



## **POLOKWANE MUNICIPALITY**

### **CO-OPERATIVES STRATEGY**

## **Executive Summary**

Polokwane Municipality has drafted the Co-operatives Development Strategy in line with the Co-operatives Act –Act No.14 of 2005, Provincial Growth and Development Strategy and Polokwane Municipality Local Economic Development Strategy. The strategy takes cognizance of the fact that co-operatives are stimulants of economic growth as they create employment opportunities and reduce poverty levels among the communities locally and internationally.

The strategy is comprised of two sections. Section A gives an overview of the Polokwane Cooperatives Development Strategy, literature review, the status of cooperatives and development support and also identifies the gaps/challenges that inhibit the success of cooperatives.

Section B focuses more on providing solutions to the identified findings or challenges from the study. The document concludes with a proposal around implementation.

The strategy impacts on the work of multiple divisions within the municipality, sister departments in the province, agencies and parastatals all of whom have enterprise development programs that need to be aligned with this strategy. The strategy was preceded by the development of quantitative information and data through undertaking a local survey of a representative sample of co-operatives in Polokwane. Using the findings from this survey, this document outlines a strategy for Polokwane Municipality.

## **Introduction**

Polokwane Co-operatives Strategy is a critical component of the municipality's enterprise development strategy to both grow and increase participation in the economy. It adapts the draft national and provincial strategies for application in Polokwane Municipality. The strategy focuses on increasing the formation, number and spread of cooperatives operating in the Polokwane local economy through a set of sector based priorities and programs.

A lot of reasons have been offered to explain the resurgence of the co-operative movement in South Africa. One of the leading arguments is that most South Africans, especially the poor, have always used collectives in communal and subsistence farming or in urban areas stockvels. Put differently, the new co-operative movement in South Africa is a renaissance of this experience with co-operatives. The advocates of co-operatives argue that co-operative movement in South Africa offers a solution to the scourge of poverty and that co-operatives can potentially overcome most of the challenges associated with the attempts to establish more conventional enterprises in poor communities. Co-operatives are ideal institutions of people to create employment and empower people in improving their socio-economic conditions. The co-operatives can be instrumental in giving the poor women, youth and other marginalized members of a community a purpose and pride as a result of their financial independence and contribution to the economy of a region.

### **1 Definitions**

The national Co-operative Act, No 14 of 2005, and the Department of Trade and Industry Co-operative Enterprise Development Strategy of South Africa, 2006, provide the overarching frameworks for provincial and local strategies.

Using their definitions of a co-operative it is described as an autonomous association of persons united voluntarily to meet their mutual economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprises organized and operated on co-operative principles (DTI, 2006). This definition affirms the distinct

institutional characteristics of co-operatives that have been upheld by international bodies like the International Co-operative Alliance (ICA) and the International Labour Organization (ILO). This also means that co-operatives in South Africa should not be confused with other forms of economic enterprise like closed corporations and trusts whose economic behaviour is informed by competition. In the mainstream, co-operatives work together and have evolved as a movement at a global, continental, national and local level.

The Act distinguishes between primary, secondary and tertiary co-operatives.

A *primary co-operative* means a co-operative formed by a minimum of five natural persons whose object is to provide employment or services to its members and to facilitate community development.

A *secondary co-operative* means a co-operative formed by two or more primary co-operatives to provide sectoral services to its members, and may include juristic persons.

A *tertiary co-operative* means a co-operative whose members are secondary co-operatives and whose object is to advocate and engage organs of state, the private sector and stakeholders on behalf of its members, and may also be referred to as a co-operative apex.

Cooperatives are based on the values of democracy, equality, equity and solidarity. These have been translated into a set of universally accepted guidelines by which co-operatives put their values into practice namely:

- *Composition:* A co-operative must comprise five or more persons.
- *Voluntary and open membership:* Voluntary means that members choose to, and cannot be forced to, become members. Open membership means that anyone who is able to use their services and willing to accept the responsibilities of membership should be entitled to become a member. Discrimination on whatever basis therefore has no place in a co-operative.

- *Democratic member control:* Members actively participate in setting policies and making decisions in a cooperative either on the basis of proportionality linked to the volume of business undertaken with the co-operative, or one person one vote. The highest authority in a co-operative is vested in the members in a general meeting.
- *Member economic participation:* Co-operatives are set up to service the economic needs of their members. While some co-operatives do business with non-members for economic reasons it is the members who determine the economic activities of co-operatives.
- *Autonomy and independence:* Co-operatives are organizations controlled and owned by their members. If a co-operative enters into agreements with other organizations, including government, they do so on terms which ensure democratic control by members.
- *Finances.* Co-operatives raise funds from membership fees, shares and loans often referred to as members' funds. Co-operatives hold to the principle of paying a limited return on shares and loans, although economic realities demand that this is competitive with market rates.
- *Education, training and information:* Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of the co-operative.
- *Co-operation among co-operatives:* Co-operatives serve their members most effectively and strengthen the co-operative movement by working together with other co-operatives locally, provincially, nationally and internationally.
- *Reserves:* At least 5% of the co-operative's surplus must be set aside for reserves for future investments and may not be distributed to members.

There are several types of co-operatives. Without limiting the possible variety of co-operatives the Co-operative Act defines the following types of co-operatives:

- Housing co-operatives
- Worker co-operative
- Social co-operative
- Agricultural co-operative

- Co-operative burial society
- Financial services co-operative
- Consumer co-operative
- Marketing and supply co-operative
- Service co-operative

In this strategy this list forms the basis for our sector based approach.

## **2 Context**

### **2.1 National**

Co-operatives are a well established economic vehicle in South Africa dating back to the early 1900s. Broadly one can define five experiences of co-operatives in South Africa's history. The first existed in organized white agriculture where co-operatives were used to develop and build the farming community. The second emerged in the 1980s when trade unions attempted to develop co-operatives as a vehicle to address retrenched and redundant workers' economic needs. The third was in the former homelands where co-operatives were used as a vehicle for supporting economic activity in these areas. The fourth experience is in the informal sector where several associations, most of which are not formally registered, have operated as co-operatives and the fifth and final experience is the recent government and donor support for co-operatives as a vehicle for enterprise development. Regardless of the circumstances of the experiences over the years co-operatives have proved to be a successful vehicle for empowering people.

