The *Project Document* was discussed at this workshop and recommendations for refinement of the project strategy and work plan were proposed. Details on the workshop are contained in the workshop report (see SETYSA 2009).

Typically, a project inception workshop would be held with the proposed members of the project steering committee. However, in this case, the ILO Pretoria Office was engaged in a process of establishing a single steering committee for all its enterprise development projects. Because of this, the SETYSA project was advised not to establish a steering committee and to wait for the ILO Enterprise Development Programme Steering Committee to be established.

The Enterprise Development Programme Steering Committee met for the first time on 23 June 2009. The committee met again on 13 October 2009 and 16 March 2010. The steering committee dealt with SETYSA project business during these meetings as well as a number of other ILO projects, including the Women’s Entrepreneurship Development and Gender Equality (WEDGE) project, the Jobs for the Unemployed and Marginalized to escape from Poverty (SAY-JUMP) project and the Sustaining Competitive and

Responsible Enterprises (SCORE) project. This committee also discussed the formulation of the Decent Work Country Programme.³

Since the last meeting of the programme steering committee, the ILO Pretoria Office, in consultation with the Government of South Africa and the National Economic Development and Labour Council (NEDLAC) finalised the DWCP. This has resulted in the formation of a new steering committee for all the activities contained within the country programme. Thus, the SETYSA steering committee functions were moved to NEDLAC.

The project has produced two Progress Reports: (1) January 2009 to November 2009 and (2) December 2009 to June 2010. The final progress report is currently being finalised and was not available for review. This report will cover the period from July 2010 to the end of February 2011.

A midterm review was conducted in February 2010. However, the report was only made available in May 2010 (see Simpson 2010).

An end of project monitoring report was produced in January 2010, in time for the end of project evaluation in February 2011 (see SETYSA 2011).

³ However, it should be noted that the committee was not directly involved in the formulation of the DWCP.

2 The evaluation

In January 2011, the ILO Pretoria Office commissioned Simon White, Managing Director, Southern African IDEAS (Pty.) Ltd. to undertake an external, end-of-project evaluation of the SETYSA project. The terms of reference for this evaluation are contained in Annex 1.

2.1 Purpose

The purpose of the external evaluation was to validate whether the project has delivered the outputs contained in the *Project Document*, and to determine whether these outputs have resulted in the immediate outcomes as specified in the project logical framework. Furthermore, the evaluation is to verify whether these immediate outcomes are likely to make a significant contribution to the pursuit of the development objective specified in the project logical framework.

This external evaluation is undertaken in accordance with the SETYSA project and in line with the ILO Evaluation Policy adopted by the Governing Body in November 2005. This policy provides for systematic evaluation of programmes and projects in order to improve quality, accountability and transparency of the ILO's work, strengthen the decision-making process and support constituents in forwarding decent work and social justice. Furthermore, the evaluation is undertaken in line with the ILO Evaluation Unit's guidance, *Self-Evaluation of Projects* (February 2009), and the *ILO Manual for Technical Cooperation* released by the Partnerships and Development Cooperation Department in 2010.

2.2 Methodology

The method of evaluation involved three kinds of activity.

Firstly, the evaluator reviewed all project documentation and other background material. This included the *Project Document* and all project management reports, as well as research reports, tools and other documents produced by the project. Other relevant policy, programme and strategy documents of the ILO and the Government of South Africa were also reviewed. Annex 2 contains a list of documents reviewed.

Secondly, the evaluator met with the CTA and was provided with a verbal report on the activities of the project, its achievements, problems and constraints.

Thirdly, the evaluator met with a wide range of project partners, stakeholders and beneficiaries. These consultations were conducted in Pretoria (9 February 2011), Cape Town (14-15 February 2011) and Port Elizabeth (16 February 2011). In addition to the focus group discussions held on these dates, various project partners and stakeholders were interviewed. Annex 3 contains a list of the people consulted and the organisations they represent.

A first draft of the evaluation was submitted to the ILO Pretoria Office on 22 February 2011. The ILO Pretoria Office Director, the Enterprise Specialist, the Evaluation Officer and the SETYSA CTA reviewed and commented on this draft. Based on these comments, a second draft report was submitted to the ILO Pretoria Office on 28 February 2011.

3 Evaluation Findings

The findings of the project are presented in the following manner.

First, the design of the project is assessed. This includes an examination of the project's logical framework and focus.

Second, the project's strategy is discussed, including the targeting of direct and ultimate beneficiaries.

Third, the project's performance is assessed. This includes a review of the project's achievements in producing its outputs, as well as a review of its achievement in meeting its immediate objective. The contribution of the project to meeting its development objective is also discussed and comments made on the efficiency of the project.

Fourth, an assessment of the project's management arrangements is made.

Fifth, the project's monitoring and evaluation system is discussed.

Finally, the sustainability of the project's outcomes is considered.

3.1 Project design: assessment of the logical framework

The logical framework provides the backbone of the project against which the project strategy and workplans are formulated. The purpose of this assessment is to determine the logic of the project and the links between the key elements of the framework, such as its development objective, immediate objectives and outputs.

The development objective of the project presented in the *Project Document* is to "boost employment opportunities and access to social services for the youth in South Africa, with particular emphasis on traditionally disadvantaged groups of the population". Achievement of this objective was to be measured by the net number of jobs for young people created in the target communities. At least 70 per cent of these jobs would be created for traditionally disadvantaged South Africans and at least half would be created for women. In addition, achievement of this objective would be measured by an increase in the number of people (measured in percentage terms) in the target community with access to social protection and environmental protection services in priority industries. An increase of at least ten per cent was envisaged.

Four immediate objectives were designed to contribute to the achievement of the development objective:

- 1 Strengthen the capacity of South African policy level stakeholders to conceptualize social enterprise development in the context of the policy debate on youth employment promotion through small enterprise development.
- 2 Strengthen the capacity of local BDS organizations to facilitate and provide both financial and non-financial social business start-up support services for young people;
- 3 Mobilize the target communities to embrace a more self-reliant approach to local economic and social development, and to stimulate their demand for social business start-up training and related services; and
- 4 Unlock synergies and scale effects between the project and other local youth employment promotion initiatives.

While a closer assessment of the achievement of these objectives is provided further below, it is useful to reflect on how the immediate objectives would produce the broader Development Objective. It is clear that the project began with a strong emphasis on the creation of jobs for young people (i.e., young women and men). The creation of youth employment was a major focus of the project and this would be achieved through the strengthening of capacity among policy makers and service providers, as well as through the stimulation of local demand and linkages with other youth development programmes.

While the rationale for a youth employment focus in a project of this kind is appreciated (and well presented in the “development challenge” section of the *Project Document*), it appears that this focus not necessarily appropriate. This is for three reasons.

The first is that the concept of social enterprise and social entrepreneurship is new to South Africa. Indeed, this concept is new to the ILO. While job creation is one of the reasons why agencies such as the ILO promote the concept of social enterprise and entrepreneurship, the full potential of these entities for job creation is untested. It is unclear, for example, whether a social enterprise has a greater potential to create jobs than a conventional private enterprise.

While employment creation is indeed an important outcome of social enterprise development, there are many other valuable outcomes. These include the merging of social, economic and environmental development goals, the creation of a more entrepreneurial mind-set in the social sectors, and the integration of community needs with business opportunity. To reduce the Development Objective of the project to job creation appears to miss some of the other important development outcomes social enterprises and social entrepreneurship can foster.

This project appears to have been formulated more as a policy development project than a job creation project. The results of the project, presented later, appear to bear this out. The significant achievements of the project have been to help policy makers and service providers better understand the concept of social enterprise and social entrepreneurship and to apply it in their work. While the project strategy deals with three levels of intervention (see 4.2, below) the most valuable level of intervention appears to have been at the macro, or policy-making level. It is at this level that the concept of social enterprise and social entrepreneurship has most traction in South Africa at present. Micro level interventions have tended to be supply-oriented. Indeed, it should be recognised that the whole project is supply-oriented: it is attempting to introduce a new model of development from the top down. There is nothing wrong with this. It should be recognised that the potential of social enterprise and social entrepreneurship to create synergies between economic and social policy and planning is extremely relevant in South Africa.

The second reason the focus on young employment creation was misplaced is that the relevance of social enterprise and social entrepreneurship to youth issues is unclear and untested. Without a broader development framework for social enterprise and social entrepreneurship in place it is difficult to focus only on young women and men.

Consultations undertaken for this evaluation found that the youth development field in South Africa is highly politicised. The major youth development agency, the National Youth Development Agency (NYDA), was only recently established. This agency was previously unaware of the concept of social enterprise and social entrepreneurship and has been somewhat cautious in its approach.

The mid-term review of the project, conducted in February 2010 suggested “the target group of youth is still valid, however delivery to youth leaves room for improvement”. However, later in the report it was recommended that, because “the project is building from the ground” it should “review and decrease the youth job creation target to be achieved during the course of the project” (Simpson 2010).