This has been recognized by the South African Government and co-operatives have been identified as a priority instrument for facilitating empowerment and for bridging the divide between the first and second economies. Originally the Department of Agriculture was the lead government department for providing government support to co-operatives. Following the work of a Co-operative Policy Task Team this responsibility shifted to the Department of Trade and Industry. This shift recognized the potential of co-operatives as a vehicle for transforming the economy across sectors. The Department then continued

the consultative process initiated by the task team culminating in the release of the Co-operative Development Policy for South Africa in 2004.

The policy laid the basis for the establishment of a legislative framework and at the same time facilitated the provision of support programmes that target co-operatives specifically. The policy identifies eight different kinds of co-operatives namely housing, workers, non profit social, agricultural, financial services, consumer, marketing and supply and transport co-operatives. The policy also highlights the important role for co-operatives in formalizing the informal economy and increasing the participation of targeted groups.

Finally the policy identifies six functions for the dti namely legislation, policy and strategy; coordination; education and training; promotion; registration and de-registration through CIPRO and a regulatory function. The Co-operative Act, No 14 of 2005 followed giving effect to the legislation role of dti. It governs the work of co-operatives in South Africa.

At a lower level the commitment towards co-operatives is reflected in an array of policies and strategies of different spheres of government and different departments. In the text that follows a few of these are highlighted as demonstration of the array of opportunities for co-operative development.

Promoting co-operatives enterprises is a key programme component of the Government's Broad Based Black Economic Empowerment (BBBEE) strategy that seeks to address the imbalance of the past and equitably transfer ownership and control of economic resources to the majority of citizens.

The small and medium enterprise strategy at national level and various provincial and local SMME policies provide a framework through which co-operatives can be supported as another business form in the existing suite of options.

In the Integrated Manufacturing Strategy opportunities for worker and consumer co-operatives are highlighted that could be supported.

In the Department of Provincial and Local Government's local economic development policy documents co-operatives are recognized as an important vehicle for growing the local economy and broadening participation.

In the Accelerated and Shared Growth Strategy of South Africa SMMEs and co-operatives are identified as an important vehicle for bridging the divide between the first and second economies and for broadening participation in the economy. The strategy makes explicit reference to intensifying the youth co-operative programme.

In line with these policy shifts between 2000 and 2004 there was increased donor activity in the co-operative sector. However, expectations of increasing government interventions resulted in a tailing off of this support in 2005 and 2006.

In addition to the largely economic policies some of the sectoral policies, for example the housing policy, also enable the establishment of co-operatives.

At a programmatic level there is a host of support instruments for co-operative driven by national government. Within the Presidency, following out of the Asgisa strategy is the Jobs for Growth Programme which has co-operative development as one of its targets.

The dti, as the lead department, offers an incentive scheme. This targets registered co-operatives in the emerging economy and offers a 90% matching grant of up to R300 000 per co-operative for an expenditure incurred or to be incurred. It also provides the South African Micro-Finance Apex Fund, a wholesale financial institution that provides funds for micro, small and survivalist businesses to grow their income and asset base. In order to qualify for the micro-finance credit loan, one of the products offered by the fund, institutions must be registered as a co-operative. Also, in partnership with the National Co-operative Association of South Africa dti will provide pre-incorporation education to prospective co-operatives and training to existing co-operatives.

There is a suite of SMME programmes that provide finance and other support to emerging businesses including co-operatives. This includes the Small enterprise development agency (SEDA) and the Local Enterprise Development Fund, Khula, all under dti, the Tourism Enterprise Programme under the Department of Environmental

Affairs and Tourism, the social housing subsidy and top up grant under the Department of Housing, the Land Redistribution for Agricultural Development (LRAD) and Comprehensive Agricultural Support Programme (CASP) both with the Department of Agriculture and the poverty relief programmes under the Department of Social Development which has supported service co-operatives and worker co-operatives.

## **2.2 Provincial**

The provincial legislature adopted the Limpopo Co-operatives policy in October 2003. Again, a comprehensive study was commissioned by the Provincial Department of Economic Development, Environment and Tourism to identify critical issues affecting the co-operative sector and ways to address them. Recently, a provincial draft co-operative development strategy was compiled and it is undergoing the internal processes.

Limpopo Province has a number of stakeholders supporting the co-operative sector. The broad categories of institutions supporting co-operatives comprise of government departments such as Agriculture, Economic Development, Environment and Tourism and Premier's Office through their community development programme. There are also other support agencies that offer financial or non-financial support services such as LIBSA, LIMDEV, SEDA, NDA just to mention a few.

There are also private technical training institutions offering support to co-operatives and community initiatives. There are also donor-funded programmes engaged in supporting the improvement of the co-operative sector such as the European Union fund coordinated through the Limpopo Department of Local government and Housing and Limpopo LED programme.

## **2.3 Local**

The mission of the municipality is to build prosperity, eradicate poverty and inequality, and promote the social, political and economic empowerment of all our people through sustainable delivery of quality services, community participation and smart administration. The value statement is noteworthy: "We shall strive, in all our activities and programs to be responsive, efficient, transparent, informative, competitive, accountable, representative, consultative, loyal, honest and empowering".

LED is one of the five Key Performance Areas (KPAs) for the municipality. As a key performance area, the municipality has to develop plans and programmes to support those co-operative enterprises that operate in local municipal spaces. This action is developmental and stimulates the heart of the economy by maximizing circulation of public spend in local economies.

## **LEGISLATIVE AND POLICY FRAMEWEORK**

The South African government introduced a Co-operatives Policy in 2004. This was followed by the promulgation of the Co-operatives Act No. 14 of 2005. To firm up on the legislative environment, Co-operatives Regulations were introduced in 2007. These basically set out parameters for registration and management of co-operatives in South Africa. These legislative documents form the basis for all work relating to co-operatives and for this strategy. The following section will outline what these documents entail:

### **1. Co-operatives Policy of 2004**

This policy document spells out the intentions of the South African government in promoting and supporting co-operatives. It was developed through a vigorous consultative process countrywide. The Co-operatives Development Policy document of 2004 therefore provides a framework that guides government at all levels, including the development of legislation. This strategy takes guidance from the policy. The objectives of the policy are articulated in the policy document and this strategy provides a road map for implementing them in Polokwane.

### **2. Co-operatives Act No. 14 of 2005**

The Co-operatives Act No. 14 of 2005 is based on the Co-operatives Policy consultation processes. Previously, co-operatives in South Africa were regulated by the Co-operatives Act No. 91 of 1981, which was limited to regulating agricultural co-operatives. The new government clearly articulated its intentions in the Co-operatives Policy of 2004 to regulate all forms of co-operatives in different sectors, and thus a new Co-operatives Act (No. 14 of 2005) was developed and signed into law by the President of South Africa in 2005. This new Act effectively repealed the old Co-operatives Act No. 91 of 1981. The preamble of the Act notes that it was developed in order to:

- Ensure that international co-operative principles are recognized and implemented;
- Enable co-operatives to register and acquire a legal status separate from their members; and in the Republic of South Africa;
- Facilitate the provision of targeted support for emerging co-operatives, particularly those owned by women and black people. This piece of legislation and the regulations now provide a regulatory environment for co-operatives of all sectors and types in South Africa.

The purpose of the Act is to:

- Promote the development of sustainable co-operatives that comply with co-operative principles, thereby increasing the number and a variety of economic enterprises operating in the formal economy;
- Encourage persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co-operatives;
- Enable such enterprises to acquire legal status separate from their members;
- Promote equity and greater participation by black persons in the formation and management of co-operatives;
- Establish a legislative framework that preserves a co-operative as a distinct legal entity;
- Facilitate the provision of support programmes that target emerging co-operatives;
- Ensure the design and implementation of co-operative development support programmes by all agencies of national departments;
- Ensure the design and implementation of co-operative support measures across all spheres of government;
- Facilitate the effective co-ordination and reporting mechanisms across all spheres of government.

The Act provides:

- A clear definition of co-operatives based on internationally recognized principles of co-operatives;
- Clear regulations for the registration of co-operatives by defining requirements and procedures;
- Rules for the functioning and operations of co-operatives;
- Clear rules for the capital and ownership structure of co-operatives;
- Regulations to govern audits, conversions, amalgamations, transfer, division and winding up of co-operatives;
- Clear procedures for the administration of co-operatives by the registrar of co-operatives and the national Minister;
- For a Co-operative Advisory Board to play the role of a policy forum at a national level to ensure the implementation and realization of the policy;
- Transitional measures to ensure all existing co-operatives are realigned to the new law; and
- Special schedules that relate to housing co-operatives, worker co-operatives, financial services co-operatives and agricultural co-operatives.

### **3. Co-operatives Regulations 2007**

The proclamation of the Co-operatives Regulations in May 2007 finally ushered in the new Act and the new Co-operatives dispensation in South Africa. Now all co-operatives registered in the Office of the Registrar of Co-operatives at CIPRO are registered under the Co-operatives Act No. 14 of 2005. All registration procedures, forms, regulations and rules are spelt out in the Co-operatives Regulations of 2007.

### **4. Co-operatives Banks Act No. 40 of 2007**

This is a piece of legislation that National Treasury has been working for the past few years. This Act will regulate all services of the Financial Services Co-operatives Sector. It does not replace the Co-operatives Act No. 14 of 2005, but as a dedicated piece of legislation for the financial services sector. It is important for Polokwane Municipality to note this legislation because all financial services co-operatives will be regulated under this Act.

## **5. ASGISA**

The accelerated and shared growth initiative for South Africa is derived from the objective of achieving a 6% growth rate for the national economy, which will create the platform for halving unemployment and meeting social development targets. The initiative requires amongst others the following specific actions:

- Strengthening the macro-economy
- Formulating and implementing sector and industrial strategies
- Promoting skills and education
- Supporting the second economy

It is a national initiative, supported by all spheres of government, business, labour and state-owned enterprises.

## **6. Millennium Development Goals**

The millennium development goals cover a range of life quality indicators and targets that have been set for 2015 and to which South Africa has subscribed. The target that is more relevant to the co-operatives strategy for Polokwane is to halve unemployment.

## **7. National Framework for Local Economic Development**

The National Framework for LED in South African aims to support the development of sustainable local economies through integrated government action. This government action is developmental and stimulates the heart of the economy which comprises those enterprises that operate in local municipal spaces.

The two major policy thrusts of the national framework for LED are:

- Public Sector Leadership and Governance
- Sustainable Community Investment Programs

## **8. ANC 52<sup>ND</sup> NATIONAL CONFERENCE 2007 RESOLUTIONS**

In order to give effect to the strategic objectives as spelled out in the electoral mandate of the ruling party (the African National congress); this document takes into account resolution number 1.8 and 1.9 on economic transformation which reads as follows:

- Build and strengthen development finance institutions, as well as non-financial institutions, which are accessible to the people, and which are able to effectively channel financial and institutional resources towards a variety of economic transformation objectives, including industrial diversification and

development, small businesses and cooperatives, small-scale agriculture, micro-enterprises and local and regional economic development, and the empowerment of youth and women.

- The building of small and micro enterprises is also a critical developmental challenge, which requires the state to deploy resources to build capacity and institutions. The mobilization of small business into co-operative organizations is a critical part of the solutions to this challenge. So is the education of our people in entrepreneurial skills, the provision of financial support and training to small business.

### **9. Limpopo Employment, Growth and Development Plan**

In order to position the provincial economy on the sustainable developmental path, Limpopo Employment Growth and Development Plan identifies the 13 pillars/programmes as strategic economic growth points. These programs include integrated industrial development programme, enterprise development programme, regional economic development and integration programme, public infrastructure investment programme, water resources development programme, agriculture and rural development programme, education and skills development programme, health care development programme, environment and natural resources development programme, the green economy programme, ICT and information society development programme and, more importantly, build the capacity of the state to deliver. It is in this context that co-operatives have a significant role to play in the development of this province, specifically within the enterprise development programme.

#### **Analysis of Co-operatives profile within Polokwane Municipality**

Polokwane Municipality conducted a survey in an attempt to develop a better understanding of the support environment, institutional capacity and practices of co-operatives and the co-operative movement in Polokwane. It is Polokwane Municipality's belief that to accurately assess the most appropriate ways various institutions such as support organizations, government programs, or external agencies can provide assistance to co-operatives reliable and up-to-date information of the needs, challenges, and current state of co-operatives in the municipality is necessary. Most importantly this kind of research-based information is necessary for the drafting of this strategy. The

sample includes the formal and developed end of a vast spectrum of collective group enterprises, which form part of an extended continuum from registered co-ops through to the most informal of community-based income generating groups.