The third reason is time. It was perhaps too ambitious to expect that a two-year project would be able to introduce the concept of social enterprise and social entrepreneurship to policy makers and service providers; build the capacity of these actors to be able to effectively provide the policy, programme and service interventions required for job creation in this sector; and deliver these interventions quickly enough in pilot communities to see a significant number of jobs for young men and women created.

In addition to the concerns regarding youth job creation, the development objective’s inclusion of “access to social protection and environmental protection services” appears misplaced. It is difficult to see how this project could have an impact on these issues, unless social enterprises were established to specifically provide social or environmental protection.

While the project has performed extremely well in achieving the outcomes it has, it is unsatisfying to have these measured against a fairly narrow development objective.

Despite the above reservations regarding the development objective and its links with the immediate objective, the overall log frame of the project was well designed. The immediate objectives are clear and generally measurable. The eight outputs are also specific, realistic and measurable. The links between the immediate objectives and the outputs have a clear logic.

3.2 Assessment of the project strategy

The *Project Document* describes how the intervention strategy builds on the systemic enterprise development approach of the ILO, acknowledging the inter-dependence between stakeholder groups within a given social system and providing a framework for analysing these systems to design interventions that support sustainable business development.

Three levels of intervention were pursued:

- 1 The macro-level: in which the project worked with stakeholders with a mandate for defining and coordinating a conducive policy and regulatory framework for social enterprise and social entrepreneurship. At this level, the project worked closely with the Department of Trade and Industry (the dti), the NYDA, the Department of Labour, Business Unity South Africa (BUSAs), Congress of South African Trade Unions (COSATU), University of Johannesburg, the African Social Entrepreneurs Network (ASEN), and the Small Enterprise Development Agency (SEDA), although it appears that the latter was an inconsistent partner that dropped out of many project activities. More recently, the project also worked with the newly created Economic Development Department.
- 2 The meso-level: in which the project worked with stakeholders with a mandate to facilitate or physically deliver business development services (BDS) that promote social enterprise and social entrepreneurship. At this level, the project worked with national service providers, including the NYDA and SEDA. The project worked with a range of local BDS partners in two locations identified in the *Project Document*.

In the Western Cape Province, the project piloted interventions in the former township of Khayalitsha in the Cape Flats. This involved collaborating with:

- The Business Place in Philippi, a business advice centre that runs as a social enterprise;
- RED Door (the Real Enterprise Development Initiative): an enterprise development agency of the Western Cape Provincial Government;⁴
- UnLtd South Africa: a non-government organisation supporting social enterprise and social entrepreneurship;⁵
- Disability Workshop Development Enterprise: a non-government organisation that aims to reduce poverty among most vulnerable persons through the facilitation of strategic and economic transformation within the protective workshops and self-help groups.⁶
- Tembeka Social Investment Co. Ltd.: a South African social investment company that seeks to promote sustainable development in poor communities by mobilising investors to become involved in sustainable development through soft loans, institutional building grants and the purchase of Tembeka shares.⁷

In addition to the above service providers, the project worked with local academic institutions and development agencies, such as the University of Cape Town, the Schwab Foundation for Social Entrepreneurship and the South African Institute for Entrepreneurship. In recent months, the project has also worked with the Western Cape Provincial Government.

In Nelson Mandela Municipality, Port Elizabeth in the Eastern Cape Province, the second pilot location, the project worked with the provincial branches of the NYDA and the SEDA, as well as the Nelson Mandela Municipality, the Comsec Business Development Centre and the local branch of NICRO (a national crime prevention non-profit organization supporting youth development and the economic opportunities projects).

- 3 The micro-level: in which the project worked with partners and stakeholders directly involved in the market exchange for a good or service, either by taking a stake in the production and provision of the product, or by buying it.

Project interventions at this level were focused on the two pilot locations. The project worked with the service providers identified above as well as a range of “ultimate beneficiaries”. Here the project ran social business competitions and provided six days of training in social business planning. In some cases, mentor support was provided to people with a sound social business idea.

⁴ For more information go to: <http://www.capegateway.gov.za/reddoor>

⁵ Heather Brandon and Kathy Watters established UnLtd South Africa as a fund for social entrepreneurs based on the experience and knowledge of UnLtd in the UK and India. For further information go to: <http://www.unltdsouthafrica.org>

⁶ For more information go to: <http://dwde.co.za/site/>

⁷ For more information go to: <http://www.tembeka.co.za/>

It could be considered overly ambitious for a two-year project such as this to focus on three levels of intervention. However, the project appears to have been successful in managing this process and there have been clear synergies achieved across these three levels.

The *Project Document* refers to two kinds of target groups: intermediate project beneficiaries and ultimate project beneficiaries.

The intermediate project beneficiaries are identified as “selected youth employment promotion policy coordination bodies (for advocacy), and facilitators and providers of BDS for the youth (for capacity building support)”. In addition, the document identifies a number of government departments and non-government organisations.

Ultimate project beneficiaries are identified as “unemployed youth in the Western Cape and Eastern Cape provinces”.

Consultations conducted for this evaluation have shown that the intermediate project beneficiaries have, indeed, benefited significantly from this project. This will be described in detail in the section that follows (section 4.3). However, the impact of the project on the ultimate project beneficiaries is far less. While it could be argued that this impact will only be realised with time, this problem appears to be more a problem of strategy design than of implementation.

While the definition of social enterprise and social entrepreneurship remains slippery, it was intriguing to learn of a new term that appeared to apply to the ultimate project beneficiaries: the micro social business.

At the micro level, the project interventions in the form of social business competitions and social business training appeared to encourage ultimate project beneficiaries to start a business that met a local community need. This does not appear to comply with the definition of a social enterprise or social business applied by the project.

The troubling aspect of this is not a semantic one. The problem is that many ultimate project beneficiaries — unemployed men and women living in disadvantaged communities with crowded, thin markets — are being encouraged, even enticed with free training and the offer of prize money, to start a business that is likely to be more difficult to run than a conventional micro-enterprise.

In both the project locations the frustration among the ultimate project beneficiaries was palpable. Many were unsure what a social business was and frustrated by the lack of support available to get such a business started.

Instead of focusing on unemployed women and men, whether young or otherwise, the project strategy may have been better positioned to focus on the community sector. Many respondents to this evaluation were unconvinced of the focus on the unemployed and believed the value of social enterprise and social entrepreneurship models is to help the community sector to become more entrepreneurial.

The ultimate project beneficiaries may still be the unemployed, but these would be less directly involved in the project activities than they were.

3.3 Assessment of project performance

The logical framework of the project included a clear and well formulated monitoring and evaluation system, which can be applied when assessing performance. Below, the performance of the project is assessed firstly by examining the eight outputs and then

by examining the Immediate Objectives. In this way the links between the outputs and immediate objectives can be tested.

3.3.1 Achievement of project outputs

Output 1: A widely accessible body of empirical evidence on social business development worldwide and in South Africa

Progress toward achievement: Fully Achieved

The project has completed a number research papers on the concept of social enterprise and social entrepreneurship. See Box 2.

Box 2: List of documents produced	
2010	<i>National Conference on the enabling environment for social enterprise development in South Africa.</i> ISBN 978-92-2-123807-2.
2010	<i>High-level study visit for South African policy makers on the enabling environment for social enterprise.</i> ISBN 978-92-2-123737-2.
2010	<i>Enabling environments for social enterprise development</i> (Peels et. al.). ISBN 978-92-2-123723-5.
2010	<i>International Examples of Business Development Service (BDS) products targeting small social enterprises</i> (Peels & Li). ISBN 978-92-2-123733-4.
2010	<i>An exploratory study into factors influencing an enabling environment for social enterprises in South Africa.</i> ISBN 978-92-2-123725-9.
2010	<i>Community-level research on the potential for Social Enterprise Development in the Cape Flats area, Western Cape, South Africa.</i> (Learn to Earn 2009) ISBN 978-92-2-123721-1.
2010	<i>Community-level research on the potential for Social Enterprise Development in three targeted communities in the Nelson Mandela Metropole.</i> (Dames 2009) ISBN 978-92-2-123735-8.
2011	<i>Overview of appropriate mechanisms for guaranteeing the social purpose and measuring the social impact of social enterprises in South Africa</i> (Fonteneau). ISBN 978-92-2-124354-0.
2011	<i>A guide to finance for Social Enterprises in South Africa.</i> ISBN 978-92-2-124609.

The project conducted an international study tour of social enterprise and social entrepreneurship in Belgium and the United Kingdom in November 2009.⁸ The tour exposed South African policy makers from government as well as representatives of Workers and Employers to examples of policy, regulatory, legal and institutional interventions that seek to create an enabling environment for social enterprise development. The visit included time both in the Flemish region of Belgium and London in the UK, in order to provide insights into the distinctive approaches to social enterprise taken in these two countries and to explore the advantages and disadvantages of particular approaches and interventions (see SETYSA 2010). See Box 3.