The quantitative survey focused on key questions concerning the formation, membership, type of activities, the capacity level, the forms of support, and finances of co-operatives. In summarizing the tremendous amount of data collected, the report analysis focuses on the following areas:

- Formation of Co-operatives
- Structure and Membership
- Activities
- Capacity, Support and Assets
- Finance Status
- Skills Development (Training & Workshops attended)

A few findings of the survey are worth highlighting up front. One of the important lessons to come out of the survey is the fact that co-operatives in Polokwane are young and the fledgling movement is still finding its feet. Another important point coming out of the data is that one of the biggest impediments to co-operative development is the lack of resources. Many co-operatives are not resourced sufficiently and have not been utilized on a significant scale if not at all for economic interventions and development. The employment and livelihood potential of these institutions are far from being harnessed for development and hence co-operatives are not playing an important role in the local economy. Most co-operatives and group enterprises are started with unemployed people, often with low skills levels, and no prior business experience, in economically marginal areas. And-like all businesses-it is under these circumstances that they have the least chance of success. While there are many support programmes, the number of co-operatives reporting access to support services is very low. This may point to the information asymmetry on the part of co-operatives or a lack of proper outreach by the programmes as a result of poor targeting. There is also concern about the lack of coordination among the different programmes. While basic induction training is happening in co-operatives, the resources for ongoing training are seriously lacking. Some co-operatives have received training in marketing, finance and production. The shift in government support for co-operatives has mainly been to ensure formation of

these enterprises. However, this has not ensured support for start-up and expansion. The lack of support is reflected in the decline in membership densities over time in co-operatives. More sharply, there has not been adequate support forthcoming for the start-up and growth needs of co-operatives but rather setting up the poor for failure.

The questionnaire was distributed to co-operatives based in Moletjie, Seshego/ City, Molepo/Maja/ Chuene, Mankweng and Dikgale/Sebayeng clusters. 90% of Co-operatives that responded to the questionnaire their co-operatives are operated from one of the member's home or they have rented a house stand that belongs to one of the members because they have insufficient funds at disposal to acquire land. We managed to interview 57 co-operatives and all the co-operatives completed the questionnaire.

Most of these co-operatives are registered with CIPRO and have been in operation from the year 1995 to date. Through the questionnaires that has been completed, it is discovered that some of these co-operatives were in operation since 1994, but only acquired registration from CIPRO between the year 2006 and 2009 due to lack of access to funds and information regarding registration of businesses. Most of the members in co-operatives are unemployed and have decided to start co-operatives because they want to alleviate poverty and unemployment in their respective communities.

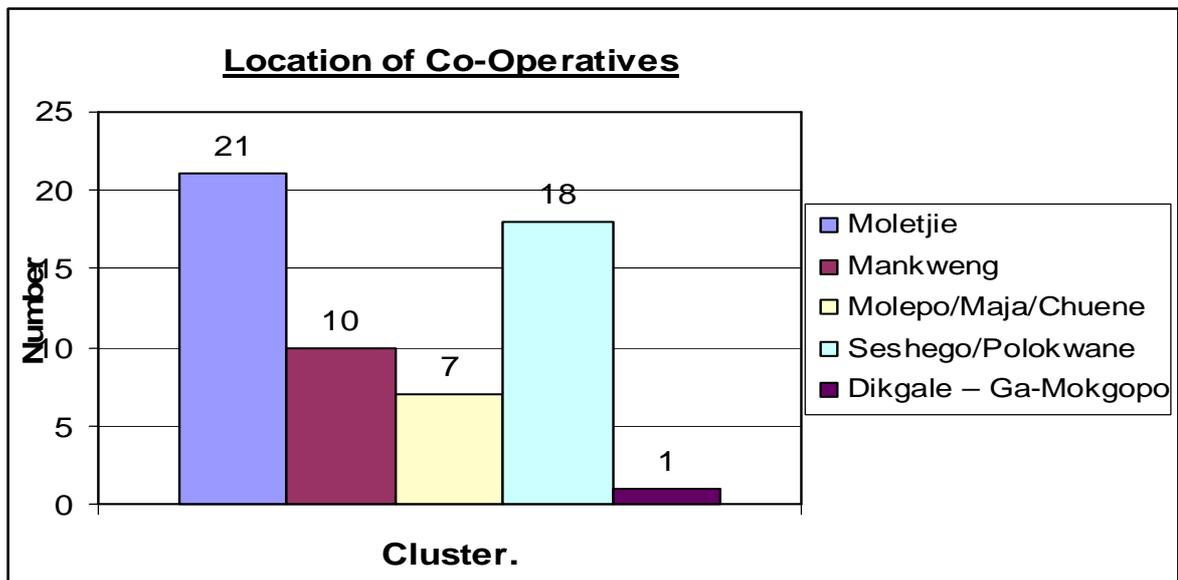
#### Location of Co-operatives

Table 1: Co-Op Clusters

<b>Cluster</b>	<b>No.</b>
Moletjie	21
Mankweng	10
Molepo/Maja/Chuene	7
Seshego/Polokwane	18
Dikgale – Sebayeng	1
<b>TOTAL</b>	<b>57</b>

Source: Polokwane Municipality

Graph 1 Co-Operatives cluster



Source: Polokwane Municipality

The graph and the table above show the distribution of co-operatives according to their locality. More than 70% of co-operatives are geographically located in the townships and villages/rural areas (See table 1 and graph 1 above).

In order to understand co-operatives in Polokwane, one needs to appreciate their geographical concentration within the municipality and the context which these locations present to the operation and success of these co-operatives.

### Core Co-operative Activities

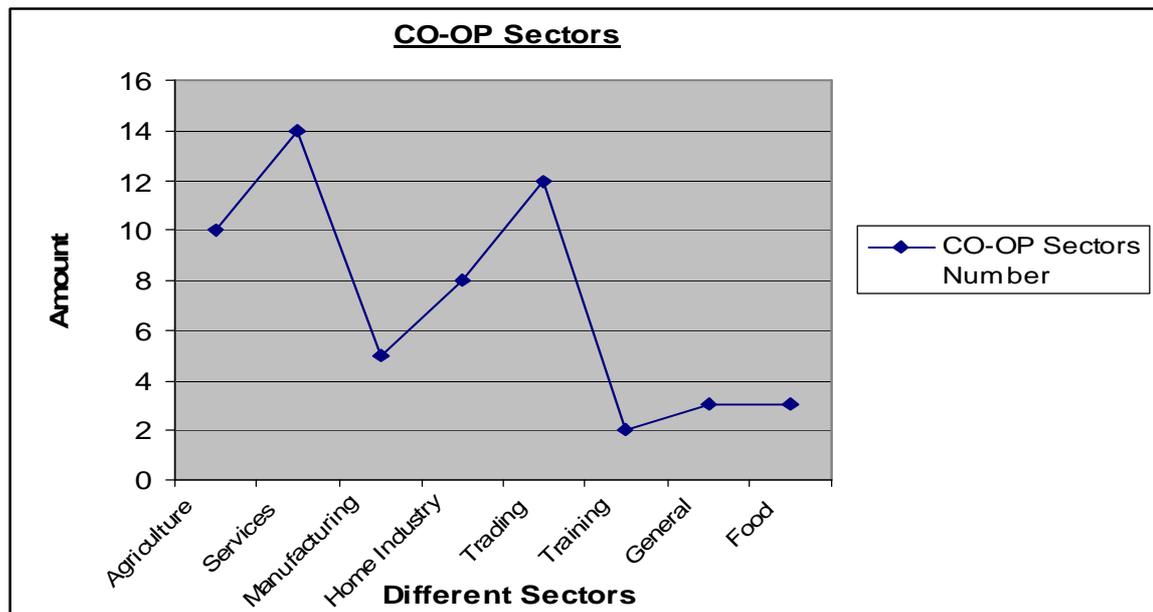
Co-operative activities ranges from Welding Works, Selling of Agricultural products, Catering & Cooking, Poultry, Fruit Market, Artifacts, Hand Made Shoes, Beaded Products, Flower Arrangements, Bakery , Hospitality & HIV/AIDS Counseling, Old Age Home, Pottery, Garden Services, Cleaning, Farming, Computer Shop, Live Stock & Chicken Production, Embroidery, Arts & Craft, Sewing, Manufacturing of bricks , Sand, Security and Marshall. The sectors can be classified as per table below. Agriculture, Services and Trading has got more members than in any other sectors.

Table 2 Co-Op Sectors

Sectors	No.
Agriculture	10
Services	14
Manufacturing	5
Home Industry	8
Trading	12
Training	2
General	3
Food	3
<b>TOTAL</b>	<b>57</b>

Source: Polokwane Municipality

Graph 2 Co-Operative Sectors



Source: Polokwane Municipality

Co-operatives within jurisdiction of Polokwane Municipality are classified into the following different sectors: Agriculture, Services, Manufacturing, Home Industry, Trading, Training, general and Food. Currently Polokwane Municipality has cooperatives that are registered with the CIPRO on the co-operatives database, which consists of different

sub-sectors of economic activity. Most of the co-operatives are concentrated on Trading, Services and Agriculture. Most of the sub-sectors are not fully established and are still in the process of developing. It's unfortunate that many of these co-operatives do not interlink with each other. According to co-operative principles, co-operatives are meant to endeavor to work with each other to build a co-operative movement and sector. Co-operatives are meant to supply to other co-operatives within value chains. For example, a waste collection co-operative should supply to a recycling co-operative. Co-operatives are also meant to sell to co-operatives on the demand side. This does not mean that co-operatives cannot sell their products to non-co-operatives. In fact, for the sake of economic empowerment solidarity from local communities, government, and even the private sector become important markets for co-operatives. For example, a baking co-operative should sell its products to government school feeding schemes and to retail outlets. In general, by working together co-operatives are meant to protect themselves from the competition of typical business enterprises.

### Cooperative Membership

The co-operatives consist of members more than 5 and for some to a maximum of 510 members, especially those co-operatives based in agricultural field. The co-operatives are dominated by age group that ranges from 36 – 60 years and older. All co-operatives identified have less than 1% disabled beneficiaries and the co-operatives are women dominated. There are more females than males in most co-operatives. The table below reflects the membership category of co-operatives and indicates that most co-operatives fall under the category of 5 – 10 members. It was noted by co-operatives that they prefer between the ranges of 5 – 10 members because it is not easy to manage the business if there is a lot of members.

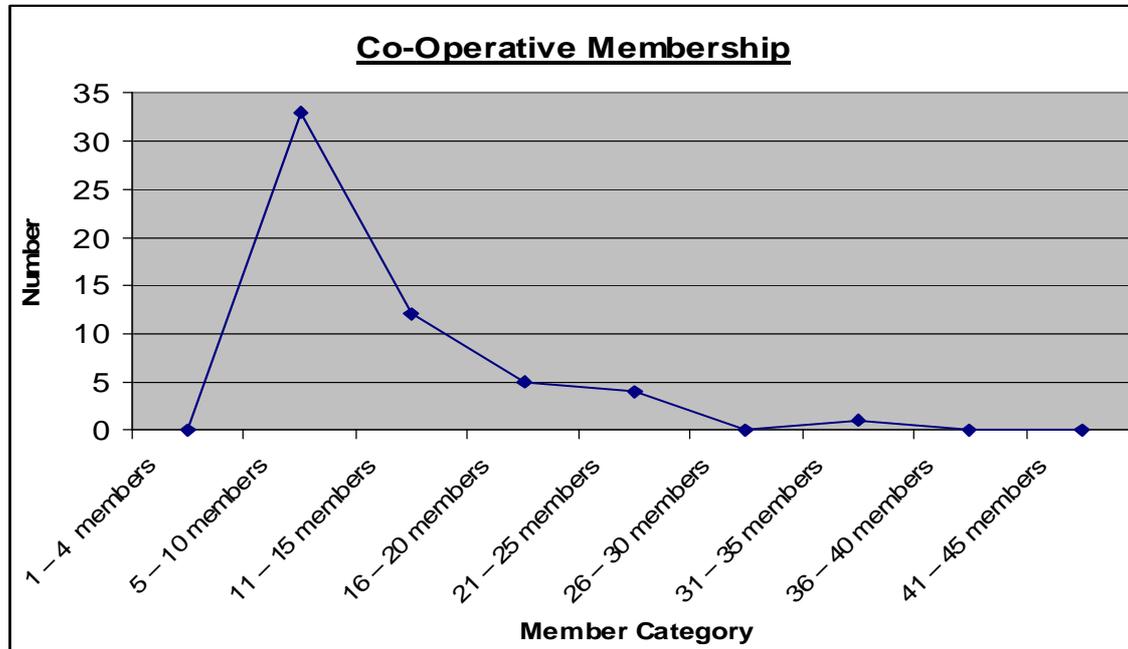
Table 3: Current membership of co-operatives