The project organised a successful national conference on the enabling environment for social enterprise development in South Africa. This was held in collaboration with

⁸ The report of this tour is available at: <http://asenetwork.net/site/wp-content/uploads/2011/02/Social-enterprise-study-tour-Nov-2009.pdf>

national partners and was held in Johannesburg on 22-23 October 2009. Invited policy makers and other stakeholders and experts reviewed the results of the national and international research and debated how best to create a more enabling environment (see SETYSA 2010).⁹

Finally, the project established an Internet-based knowledge management system. While the *Project Document* indicated this should be with the “National Youth Fund”, presumably the Umsobomvu Youth Fund, the website was in fact established on the ASEN website: www.asenetwork.org.

Most project documents are publicly available on this site, which is well designed and easily accessible.

While not cited in the *Project Document* as an indicator, the project was successful in publishing an article on social enterprises in *The Small Business Monitor*, produced by the SEDA (see Fox & Wessels 2010).

In summary, the project has achieved all the indicators required to have successfully produced this output.

Box 3: International study tour delegates (November 2009)

Mr Mojalefa Mohoto, Chief Director: Enterprise Development, Department of Trade and Industry
Mr Jeffrey Ndumo, Chief Director: Co-operatives, Department of Trade and Industry
Ms Portia Kekana, Director: Employment Assistance, Department of Social Development
Mr Isaac Nong, Manager: Employment Services, Department of Labour
Mr Ranjit Alummoottil, Senior Manager: Programme Analysis and Development, Small Enterprise Development Agency
Mr Yershen Pillay, Deputy Chairperson, National Youth Development Agency
Ms Ntombhlanga Mqushulu, Lobby and Advocacy Manager, National Youth Development Agency
Mr Sbusiso Gumede, Social Development Policy Coordinator, Congress of South African Trade Unions
Mr Kganki Matabane, Executive Director: Transformation Policy and Internal Operations, Business Unity South Africa

Output 2: A body of empirical evidence about social business development opportunities in selected priority industries

Progress toward achievement: Mostly Achieved

The project has produced two comprehensive reports on the relevance of social enterprise and social entrepreneurship in the project locations (see Dames 2009, Learn to Earn 2009). It also organised a range of consultations in which the results of research and assessments could be discussed. Roundtable discussions were held in Port Elizabeth on 27 October 2010 and Cape Town on 29 October 2009.

⁹ A full report on the conference proceedings is available from http://asenetwork.net/site/wp-content/uploads/2010/11/SA_conf_enabling_envt_for_SE_Oct_2009.pdf

Where the *Project Document* indicated that the research conducted for this Output would be around “selected priority industries”, in fact the project focused on the two project locations. Research was conducted on the Cape Flats and in the Nelson Mandela Metropolitan in Port Elizabeth.

While the decision to not focus on priority industries is understood and agreed with, the concern for an evaluation of this kind is that this decision did not lead to a revision of the output or its indicators. Thus, assessing this output against the indicators specified in the logical framework leads to the conclusion that this output has only partially been achieved.

The project would have scored better in this Output if it had revised its indicators once the decision had been taken not to assess priority industries.

Output 3: Sector-specific social business development training products and related business support services geared towards the needs of young people

Progress toward achievement: Fully Achieved

The project has produced a number of tools for the promotion of social enterprise and social entrepreneurship. However, most of these are in the final stages of publication and have not, by the end of the project, been distributed. See box 4.

In the lead up to the preparation of these tools, the project initiated market research on the range of existing small business start-up and management training materials (see Dames 2009, Learn to Earn 2009). Based on the findings of this research, the project organised discussions with BDS providers and other development agencies to consider the needs for development tools, including training tools. Consultants were then appointed to prepare and test the training and development tools.

Consultations conducted for this evaluation found general satisfaction with the tools produced, although many of these have not yet been finalised and distributed. Some respondents expressed a concern that many of the tools were simply based on an adaptation of business development tools, such as the ILOs Start and Improve Your Business training resources and its associated material. Some respondents also were concerned that the tools required a level of literacy and educational competency that was beyond many poor women and men in the pilot communities.

This output has been assessed as Fully Achieved despite the lack of a “sector-specific” character to the products produced. Here again, the project took the decision to focus more on locations than sectors. While this decision appears to have been a good one, the output still specifies the need for sector-specific tools. However, in this case, term sector could be interpreted as “local sector” and the benefit of the doubt has been given.

Box 4: SETYSA Tools

- 2011 *Case studies of Social Enterprises in South Africa*. ISBN 978-92-2-124701-2.
- 2011 *A guide to legal forms for Social Enterprises in South Africa*. ISBN TBC.
- 2011 *Introduction to Social Enterprise: Learners' Guide*. ISBN TBC.
- 2011 *Introduction to Social Enterprise: Trainers' Guide*. ISBN TBC.
- 2011 *Generate Your Social Business Idea: Learners' Guide*. ISBN TBC.
- 2011 *Generate Your Social Business Idea: Trainers' Guide*. ISBN TBC.
- 2011 *Generate Your Social Business Plan: Learners' Guide*. ISBN TBC.
- 2011 *Generate Your Social Business Plan: Trainers' Guide*. ISBN TBC.
- 2011 *Social Business Plan Competition Handbook*. ISBN TBC.

Output 4: A cadre of resource persons based in local BDS organizations that are certified competent in the provision of the newly introduced social business development products and related support services

Progress toward achievement: Mostly Achieved

The project has produced a range of training material for use by BDS organisations supporting the development of social enterprise and social entrepreneurship. This material is available on the ASEN website and has been tested in the pilot communities.

Certification of trainers who can use this resource is the only aspect of this output that has not been achieved. This is largely because the project held the view that certification of newly produced material for the promotion of a new model of development (i.e., social enterprise and social entrepreneurship) was not appropriate. Indeed, in a project of this kind it is hard to determine which body would be the most appropriate to certify this material. While the project could certify it, this would not be sustainable beyond the life of the project. Very few other organisations appear to be mature or experienced enough to perform a certification role. Thus, the project's decision in this regard appears to be a wise one.

Overall, the project has done extremely well to have produced the range of training resources it has, tested these in two pilot communities and made them available on a website.

During the consultations undertaken for this evaluation a number of respondents raised the concern that many of the tools were too "dense" and difficult to apply among disadvantaged communities where trainees had a low level of literacy. Many of the concepts were considered too sophisticated or complex for the target audience. This issue is discussed later. However, while these concerns are valid and should be considered in light of the broader achievements of the project and the future demands for technical support in this field, they do not diminish the success of the project in achieving this Output.

Output 5: Youth in the pilot communities have increased awareness about social businesses and increased demand for social business development support services

Progress toward achievement: Fully Achieved

The principal mechanism used for raising awareness about social business and increasing demand for support services was a business plan competition.

Two competitions were held in the Western Cape Province: one in 2009, the other in 2010. The Business Place in Philippi ran the competition on the Cape Flats in 2009, which offered prizes to the value of R150,000.

The Provincial Government of Western Cape's Department of Economic Development and Tourism ran the competition in 2010 in collaboration with The Business Place and UnLtd. South Africa. This competition covered the whole City of Cape Town and offered prizes to the value of R400,000.

The Port Elizabeth branch of the NYDA managed the Nelson Mandela Bay Social Business Plan Competition in 2010. This competition offered prizes to the value of R150,000.

The competitions were linked to training programmes offered in social business development. These programmes were organised as follows:

First, a half-day introduction seminar was held to introduce social enterprise and outline the programme to potential participants.

Second, a three-day training session was held, entitled: Generate Your Social Business Idea.

Third, another three-day training was held, entitled: Generate Your Social Business Plan.

At the completion of the training, trainees were encouraged to submit their business plans to the competition.

The competitions proved to be a useful means of meeting the indicators associated with this output. They helped to achieve buy-in and active support from community leaders, they became the centre of a tailored social business development awareness campaign, and they produced a mixture of incentives for local people to enter the competition.

On this basis, the output can be considered Fully Achieved. However, a number of concerns regarding the use and management of competitions have emerged during this evaluation. There are two major concerns.

The first concern is that the competitions did not ensure the concept of a social business is clearly understood. Many project beneficiaries (i.e., competition participants) consulted for this evaluation were unable to define what a social enterprise is. Furthermore, many agreed that they altered their initial business idea to simply position their business plan so that it looked more social. In both Khayalitsha and Port Elizabeth few of the competitors, many of whom were winners or finalists, were pursuing a social enterprise.¹⁰

¹⁰ Here, the definition of a social enterprise revolves around the primary purpose of the enterprise. Under the ILO Director General's definition cited on page 1, many of these enterprises may be considered a social enterprise because they create "sustainable market solutions to social problems" (ILO 2001). However, this is a very broad definition, which may include businesses that clearly are not the focus of this project (e.g., private hospitals and even food outlets could be seen as providing a solution to a social

The second concern is that the incentives used for the competition were poorly communicated. Many competitors thought they would receive cash prizes. Furthermore, many thought they would be given on-going support to develop their enterprise beyond the support that is available to any client of The Business Place, Red Door or the NYDA. The level of frustration among many respondents regarding these issues was extremely high.