<b>Membership</b>	<b>No</b>
1 – 4 members	0
5 – 10 members	33
11 – 15 members	12
16 – 20 members	5

21 – 25 members	4
26 – 30 members	0
31 – 35 members	1
36 – 40 members	0
41 – 45 members	0
Over 46 members	2
<b>TOTAL</b>	<b>57</b>

Source: Polokwane Municipality

Graph 3 Membership category of Co-Operative



Source: Polokwane Municipality

Table 4: Formation of Co-Operatives

Year	No.
1995 – 1997	4
1998 – 2000	7
2001 – 2003	1
2004 – 2006	10
2007 - 2010	35

Source: Polokwane Municipality

Current Financial & Non Financial Status and Funding

Table 5: Source of financial support

Sources	No. of Co-Op	Non-Financial	Financial
NDA	2	Yes	Yes
LIBSA	11	Yes	Yes
LEDET	2	Yes	
Dept. of Welfare & Social Development	4	Yes	Yes
LDC (Lebowa Development Co-operation)	1	Yes	
ARC	1	Yes	
Dept. of Health	5	Yes	Yes
Polokwane Municipality	8	Yes	
SEDA	2	Yes	Yes
Dept. of Labour	1	Yes	
Dept. of sports, arts & culture	2		Yes
APD Limpopo (National Lottery)	1		Yes
Dept. of Agriculture	10	Yes	Yes
Eskom	1	Yes	
DTI	1		Yes
Tompi-Seleka	1	Yes	

Source: Polokwane Municipality

The questionnaire reveals that 5% of Cooperatives in Polokwane, Seshego and Moletjie had access to funding. The following institutions provided funding to different co-operatives: Department of Welfare & Social Development, Department of Agriculture, Department of Sports, Arts & Culture, LIBSA and Department of Health, Eskom, SEDA, DTI, NDA & Social development & APD whilst some of the co-operatives did not have

access to funding but received non- financial support. And out of the 57 co-operatives surveyed 22 co-operatives did not receive financial and non-financial assistance.

### **Financial Status**

According to co-operatives current financial status in their banks, they all have a minimum of R0 and a maximum of R3500.00 in their bank accounts. 90% of the co-operatives are currently battling to get business and make profits. They currently survive on the money they have saved previously.

Table 6: Assets of Co-operatives

<b>Assets</b>	<b>No. of Co-operatives</b>
Gardening Equipment	6
Poultry House	4
Fence	3
Boreholes	2
Building	5
Beads	2
Livestock	3

Most Co-operatives have no assets and unfortunately those that have assets were either sponsored by government and there is a significant difference between those that were sponsored by government, and the self-initiated. Co-operatives that are self-initiated are much better off in terms of assets base and it is visible that all co-operatives lack basic assets needed to effectively run their business. For instance with NDA (National Development Agency) it funded Co-operatives with Gardening Equipment, Poultry House, Fence and Boreholes depending on each Co-operative's needs at that particular point in time

Table 7: Training received by co-operatives

<b>Type of training</b>	<b>No. of co-operatives</b>
Management	5
Financial	9
Project Management	6

Marketing	2
Book-keeping	4

Source: Polokwane Municipality

The following training were offered by institutions, Polokwane Municipality, SEDA, LIBSA, Department of Agriculture, LEDET, LOVELIFE ( 1000 man in a dialogue), NDA, Eskom as part of development of co-operatives to improve their skills: Marketing and Financial Management. There are some co-operatives that never attended some form of trainings or workshops because they never knew about the trainings and they don't easily have access to information.

Table 8: Production Activity

<b>Production Activity</b>	<b>Year</b>	<b>No.</b>
Agriculture	1995 – 2009	10
Services	1999 – 2010	4
Manufacturing	2006 – 2009	5
Home Industry	1997 – 2008	8
Trading	1997 – 2007	12
General	1999 – 2008	2
Food	2000 – 2010	3
Training	1999 - 2008	2

Source: Polokwane Municipality

Most of the products that are sold by co-operatives are required by locals. Co-operatives are tapping more into the local market because their client base is easily accessible and they are able to satisfy the local's needs. The questionnaire indicates that production activity, from different sectors has grown over the years. Between 1995 and 2009, more of co-operatives focused on agricultural farming because it was easier to manage and there was a lot of business for their products.

Co-operatives require financial support from Municipality and to certain extend, they also require some form of assets that might help in them doing the work effectively and efficiently. The following kind of support was identified by Co-operatives in Moletji: Those that were in farming mostly required tractors machinery, and 95% out of the Co-

operatives that filled in the questionnaire required a land where they can operate their businesses, Access to water, Electricity and mostly stock required to run the business

Gender, Age & Education distribution of Co-operatives

Most of the co-operative consists of females than males. Males are more dominant in the agricultural sector. The age profile in the questionnaire ranges from 18 years to 61+ years. There are relatively few members between the ages of 18 and 35 years. Dominant age group is between the ages of 36 years to 61+ years. Education level among members in all the 57 co-operatives is significantly low and it probably explains the high levels of unemployment. Most co-operative members have completed Grade 8, 9, 10 and only few went up to a matric level.

Table 9: Gender Distribution in Co-Operatives

<b>Gender</b>	<b>No</b>
Female	1020
Male	96
<b>TOTAL</b>	<b>1116</b>

Source: Polokwane Municipality

Table 10: Education Distribution

<b>Educational Level</b>	<b>No</b>
No Schooling	186
Less than matric	604
Matric	91
Degree / Diploma	52
Postgraduate	4
Unknown	179
<b>TOTAL</b>	<b>1116</b>

Source: Polokwane Municipality

## **Summary of findings**

The key findings of this survey regarding the state of co-operatives, the co-operative movement and co-operative sector in Polokwane can be summarized in the following points:

- Despite the poor quality of statistics on co-operatives in Polokwane it is reasonable to estimate the total number of co-operatives to be less than 100. Co-operatives in Polokwane are young and the fledgling movement is still finding its feet. Most co-operatives are located in township and rural communities with certain areas containing a concentration of co-operatives. Value chain linkages have not been developed between these co-operatives. In a nutshell, co-operatives have not been utilized on scale as an effective development intervention to tackle poverty, unemployment and most importantly broad-based black economic empowerment.
- Women have emerged as the majority within the membership profiles of the co-operatives. Among the youth, there are relatively few members between the ages of 18 and 35 years.
- The majority of co-operatives in the municipality have not been initiated through the co-operative movement. Most co-operatives in the municipality (80%) were established after 2001 and mainly through government initiative. The shift in government support for co-operatives has mainly been to ensure formation of these enterprises. However, this has not ensured support for start-up and expansion.
- While basic induction training is happening in co-operatives, the resources for ongoing training are seriously lacking. Some co-operatives have received training in bookkeeping, marketing, project management and finance.
- Most co-operatives and group enterprises are started with unemployed people, often with low skills levels, and no prior business experience, in economically marginal areas. And-like all businesses-it is under these circumstances that they have the least chance of success.
- Most co-operatives target their local market because this limits the logistical costs and complexities of marketing but such local markets are poor. In rural areas, they are highly dispersed; and they buy a limited range of products.
- The most common problem in co-operatives in Polokwane is that they start with an oversupply of labour or members, relative to their productive base, and

relative to the absorption capacity of the markets they are targeting. This arises partly as a result of the social goals that many co-operatives hope to achieve, in response to the pressures of unemployment, and the large numbers of people that want to be part of anything that offers hope. But it arises also from the conditionality imposed by donors and external agencies.

- There is also an expectation of a high level of direct democracy and control in co-operatives, and often a lack of clarity or consensus on the scope of managerial decision-making authority. As a result, this has been an area of high levels of contestation and tension within co-operatives, where executive committees have been elected, and have a mandate to lead- but with the scope of their decision-making authority under constant challenge.
- A co-operative is premised on always placing the collective interest before individual interests. 'Free riders', opportunism, greed and self-interest have been at the heart of many promising co-operatives demise. This requires that clear systems and policies be designed to protect the co-operative from being hijacked by individual interests.

## **Section B**

### **A strategy for co-operative development in Polokwane**

To remedy the dismal situation facing co-operatives sector in Polokwane, there are some plans and actions that needs to be considered. The strategy starts by detailing the overall aims and objectives and the target groups and sectors. Within each objective a range of proposed priorities and interventions are proposed. The section is then followed by sections on the implementation and on the roles and responsibilities

#### **2.4 Aim and objectives**

The mission of the municipality is to build prosperity, eradicate poverty and inequality, and promote the social, political and economic empowerment of all our people through sustainable delivery of quality services, community participation and smart administration. Within the context of the mission statement, it is the aim of the Polokwane Co-operatives Development Strategy to facilitate a recognized, vibrant and diversified co-operative sector and movement that contributes to:

- bridging the divide between the first and second economies;
- broad based black economic empowerment;

- a reduction in unemployment; and
- sustainable communities.

This will be achieved through six major strategic thrusts as proposed below:

- Create an **enabling environment** for co-operatives to develop and function in Polokwane
- **Co-ordinate** co-operative activity within the municipality and between provincial and national government and the co-operative movement;
- **Develop the co-operative sector** through resourcing the establishment of co-operatives and the formalization of pre co-operative activities;
- Strengthen the co-operative movement through facilitating **networks**, partnerships and exchanges;
- Develop a **toolbox** of appropriate instruments and tools to support the development of co-operatives;
- **Monitor** the sector and share lessons aimed at strengthening its functioning.

## 2.5 Target groups and sectors

### Youth and Women

Young people and women, especially in the rural areas, are the most hit by unemployment and poverty. Efforts should be put in place for them to actively participate in co-operatives in order to at least stand a chance to economically empower themselves. The municipality should make a concerted effort to engage organizations like National Youth Development Agency and South African Women Enterprise Network (SAWEN) at national level and also relevant women and youth structures at the provincial and local level like SAWIC and ECYD respectively. This is to find means and ways of supporting, funding and capacitating co-operatives managed by youth and women.

### Agriculture

Agriculture is one of the identified sectors in the municipality. Currently, agriculture contributes 1.28 percent to the local GDP. It is partially the intention of this strategy to increase agricultural contribution to the local GDP as it is the cornerstone of rural development. It is also the sector where most co-operatives are active as indicated in

the status-quo analysis. The Department of Agriculture (Polokwane Office) and Land Affairs are critical to supporting the development of co-operatives in this sector. This strategy proposes that this department takes a lead, in consultation with co-operatives in this sector and the farming community, to develop a sector plan for co-operatives in this sector.

#### Housing

As part of its Social Housing Programme, the Provincial Department of Local Government and Housing and Polokwane Municipality Housing SBU and its entity Thabatsheuw should lead a process of developing a growth plan for supporting housing co-operatives in the municipality. Apex organizations like the South African Housing Co-operatives Association (SAHCA) should provide technical advice to the Department and the municipality in the development of this growth path.

#### Services

These types of co-operatives can provide a variety of services to their community. This strategy proposes that the municipality (LED and other SBUs like Waste and Environment) and other sector departments in the province support the development of these co-operatives because they can assist in the delivery of services to communities.