Output 6: Youth in the pilot communities has eased access to bundled social business development support services

Progress toward achievement: Partially Achieved

The project conducted business and financial service mapping exercises in both pilot locations and organised the social business competitions and training programmes as a way of bundling development support services (see Dames 2009, Learn to Earn 2009). Referral systems were introduced in both communities to help beneficiaries gain access to these services (see Output 8). In Port Elizabeth, these activities had a clear focus on young men and women, largely because the NYDA managed the programme. In the Western Cape there was no such focus.

The *Project Document* refers to the requirement of the project to “explore the potential of linking project beneficiaries up with mentorship support and trade promotion services offered by other Flemish funded projects in Western Cape”. However, following discussions with the Flemish Representative it was decided not to pursue this output.

The *Project Document* also indicated that the project should monitor and evaluate the outcomes and impact of the referral systems. There is no evidence that this has been done.

While the pilot communities established a referral system based on the competition and training programme, the output is only considered partially achieved because other indicators of achievement do not appear to have been established. Furthermore, while the referral system in the Western Cape is likely to continue among the key participating agencies, there is very little likelihood that such a system is in place in the Eastern Cape Province.

Output 7: Youth in the pilot communities has forged business partnerships

Progress toward achievement: Not Achieved

This output sought to link up young men and women in the two pilot projects who were students at the University of Stellenbosch with aspiring young entrepreneurs. No mention was made in this part of the *Project Document* to how the concept of social enterprise and social entrepreneurship is applied or how this would contribute to the project’s broader outcomes (i.e., its Immediate Objectives). Instead, the activities proposed within this Output appear to be a straightforward matching-making process that links university students with emerging business opportunities.

problem). The question raised by the SETYSA project is whether or not the business is developed for a social purpose. Many competition participants appeared to be creating the business primarily for their own employment. Social service was clearly a secondary concern.

It appears that the project management may have recognised the odd placement of these activities in the project and chose not to pursue it. The mid-term review recommended that this output be removed (Simpson 2010). However, this was not done.

It was reported in the *Progress Report of December 2009 to June 2010*, that the University of Stellenbosch was no longer interested in this activity and, as a result, the project did not continue to pursue it. Thus, this output has not been produced.

As with some of the other outputs above, it would have been useful if the project management had, in consultation with the donor, revised the logical framework and removed this output. This would have removed a negative score for an output that was originally misplaced. While the ILO and the donor confirm this decision was made, it was not documented.

Output 8: Local project stakeholders and stakeholders of other youth employment promotion programmes in the pilot provinces coordinate their respective initiatives

Progress toward achievement: Partially Achieved

The mapping reports conducted in the two pilot sites, referred to above, included a mapping of youth employment promotion initiatives in the provinces (see Dames 2009, Learn to Earn 2009). Both these reports concluded that there were no formal or semi-formal coordination structures specifically related to social enterprise development in the pilot locations.

In the Western Cape Province, a social enterprise forum has been established and the SETYSA project supported this. The Department of Economic Development and Tourism of the Provincial Government of the Western Cape has indicated it is prepared to continue to support the forum beyond the life of the SETYSA project. However, in Port Elizabeth in the Eastern Cape Province there appears to be no indication of how social enterprise development initiatives may be coordinated. The NYDA does not believe it has the resources to allocate to this activity and the Small Enterprise Development Agency does not appear to be inclined. Very little interest in supporting coordination has been expressed by the Eastern Cape Provincial Government or the Nelson Mandela Bay Metropole.

Summary of output performance

Overall, the project has achieved most of the eight Outputs stipulated in the Project Document. This result would have been improved if a decision had been taken to revise the log-frame on the basis of some of the management decisions taken to not pursue certain Outputs or shift emphasis. See Figure 1.

Figure 1: Summary of output performance

Output	Level of Achievement
Output 1	Fully Achieved
Output 2	Mostly Achieved
Output 3	Fully Achieved
Output 4	Mostly Achieved
Output 5	Fully Achieved
Output 6	Partially Achieved
Output 7	Not Achieved
Output 8	Mostly Achieved

While it is recognised that there is no ideal number of outputs required for a project of this kind and length, it does seem that eight outputs is quite a lot. This is especially the case when one product, such as a local mapping report, is used to meet the indicators associated with three outputs. Thus, it would seem, possibly in retrospect, that the project might have been more elegant and easier to manage if it had had fewer outputs.

3.3.2 Assessment of immediate objectives

Having assessed the project’s progress in achieving its eight output, attention is now turned to the immediate objectives and the extent to which these have been met.

The *Project Document* identified four immediate objectives each of which are discussed below.

Immediate Objective 1:

Strengthen the capacity of South African policy level stakeholders to conceptualize social enterprise development in the context of the policy debate on youth employment promotion through small enterprise development.

Achievement of this objective was to be measured against the level of comprehension of policy planning and coordination bodies about the concept of social business development (75% increase over baseline).

One output (Output 1) was designed to contribute to this immediate objective. As indicated above, Output 1 is considered to be Fully Achieved by the end of the project.

The *End of project monitoring report* (SETYSA 2011) presents data collected in January 2011 and compares this with baseline data collected at the beginning of the project. In the case of Immediate Objective 1, a survey of policy makers participating in the project was undertaken along with feedback obtained from the international study tour and the national conference. The report suggests that the project narrowly missed its target of a 75 percent increase among policy makers regarding their awareness of social enterprise and social entrepreneurship.

There are some concerns with this finding. For example, the sample of policy makers was drawn only from those who participated in the project. Study tour and national conference feedback was also skewed entirely toward those who participating directly in the project. In these cases it would be extremely surprising to find that awareness of

participants did not increase. However, the objective refers to “policy level stakeholders” and not participants. The outcome of the project would have been better tested against a sample of policy makers that included direct participants along with those who did not directly participate.

Despite this shortcoming, the project does appear to have raised awareness regarding the concept of social enterprise and social entrepreneurship. Perhaps the most compelling example of this is the inclusion of social enterprise and social entrepreneurship in recent policy documents and agency plans.

In November, the minister for economic development released the *New Growth Path*, which sets out an ambitious programme to create jobs, through a series of partnerships between the state and the private sector. It includes initiatives that support job creation and calls for re-industrialisation in the South African economy based on improving manufacturing performance through innovation, strong skills development and reduced input costs in the economy. This document identifies five major drivers for job creation in South Africa. One of these is the leveraging of social capital in the social economy and the public services (Republic of South Africa 2010).

Another example of how the concept of social enterprise and social entrepreneurship is beginning to take root in national policy and programme development, the National Youth Development Agency’s 2010-2011 Strategy indicates that the agency will promote economic participation among young people through “targeted and integrated programmes and support for social enterprises that focus on job development and placement, and other programmes that support youth development, including income generating activities” (NYDA 2009:7). The plan also indicates that resources will be allocated toward the creation of a Social Entrepreneurship Fund (p. 9).

Finally, the Department of Economic Development and Tourism of the Provincial Government of the Western Cape has expressed a desire to develop a programme of support for social enterprise and social entrepreneurship in the province. The department is currently engaged in a consultation process to establish a Social Entrepreneurship Programme as a part of its Enterprise Development Unit (Peters 2010, Internal Memorandum).

Thus, the project has achieved this immediate objective. Indeed, this appears to have been the greatest achievement of the project. This issue is discussed further in section 4.3.3.

Immediate Objective 2:

Strengthen the capacity of local BDS organizations to facilitate and provide both financial and non-financial social business start-up support services for young people.

Achievement of this objective was to be measured at the facilitator level and at the provider level. Facilitators would demonstrate increased comprehension of the social business development potential in priority industries and pilot communities. This would be measured along facilitator success criteria like BDS awareness rate, BDS take up rate and business start-up rate. BDS providers would also demonstrate that they were satisfied with the facilitator services, with at least 75 per cent of BDS providers rating services as “very satisfactory”.

Three outputs were designed to contribute to achieving this immediate objective (Outputs 2, 3 and 4). Outputs 2 and 4 were assessed as Mostly Achieved. Output 2

because it produced the material envisaged, but did not focus on “selected priority industries”. Output 4 because it did not establish a certification mechanism. Both these outputs would have scored higher if they had been refined to reflect, what appears to have been, sensible management decisions. Output 3 was assessed as Fully Achieved.

The *End of project monitoring report* found there was an increase in understanding among facilitators. This finding was reinforced by the consultations undertaken for this review.

An improvement in facilitator awareness and understanding is, arguably, the most relevant indicator for this immediate objective. While the use of the three outputs can be assessed at the level of the ultimate beneficiary, in a project of this kind and with a short, two-year timeframe, changes are better measured among facilitators and BDS providers.

The *End of project monitoring report* found a high level of satisfaction among ultimate beneficiaries. This too was borne out during the consultations conducted for this evaluation. However, this is a poor indicator of achievement of the immediate objective. Free training in a comfortable environment for poor beneficiaries who, due to the competition component of the training may lead to financial reward, is likely to produce a high degree of satisfaction. And it did. However, this is not an indication of whether the training provided helped participants understand the concept of social enterprise and social entrepreneurship or whether they were in a better position to start and manage a social enterprise based on the training.

Consultations with a number of ultimate beneficiaries conducted for this evaluation found that many respondents had a very poor idea of what a social enterprise is. Many were unable to define this or to distinguish between a typical private enterprise and a social enterprise. However, they all expressed satisfaction with the project.

One indicator that is missing in this objective concerns the capacity of providers to provide financial services to nascent social enterprises. The lack of available start-up finance was raised by most, if not all, the beneficiaries consulted for this evaluation. While a number of finance providers participated in this project (e.g., Greater Capital, Tembeka Social Investment), very few social businesses involved in the competition were brought to an “investment ready” stage, where they could successfully benefit from the services of these agencies. Many BDS providers and facilitators were also unclear about the ways this issue could be addressed.

Despite the concerns raised above, the project appears to have strengthened the capacity of BDS facilitators and providers in the two pilot areas to support social enterprise development. The resources produced by the project should help facilitators and providers in other areas of the country to support social enterprise development, but these have not yet received this material and may not yet be aware of it.

Immediate Objective 3:

Mobilize the target communities to embrace a more self-reliant approach to local economic and social development, and to stimulate their demand for social business start-up training and related services.

Achievement of this objective was to be measured by an anticipated increase in awareness among members of the pilot communities in social business development (75% increase). Furthermore, it was anticipated that the take-up rate of business

development support services would be at least 20 per cent of the prospective clients register for a business idea generation workshop and that 40 per cent of these participants would move on to business start-up training.

Three outputs were designed to contribute to achieving this Immediate Objective (Outputs 5, 6 and 7). The social business plan competition was a relatively effective way of mobilising members of the target communities, but brought with it a high degree of frustration for many of these members. Despite this, Output 5 is considered Fully Achieved. Output 6 was only Partially Achieved and Output 7 was Not Achieved.

The *End of project monitoring report* was unable to provide data on the increase of awareness within the pilot communities. Again, it is interesting to note that the attempts to measure an increase in awareness focused on the participants of the project (i.e., those who attended the training or entered the competition), when the objective and its indicator is concerned with an increase in awareness among the pilot communities, not the project participants.

The monitoring report shows success in the take-up rate of trainees who moved from the Introduction to Social Enterprise training to the Generate Your Social Business Idea training programme and on to the Generate Your Social Business Plan. While this is an achievement, questions should be asked about this indicator. The social business plan competition appears to have been a major reason why participants undertook the courses. However, the greater concern is with the design of the indicator. While the indicator can be a sign of how well the project stimulated the demand for “start-up training and related services”, it does little to reflect the extent to which the project helped the pilot communities “to embrace a more self-reliant approach to local economic and social development”.

In summary, this objective appears to have been Partially Achieved.

Immediate Objective 4:

Unlock synergies and scale effects between the project and other local youth employment promotion initiatives.

Achievement of this objective was to be measured by the anticipated increase in effectiveness of youth employment promotion programme coordination mechanisms in the pilot provinces (measured as a productivity increase in the system, with higher outputs as a result of better coordinating the allocation of inputs).

One output (Output 8) was designed to contribute to this immediate objective. This output mapped youth employment initiatives in the pilot communities and sought to improve local coordination. It was considered Mostly Achieved because the extent to which coordination structures were established in both pilot locations is unclear. Indeed, the functioning of these systems beyond the project is uncertain, especially in Port Elizabeth.

The project monitoring report presents data that shows that BDS providers and ultimate project beneficiaries were aware of coordination mechanisms at the local level. However, it acknowledges that there was no assessment undertaken of the effectiveness of these mechanisms. Furthermore, the data presented is not disaggregated across the two pilot sites.

Thus, this immediate objective is assessed as Mostly Achieved.

Summary of immediate objective achievement

Overall, the project has done well across the four immediate objectives, as the figure below shows. See Figure 2.

Figure 1: Summary of immediate objective achievement

Immediate Objective	Level of Achievement
Immediate Objective 1	Fully Achieved
Immediate Objective 2	Fully Achieved
Immediate Objective 3	Partially Achieved
Immediate Objective 4	Mostly Achieved

3.3.3 Assessment of achievement toward the development objective

The Project Document presents the following development objective (p. 16):

The development objective of the pilot project is to boost employment opportunities and access to social services for the youth in South Africa, with particular emphasis on traditionally disadvantaged groups of the population. The resulting long-term lasting change (impact) of the project will be a public mindset that is supportive of youth employment promotion also through social enterprise development, sustainable livelihoods for hundreds of youth in the pilot communities, and better access to social protection and environmental protection services for thousands of their community members. Furthermore, the approaches and products introduced to the pilot provinces through the project will have matured to a point that they could be replicated throughout the South African market with the corresponding multiplier effects on employment creation and social development.

While it is too soon to accurately assess the project’s impact on this objective, a number of observations can be made. This is done by examining the claims of the objective presented in each sentence.

In the first sentence, the objective suggests the project will “boost employment opportunities and access to social services” for young people, especially those from “traditionally disadvantaged groups”. As indicated previously in this report, this claim is questionable. While the long-term impact of any project supported by the ILO is likely to involve the creation of productive and decent employment, along with the other elements of the Decent Work agenda, the link between this project and job creation is a little longer than most.

The *End of project monitoring report* asserts that the project sought to create 1,000 new jobs for young people, at least 70 per cent of which would be among previously disadvantaged South Africans and 50 per cent women. The report correctly says it is too early to measure this and that, perhaps, this result will be produced by the end of 2013.

Based on the evidence reviewed, it is extremely unlikely that the project will come close to creating 1,000 new jobs for young women and men or for any other group of South Africans. Direct job creation is not the strength of the project and should not have been

considered a central focus. Doing so undermines the greater areas of potential development impact.

The second sentence of the development objective refers to the lasting impact of the project on the public mind-set. This impact is correct, although the term “public” is a broad one. The project has successfully introduced the concept of social enterprise and social entrepreneurship and tested a range of methods and tools that can be used to promote this concept. There appears to be a greater interest in these concepts and a desire to apply them to the development challenges facing South Africa.

The second part of this sentence suggests that thousands of young women and men in the pilot communities would gain better access to social protection and environmental protection services. This is a strange and unsupported claim. No evidence was found of the ways the project could have or has achieved this in the short or long-term.

The last sentence of the development objective claims that the methods and resources produced by the project will be replicated and applied across the country. This claim is feasible and the project has gone a long way toward achieving it. Unfortunately, many of the tools produced by the project were, by the end of the project, still in the final stages of publication. There is much more to be done to get these resources out to services providers across the country. Indeed, this is an issue that needs urgent attention in the follow up to this project.

However, the project has done extremely well in two years to introduce the concept of social enterprise and social entrepreneurship, test out methods for the promotion of this concept and develop relevant tools.

The last part of the sentence claims that the project will produce “multiplier effects on employment creation and social development”. This claim is agreed. The potential of this project in terms of job creation is realised further down the impact chain. Once development methods and tools are applied across the country, then the benefits of social enterprise and social entrepreneurship will begin to be realised.

This project applied interventions at the macro, meso and micro level.

At the micro level, it succeeded in testing out new methods of promoting social enterprise and social entrepreneurship and mobilised small groups of unemployed women and men to consider this development model. This activity was useful because it helped the project learn lessons on the ground, but the impact among these direct ultimate project beneficiaries is assessed as minimal.

At the meso level, the project achieved more success. It worked well with government and non-government actors involved in BDS and explored with them ways in which social enterprise and social entrepreneurship can be promoted. It created local forums in which these actors could meet and discuss the findings of research and formulate plans for social enterprise promotion in their areas. The project also developed tools that these project partners could test and apply; tools that will certainly improve the quality of the services these partner organisations provide.

At the macro level the project has had even more success. It introduced the concept of social enterprise and social entrepreneurship as a model of development that is relevant to meet the economic and social development challenges faced in South Africa. This has resulted in new government initiatives to support social enterprise development: the New Growth Path refers to the social economy as a driver of job creation, the NYDA has included the concept in its strategic plan and plans to establish a social entrepreneurship fund for young people, and the Western Cape Provincial Government

is currently developing a policy and programme for social enterprise development. SETYSA can legitimately claim a role, in part or in full, in these achievements.

Finally, the project has supported two new proposals that, if they are supported, will continue to support the development of social enterprise and social entrepreneurship.

In December 2010, the Economic Development Department submitted a proposal to the Secretariat of the Economic Cluster (Employment Creation Fund) for donor funding for a project to support social economy enterprise development in South Africa from 2011 to 2013. The department developed this proposal in consultation with the ILO Pretoria Office.

In January 2011, the ILO Pretoria Office submitted a proposal to the ILO Regional Office for Africa (Regular Budget Supplementary Account) for funding to support social economy enterprise development in southern Africa in 2011.

In summary, the development objective, and indeed the range of immediate objectives, has not done justice to defining the outcomes and impact a project such as this can have. While success can't be measured in terms of jobs created or social and environment protection delivered, it can claim to have improved the quality of policy making and programme design and delivery. It has helped policy makers better understand the dangers of policy silos and presented a model of development that can be used to successfully combine social and economic objectives. It has helped BDS providers and other local and provincial development agents to better understand how local markets can be tapped and how social development objectives can be pursued through a sustainable business model.

3.3.4 Assessment of project efficiency

In general, the project appears to have operated in an efficient and professional manner. The project had a small number of staff and worked closely with a wide range of partner organisations.

It was pleasing to see how the project took care not to create unnecessary structures and processes where this was not required. A great deal of attention appears to have been given to finding partners and individuals that the project could work with, rather than creating a separate project infrastructure.

The decision to locate the project in the ILO Pretoria Office can be questioned. While this provided a neutral and effective base for the project to operate from, there may have been benefits in locating the project within an existing South African institution, such as SEDA or the NYDA. The embedding of technical projects within domestic organisations is consistent with the recommendations of the Paris Declaration and may have opened up opportunities for greater awareness raising and local ownership. Greater synergies with other projects and programmes may have also been created (Organisation for Economic Co-operation and Development 2005).

3.4 Assessment of project management arrangements

The ILO Pretoria Office was the implementing agency for the project. Within this office, the ILO Enterprise Specialist was responsible for technical backstopping, while the CTA was responsible for the overall management and coordination of the project. A full-time national project coordinator was also appointed. All project staff were housed in the ILO Pretoria Office. As indicated above, this appears to have been a sound management system.

The project CTA, Mr. Tom Fox, appears to have performed extremely well in this position. Many partners and stakeholders interviewed for this evaluation expressed an appreciation for the professional and collaborative manner in which the CTA worked with them. Much of the project's success appears to have been a result of the skill, experience and personal commitment of the CTA.

It appears to have been very fortunate that the project was able to recruit such a competent CTA and that the Enterprise Specialist was able to provide useful technical support. This situation has likely compensated for the problems experienced at the steering committee level, where it appears that project oversight and management functions were not given the attention that a project such as this requires.

As described in Chapter 2, the original project steering committee was not formed until June 2009. This committee was created for the broader ILO Enterprise Programme. While this structure allowed for steering committee members to gain a broad overview of the range of projects contained in the Enterprise Programme, it did not appear to allow for sufficient attention to be given to the details of the SETYSA project. Minutes of the three steering committee meetings held indicate that these meetings ran for three-and-a-half to four hours. Within this timeframe, the SETYSA project was only one of a number of projects discussed. In late 2010, the steering committee was disbanded and these functions were transferred to a committee within NEDLAC that dealt with a greater number of projects within the DWCP.

While the possible advantages of cross-programme synergies that may come from these steering structures are obvious, the cost of these advantages seems high. Because the SETYSA project is, at heart, a policy-making project, it is essential that a steering committee comprised of the relevant government departments and agencies should pay careful attention to the work the project undertakes. It should carefully assess the contents of the wide range of research reports and development tools produced by the project and help to define strategies and processes that help integrate these into the relevant institutions. Unfortunately, there is no evidence found of the steering committee performing this role.

3.5 Assessment of monitoring and evaluation arrangements

The project appears to have invested in the establishment and management of a sound monitoring and evaluation system. This system involved the collection and analysis of baseline data during the early stages of the project. The logical framework clearly defined the indicators to be used for this purpose. The end-of-project monitoring report is a valuable document for tracking the changes in these indicators.

The project also employed a workplan monitoring system that allowed key indicators to be quickly observed using a traffic-light system: green indicates the project is on track to achieving its targets within the specified time, red indicates a danger that these targets are unlikely to be met in time, and amber indicates some concern with meeting the targets.

The project monitoring and evaluation system used by the project followed a template that was developed for the broader Enterprise Programme. This allowed the project's performance to be compared with other projects in the programme.

As the assessment of project outputs and immediate objectives has shown, there are a number of indicators developed for this project that are questionable. Some indicators were not an accurate reflection of the project's performance toward a specific output or

objective, while others were based on information that was not entirely relevant. The most obvious examples of this were those indicators that sought to measure participant awareness and use this as a proxy for public awareness.

In some cases the lack of baseline information has hampered the assessment of the full extent of the projects outcomes.

Finally, the End of project monitoring report makes a number of references to the lack of resources for data collection. There is a growing demand among donors, taxpayers and development agencies for data that shows the actual impact of development cooperation projects. Thus, there is a need for greater levels of investment to collecting, analysing and disseminating this kind of data and information.

3.6 Assessment of project sustainability

This two-year project has performed well in producing outputs and outcomes that can be sustained beyond the life of the project. It has created a web-based resource centre within an existing organisation (i.e., ASEN) that will continue to be maintained and updated in the years that follow. It has produced research reports and development tools that interested parties can access and use in the future. And, it has contributed to new policies and programmes being introduced that will be taken forward by existing organisations with a clear mandate.

The project worked with existing partners and stakeholder organisations and appeared reluctant to establish its own systems or structures, which may have faltered as the project came to an end. Thus, its interventions were largely introduced to add-value to the work of existing organisations.

However, three concerns regarding the sustainability of the project's interventions remain.

The first concern is with the use of the training tools and resources the project has produced. These are valuable resources and can be applied in a wide range of locations across South Africa. However, not all of these have been finalised and there is no clear plan in place to ensure they are effectively distributed. There is a danger that these resources will end up in piles in the storeroom of one or two agencies.

The second concern is with the sustainability of ASEN. The project has enhanced the ASEN website and provided an opportunity for the association to provide resources and advice to its members. However, the sustainability of ASEN is not certain. The project could have provided additional support to ASEN to help it develop strategies that would ensure its long-term sustainability. However, this was not done and ASEN remains vulnerable.

The third concern is with the coordination of local services in the pilot locations. In the Western Cape it appears that the provincial government is likely to provide support to a social enterprise forum and to organising the social business plan competition as an annual event. In the Eastern Cape, the future coordination of local services is more precarious. The provincial branch of the NYDA has indicated that it is unlikely to continue this work without additional resources and the other agencies in Port Elizabeth, while sympathetic to the need, show little commitment.

4 Conclusions and recommendations

This chapter presents the general conclusions of the evaluation and identifies some of the main lessons that can be learned from the project. It then presents a series of recommendations.

4.1 General conclusions

The formulation of the SETYSA project combined a growing understanding within the ILO of the role that social enterprise and social entrepreneurship can play in promoting sustainable enterprises with a national policy framework in South Africa that attempts to respond to the challenges of high unemployment through enterprise development and youth development. The project was framed within the DWCP, even though this document was not finalised at the time, and reflects a number of developmental goals that are shared by the ILO and the Government of South Africa.

The project was designed with a strong focus on young people. However, in the early days of the project, it became clear that this focus was misplaced. While youth unemployment in South Africa is extremely high and while social enterprise and social entrepreneurship has a contribution to make to address this problem, the policy framework for this model is undeveloped. Thus, the project has not focused on young people, but on the broader challenges to social and economic development across the country and to the ways that social enterprise and social entrepreneurship can help address these challenges. Similarly, the project sought to focus on a selection of sectors and priority industries, but these too were not pursued for the same reasons.

The project worked at three levels:

- 1 At the macro-level it worked with stakeholders with a mandate for defining and coordinating a conducive policy and regulatory framework for social enterprise and social entrepreneurship. It exposed these actors to international models of social enterprise and social entrepreneurship and produced assessment of the South African environment. It held a successful national conference as well as a series of Internet-based forums on the topic.
- 2 At the meso-level the project worked with partners and stakeholders with a mandate to facilitate or physically deliver BDS that promotes social enterprise and social entrepreneurship. At this level, the project worked with national service providers as well as in two pilot locations.
- 3 At the micro-level the project worked with partners and stakeholders in the pilot locations that were directly involved in the market exchange for a good or service, either by taking a stake in the production and provision of the product, or by buying it. The project worked with the service providers as well as with ultimate project beneficiaries. Here the project ran social business competitions and provided six days of training in social business planning.

SETYSA was a lean project that sought to work with a wide range of partners and stakeholders. It managed resources efficiently and designed its interventions based on a careful assessment of need and the work of other actors. It produced research that was shared with relevant stakeholders and created a central clearinghouse of information and resources that anyone can access.

Only one of the eight project outputs planned was not produced. Of the other seven, most were fully achieved. The main reason behind some of these outputs not being fully achieved was due to the failure of the project to formally revise its logical framework. Some of the initial outputs specified in the *Project Document* required modification. The project made a number of appropriate decisions to change the focus of these outputs, but failed to revise the logical framework. This has produced a situation in which the project is now being assessed against indicators that are no longer relevant.

The project has succeeded in achieving most of its four immediate objectives. It has contributed to a strengthening of the capacity of South African policy makers to conceptualize social enterprise development in the context of current policy debates on youth employment promotion through small enterprise development (Immediate Objective 1). The number of new policy and programme documents that include social enterprise and social entrepreneurship demonstrates this.

The project has also contributed to the strengthening of the capacity of local BDS organizations to facilitate and provide both financial and non-financial social business start-up support services for young people (Immediate Objective 2). It has produced valuable research reports that provide an evidence-base for discussions concerning the need for social enterprise development support services. It has also produced a number of development resources that BDS providers can access.

Within two pilot communities, the project helped to mobilize the target communities to embrace a more self-reliant approach to local economic and social development, and to stimulate their demand for social business start-up training and related services (Immediate Objective 3). While it is difficult to determine the extent to which this mobilisation process has succeeded, the project tested models for mobilising and developed resources that stimulated the demand for local services. The markets for these services remain undeveloped and much more needs to be done to show how social enterprise and social entrepreneurship can be effectively used to create greater self-reliance among disadvantaged communities.

The project has initiated the process of unlocking synergies and scale effects between the project and other local youth employment promotion initiatives (Immediate Objective 4). It achieved varying degrees of success in these fields in the two pilot locations, but has helped partners and stakeholders to identify the connections between social enterprise and social entrepreneurship and youth employment. More needs to be done in this field.

The development objective for the project presents a narrow and misleading interpretation of what social enterprise and social entrepreneurship can provide in South Africa. It focused on the creation of jobs and the provision of social and environmental protection. However, the real development impact of the SETYSA project appears to be on improving the quality and relevance of policymaking and programme design. Within a short, two-year, timeframe, the project introduced policy reforms and programme innovations that are likely to have a lasting effect how government and its social partners rise to the challenges of social and economic development. While one measure of this in the future may be the creation of more decent and productive employment, there are many other development impacts that may be generated. These include the building of much-needed social capital in disadvantaged communities, the introduction of sustainable models of enterprise development and the strengthening of the non-government community sector and its ability to provide services to local residents.

The project has benefited from the skills and tenacity of its CTA and the support provided by the ILO Enterprise Specialist. This appears to have allowed the project to work effectively despite an ineffective steering committee. The project steering committee does not appear to have provided the kind of support or direction that is expected.

4.2 Recommendations

The following recommendations are presented:

1. It is recommended that the findings of this evaluation be presented to all project partners and stakeholders in order to provide an opportunity for these actors to reflect on the project's experiences, achievements and lessons, and to consider future support requirements for the promotion of social enterprise and social entrepreneurship in South Africa.
2. It is recommended that the ILO Pretoria Office pay urgent attention to the distribution of the development tools produced by the project. This should include an awareness raising campaign to help potential users (e.g., BDS providers and other social enterprise champions) learn of the tools and how they can be applied, along with a series of introductory seminars. This should include SEDA, NYDA and all branches of The Business Place.
3. It is recommended that the ILO Pretoria Office liaise with ASEN regarding the design of a capacity building programme that can help the association design and implement a range of income generating strategies that improve its prospects for long-term sustainability.
4. It is recommended that the ILO Pretoria Office and NEDLAC consider the creation of a NEDLAC technical sub-committee that deals specifically with the projects within the employment portfolio of the DWCP (i.e., Outcome 4). While this would still mean that the sub-committee would deal with a number of projects, this would be fewer than the current number of projects dealt with by the NEDLAC committee and would hopefully mean that greater attention is given to the technical content of these projects.
5. It is recommended that the Government of the Flanders explore new lines of support for social enterprise and social entrepreneurship in South Africa. This could include the testing of development tools and the development of interventions, such as public procurement, that support the development of the social economy. This could include collaboration with the Economic Development Department on the theme of developing South Africa's social economy.
6. It is recommended that the dti consider ways of incorporating cooperative development within a broader social economy portfolio.
7. It is recommended that the ILO Pretoria, in collaboration with donor agencies (such as the Government of Flanders) consider expansion of a social enterprise and social entrepreneurship development programme in the Southern African region. This could draw on the lessons learned from SETYSA and especially look at how social enterprise and social entrepreneurship models can be applied in neighbouring countries.
8. It is recommended that the ILO Pretoria Office, in collaboration with donor agencies, consider further assistance to the development of social enterprise and social

entrepreneurship in South Africa within specific target groups and sectors. This could involve the identification of the potential for social enterprise development among women, young people and within specific social sectors.

4.3 Lessons learned

The lessons learned from this project are divided into two kinds: strategy lessons and management lessons.

4.3.1 Strategy lessons

The lessons listed below refer to the strategy pursued by the SETYSA project. They are presented in order to improve the ways social enterprise and social entrepreneurship is promoted in the future.

1. The SETYSA project was a supply-oriented project. While this kind of project is somewhat unfashionable in enterprise development circles, projects like this have an important role to play in helping policymakers and practitioners to deal with the challenges they face. However, when designing and implementing a project of this sort, care should be taken to avoid distorting markets at the local or micro level. Micro level interventions can be used to test new methods and tools, but such tests sensitively managed.
2. It is important to establish a sound policy and institutional base for the promotion of social enterprise and social entrepreneurship before specific attention is given to special target groups or sectors. However, once this base is formed, there may be value in exploring the potential of social enterprise as a model for social and economic development among specific groups and job-rich sectors.
3. Building networks and creating space for dialogue among key government and non-government actors has proven to be an important function of this project. This space builds local alliances, encourages the sharing of knowledge and experience, and supports the introduction of new programmes and services.
4. Business plan competitions are a useful way of mobilising local communities and stimulating a demand for services, but they have their weaknesses. The level of frustration and dissatisfaction among competitors, even finalists and winners, can be discouraging in the long term. Competitions can also distort markets and create artificial incentives.
5. The promotion of social enterprise and social entrepreneurship has particular resonance in the community sector. While social enterprise often falls between the policy and programme silos of economic development and social development, an important field that was not fully pursued by the SETYSA project is to help community organisations to become more entrepreneurial or business like in their approach.
6. Care should be taken in the promotion of “micro social enterprises”. This is a rare model of enterprise and can be difficult to pursue. Enterprise development in poor communities can be frustrated by supply-oriented interventions that force aspiring business people to provide a social good or service. Business development in these locations is hard enough without forcing unemployed people to take on these idealist models of development that are largely untested.

4.3.2 Management lessons

The lessons listed below refer to the ways a social enterprise and social entrepreneurship can be managed.

1. The role of the project steering committee should be clearly described. In the case of a project such as this, which focuses on policy reform and programme innovation, the steering committee should invest its time in carefully assessing and debating the documents and resources the project produces.
2. A sound monitoring and evaluation system is essential. Within this system, care should be taken to ensure the indicators used accurately measure the progress and outcomes of the project.

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Annex 1: Terms of reference

The external evaluation of the SETYSA project is intended to be an in-depth project usability evaluation by multiple partners and beneficiaries. The goal is to validate actual achievement of immediate project objectives/outcomes and contribution towards the pursuit of the project development objective, as per project log-frame.

The scope of the evaluation in terms of time is January 1st 2009 through to 28th February 2011, thus representing the entire project period. The scope of the evaluation in terms of operational area is the SETYSA geographical coverage area (national in South Africa with pilot activities in Western Cape and Eastern Cape Provinces) in its totality.

The primary clients of the evaluation are the tripartite constituents of the ILO (represented in the Technical Committee under NEDLAC), and project partners and stakeholders—namely the project manager, main national project partners, ILO field office director, technical backstoppers at headquarters, field technical specialists, responsible evaluation focal points, and the donor.

Further to the above, the external evaluation will answer the following questions:

Relevance and strategic fit:

- Did the project directly support national development priorities and the Decent Work Country Programme (DWCP) of South Africa?
- How well did the project complement other relevant ILO projects in South Africa and beyond?
- What links were established with other similar activities of the UN or non-UN international development organizations at country level?

Validity of design:

- Was the design process adequate? Was it based on a needs analysis of the target area? Was a gender analysis included?
- Did outputs causally link to the intended outcomes/ objectives?

Project effectiveness:

- Were the available technical and financial resources adequate to fulfill the project plans?
- Were outputs produced and delivered as per workplan? Has the quantity and quality of these outputs been satisfactory?
- To what extent did the outputs contribute to the achievements of the project objectives/outcomes? Consequently, have the project objectives/outcomes been achieved?
- How adequate was the participation of stakeholders in project planning and implementation? How effective was the project in establishing national ownership?

Project efficiency:

- Were resources (funds, human resources, time, expertise etc.) allocated strategically to achieve project objectives?
- Did the operations of the project match with the project work plan and budget?

- In retrospective, could the project have used its resources more efficiently?

Effectiveness of management arrangements:

- Were the management, monitoring, and governance arrangements for the project adequate? Was there a clear understanding of roles and responsibilities by all parties involved?
- How effectively did the project management monitor project performance and results?
- Was a monitoring and evaluation system in place and how effective was it?
- Was information being shared and readily accessible to national partners?
- Did the programme receive adequate administrative, technical and - if needed – political support from the ILO office in the field, field technical specialists and the responsible technical units in headquarters, if applicable?

Sustainability:

- Have the project partners the capacity to independently and effectively promote social entrepreneurship in South Africa?
- Did the project succeed in integrating its approach into government administrative institutions?

Lessons learned:

- What good practices can be learned from the project?
- What should have been different, and should be avoided in the future?

Methodology

The methodology for the external evaluation is based on three stakeholder workshops (one main one at national level and one in each of the pilot provinces, namely Eastern Cape and Western Cape) as the main source of information for the evaluation report. Additionally, the evaluation will be based on a review of key documentation and individual meetings with the stakeholders.

As a first step, all relevant information available on the project will be reviewed, summarized and circulated in advance to the key stakeholders and partners who will be invited to attend the evaluation workshops. The workshops will have two purposes: To gather additional information from the participants and to answer the evaluation questions by reviewing and discussing the information on the project.

After the main stakeholders' workshop, individual meetings with the key stakeholders will be organized where necessary, to follow-up in-depth on questions related to the project performance. In accordance with the ILO evaluation policy, participation of ILO tripartite constituents and both internal and external key stakeholders during all phases of the external evaluation process will be assured, as appropriate.

The key documents to be circulated to the stakeholders before the workshops includes:

Key background documents:

- SA DWCP
- Global Jobs Pact

- Plan of Action for the Promotion of Social Economy Enterprises and Organizations in Africa, adopted at the ILO Regional Conference “The Social Economy – Africa’s Response to the Global Crisis”, Johannesburg, 19-21 October 2009
- The New Growth Path: The Framework, document presented by Minister Ebrahim Patel, November 23 2010.
- UNDAF

Project-related Documents:

- SETYSA project document
- Project (revised) budget and summary of expenditure
- Various project progress reports, work plans and strategy maps
- Inception workshop report, mid-term review report and end-of-project monitoring report
- Various project publications: international, national and community-level research reports; conference report; study visit report; training materials and other social business development tools; guides to finance and legal forms for social enterprise; case studies
- Note on project proposals for follow-up initiatives: Submission by the Economic Development Department to the Secretariat of the Economic Cluster for a project to support social economy enterprise development and submission to ILO Regional Office.

Main outputs

The main output of the external evaluation will be an evaluation report, compiled on the basis of the stakeholders’ workshops as well as the individual meetings with partners. The report should follow the standard table of contents and thereby include the following:

1. Introductory Pages
2. Executive Summary
3. Project Background
4. Background on Evaluation
5. Methodology
6. Evaluation Findings
7. Conclusions
8. Recommendations, Lessons Learned and Good Practices
9. Annexes:
 - Terms of Reference
 - Project Work plan
 - List of Meetings and Interviews
 - Any other relevant documents

The evaluation period is February 1st to February 28th 2011. The first draft report will be sent to the Evaluation Manager by 21st February 2011, who will circulate it to relevant stakeholders for comment. A second draft report will be completed by 28th February 2011, taking into account the comments received.

Management arrangements

The external evaluation is managed by the evaluation focal point in the ILO Country Office for Botswana, Lesotho, Namibia, South Africa and Swaziland, who will work in close liaison with the DWT M&E Officer, the regional evaluation focal point in ROAF and with the project technical back-stopper Andreas Klemmer, enterprise specialist and member of the Decent Work Support Team based in ILO Pretoria Office. The evaluation manager will draw on the support of the SETYSA project manager for all logistical arrangements related to the evaluation exercise.

QUALIFICATIONS AND EXPERIENCE

The consultant will have:

- i. Master degree in Business Management, Economics or related graduate qualifications
- ii. A minimum of five (5) years professional experience in midterm, final or post-project evaluations and/or impact assessment of externally funded projects.
- iii. Experience in project management and/or evaluation of projects under UN, AfDB, World Bank, or other reputable donors.
- iv. Proven experience with logical framework approaches and other strategic planning approaches, M&E methods and approaches (including quantitative, qualitative and participatory), information analysis and report writing.

Annex 2: List of documents reviewed

In addition to the documents contained in the list of references, the following project documents were reviewed for this evaluation:

- 2008: *Technical cooperation proposal for a social entrepreneurship pilot project targeting unemployed youth in South Africa*, 19 March, ILO Pretoria
- 2009: *African Social Entrepreneurs' Network, Review Report* www.asenetworkplatform
- 2009: *Minutes of the ILO Enterprise Development Programme Steering Committee*, 23 June
- 2009: *Minutes of the ILO Enterprise Development Programme Steering Committee*, 13 October
- 2009: *Plan of action for the promotion of social economy enterprises and organisations in Africa*, ILO Regional Office, Conference: "The Social Economy – Africa's Response to the Global Crisis", Johannesburg, 19-21 October
- 2009: *Project inception workshop report*, 20 April
- 2009: *Project progress report for PARDEV*, 26 August
- 2009: *Recovering from the crisis: a Global Jobs Pact*, ILO Geneva
- 2010: *An exploratory study into factors influencing an enabling environment for social enterprises in South Africa*
- 2009: *African Social Entrepreneurs' Network, Final report: Project: Enhancement and operation of an internet-based knowledge management and social network system related to social enterprise development*, November
- 2010: *Community-level research on the potential for Social Enterprise Development in the Cape Flats area, Western Cape, South Africa*
- 2010: *Community-level research on the potential for Social Enterprise Development in three targeted communities in the Nelson Mandela Metropole*
- 2010: *ILO Decent Work Country Programme 2010 to 2014*
- 2010: *Enabling environments for social enterprise development*
- 2010: *National Conference on the enabling environment for social enterprise development in South Africa*
- 2010: *High-level study visit for South African policy makers on the enabling environment for social enterprise*
- 2010: *International Examples of Business Development Service (BDS) products targeting small social enterprises*
- 2010: *Midterm review report: Social Entrepreneurship Targeting Youth in South Africa*
- 2010: *Minutes of the ILO Enterprise Development Programme Steering Committee*, 16 March
- 2011: *Overview of appropriate mechanisms for guaranteeing the social purpose and measuring the social impact of social enterprises in South Africa*
- 2010: *Progress report of December 2009 - June 2010*

- 2010: *Social business development services working group, e-conference summary: segmentation of the social BDS market, 7 April*
- 2010: *Social enterprise and green jobs – a workshop for intermediaries, SETYSA, 13 May, Cape Town*
- 2010: *Workshop on finance for social enterprise, SETYSA, 20 April*
- 2011: *A guide to finance for Social Enterprises in South Africa*
- 2011: *A guide to legal forms for Social Enterprises in South Africa.*
- 2011: *Case studies of Social Enterprises in South Africa*
- 2011: *End of project monitoring report, 2 February*
- 2011: *Generate Your Social Business Idea: Learners' Guide.*
- 2011: *Generate Your Social Business Idea: Trainers' Guide.*
- 2011: *Generate Your Social Business Plan: Learners' Guide.*
- 2011: *Generate Your Social Business Plan: Trainers' Guide.*
- 2011: *Introduction to Social Enterprise: Learners' Guide.*
- 2011: *Introduction to Social Enterprise: Trainers' Guide*
- 2011: *Social Business Plan Competition Handbook*

Annex 3: List of people consulted

ILO Pretoria Office

Mr Vic van Vuuren

Director: ILO Pretoria

Mr Andreas Klemmer

Specialist, Enterprise Development: ILO Pretoria

Ms Rose Anang

Specialist, Employers: ILO Pretoria

Mr Tom Fox

CTA SETYSA project

Donor (Government of Flanders)

Mr David Maenaut

Representative: Government of Flanders

National project partners and stakeholders

Mr Mojalefa Mohoto

Chief Director: Enterprise Development: Department of Trade and Industry

Mr Isaac Nong

Manager: Employment Services, Department of Labour

Ms Ntombholanga Mqushulu

Lobby and Advocacy Manager: National Youth Development Agency

Dr Susan Steinman

Head, Centre for Social Entrepreneurship and Social Economy

University of Johannesburg

Ms Jeanne Rose

Director: African Social Entrepreneurs Network

Ms Yogi Nambiar

Executive Director: African Social Entrepreneurs Network

Western Cape Province project partners and stakeholders

Mr Egbert Wessels

Manager, The Business Place Philippi, The Business Place

Mr LithaKutta

Director, Enterprise Development, Department of Economic Development & Tourism

Provincial Government of Western Cape

Dr Rob Stead

CEO, South African Institute for Entrepreneurship

Ms. Kathy Watters

Director, UnLtd South Africa

Mr Michael Brand

Managing Director, Tembeka Social Investment Co. Ltd.

Ms Carlette Egypt

Office Manager: Red Door Paarl, Red Door

Ms.Undere Deglon

CEO, Disability Workshop Development Enterprise

Western Cape Province Competition Participants 2010

Mcaphukisi Thembisa

Khuselwa Ndlovu

Jafta Shologu

Audrey De Jongh

Siyabulela Nyembe

Mpilo Sibanda

Ngatenjwa Nombola

Jita Mhleli

Western Cape Province Competition Participants 2009

Nompumelelo Dyantyi

Alice Gcwabe

Nokuzola Klaas

Lamla Dana

Christina Kaba

Wellington Fuzile

Margaret Makhafola

Faith Nongoma

Eastern Cape Province project partners and stakeholders

Mr Ricardo Dames

Manager, National Youth Development Agency, Port Elizabeth

Mr Elton Plaatjes

Business Advisor, SEDA Eastern Cape

Mr Rajen Ryan

Executive Director, Comsec Business Development Centre

Eastern Cape Province Competition Participants 2010

Thembela Matshotyana

Sabelo Mali

Oyamangaye Mkaza

And six other young people