Key strategic thrusts listed above are elaborated in the table below:

### 2.6 Table 1: The six proposed strategic thrusts for co-operatives development in Polokwane

<i>Objective</i>	<i>Interventions</i>
1. Create an enabling environment for co-operatives to develop and function	<ul style="list-style-type: none"> <li>• A comprehensive popularization campaign shall be undertaken to inform the residents of Polokwane, particularly the intended targeted groups, about the contents of the co-operatives development strategy, as well as about the various roles and responsibilities attached to it.</li> <li>• Government departments and institutions should be mobilized to understand how to respond to and implement this strategy. Departments and Institutions should be encouraged to develop and implement their own plans or</li> </ul>

<b>Objective</b>	<b>Interventions</b>
	<p>bring existing plans in line with this strategy.</p> <ul style="list-style-type: none"> <li>• Other institutions that are envisaged to be part of this strategy should immediately be confirmed and consulted.</li> <li>• Compile and maintain a database of co-operatives in the municipality</li> <li>• Ensure each sector department and local authorities develop co-operative plans and programmes</li> <li>• Lobby for resources to support co-operatives at provincial and local levels</li> <li>• Review and input into redesign of national co-operative financing instruments</li> <li>• Mobilize resources and use these to leverage additional funds to support the sector</li> </ul>
<p><b>2.</b> Co-ordinate co-operative activity within the municipality and between provincial and national government and the co-operative movement</p>	<ul style="list-style-type: none"> <li>• Identify all provincial and local policies, strategies and programmes that impact on co-operatives</li> <li>• Establishment of co-operatives interdepartmental committee to ensure policy alignment and maximum co-ordination. This committee needs to be formally institutionalized and its mandate accepted by all departments and municipalities in the province.</li> <li>• Government departments and institutions should be mobilized to understand how to respond to and implement this strategy. Departments and Institutions should be encouraged to develop and implement their own plans or bring existing plans in line with this strategy.</li> <li>• Sharing of information</li> <li>• Regular meetings</li> </ul>
<p><b>3.</b> Develop the co-operative sector through resourcing</p>	<ul style="list-style-type: none"> <li>• Mobilize resources (technical and financial) for the development of the sector. Develop co-operative funds and financing mechanisms. It is acknowledged that the</li> </ul>

<b>Objective</b>	<b>Interventions</b>
the establishment of co-operatives, and the formalization of pre co-operative activities	<p>financing of co-operatives is a very difficult and complex issue but models and best-practices do exist globally and this will need to be carefully examined.</p> <ul style="list-style-type: none"> <li>• Develop programmes to support the establishment of secondary co-operatives</li> <li>• Identify pre co-op activity in various sectors &amp; engage with role players e.g. stokvels, burial societies, informal networks in construction and transport sector etc</li> <li>• Provide resources to pre co-ops to formalize and register</li> </ul>
<b>4.</b> Strengthen the co-operative movement through facilitating networks, partnerships and exchanges	<ul style="list-style-type: none"> <li>• Provide resources for exchanges and learning events within the co-operative movement</li> <li>• Engage with industry representatives e.g. agriculture, transport, finance, etc to facilitate partnerships with emerging co-ops</li> <li>• The private sector has to be involved in the development and promotion of co-operatives in all possible ways.</li> </ul>
<b>5.</b> Develop a toolbox of appropriate instruments and tools to support the development of co-operatives	<ul style="list-style-type: none"> <li>• Develop appropriate instruments to support registration, business planning, business development, financing and marketing of co-operatives</li> <li>• Development of appropriate generic training – both materials and accreditation of providers</li> <li>• Set milestones for co-operative development linked to specific support instruments</li> </ul>
<b>6.</b> Monitor the sector	<ul style="list-style-type: none"> <li>• Annual survey of the sector to determine constraints to growth, needs and blockages</li> <li>• Undertake case study and sector based research aimed at</li> </ul>

<b>Objective</b>	<b>Interventions</b>
	<p>strengthening the functioning of co-operatives in the municipality</p> <ul style="list-style-type: none"> <li>• Case study research into successes and failures to determine the reasons and extract the lessons</li> </ul>

### Implementation programme

The table below details five stages of co-operative development to guide the development of support mechanisms and tools.

### 2.7 Table 2: Stages of co-operative development

Activities	Support provided by municipality, SEDA and LIBSA	Outcomes
<b>Stage 1: Exploration</b>		
<ul style="list-style-type: none"> <li>• Organizational development: Form an organizing committee with potential members to identify your mission and core values</li> <li>• Business development: Define your key business concept and plan and schedule each phase and secure any funding needed</li> <li>• Market research: conduct market research to determine the need for your</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Guidelines</u> for establishing an organizing committee and for defining your mission and value</li> <li>• Business concept <u>checklist</u></li> <li>• Feasibility study <u>guideline</u></li> <li>• List of potential donors for feasibility studies</li> <li>• Market research guidelines</li> </ul>	<p>A committed group of people who agree on what they want the co-operative business to do</p> <p>Broad plan and timeline and funding for market research</p> <p>Market research that demonstrated the market potential</p>

Activities	Support provided by municipality, SEDA and LIBSA	Outcomes
<p>products and services and complete your feasibility analysis</p> <ul style="list-style-type: none"> <li>Membership: Help potential members understand the pros and cons of setting up a cooperative and the lessons from other projects and workshop the feasibility results with members</li> </ul>	<ul style="list-style-type: none"> <li>Introductory <u>materials</u> on cooperatives</li> <li>Introductory <u>workshop</u> on co-operatives and the lessons from other cooperatives</li> </ul>	<p>Common understanding of the business and the pros and cons of co-operatives</p>
<b>Stage 2: Business planning</b>		
<ul style="list-style-type: none"> <li>Business plan: Creating a business plan that describes how you will launch your business, what it will cost</li> <li>Organizational development: : Set up the co-operative, draw up and adopt a constitution and agree on operating principles to guide the work</li> <li>Membership capacity building: Train members of your co-</li> </ul>	<ul style="list-style-type: none"> <li><u>Business plan guideline</u></li> <li><u>Sample constitution</u></li> <li><u>Sample operating guidelines</u></li> <li><u>Training workshop</u> to train the Board and members</li> </ul>	<ul style="list-style-type: none"> <li>A business plan</li> <li>A legally constituted entity that is compliant with the Co-operatives Act</li> <li>Capacitated members</li> </ul>

Activities	Support provided by municipality, SEDA and LIBSA	Outcomes
operative <ul style="list-style-type: none"> <li>• Fund-raising: Secure funds to launch and operationalize the co-operative</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Loan funds</u></li> <li>• <u>List</u> of other funding sources</li> </ul>	<ul style="list-style-type: none"> <li>• Funds raised to cover the costs</li> </ul>
<b>Stage 3: Co-operative launch</b>		
<ul style="list-style-type: none"> <li>• Organizational development: Set up office and hire staff. Set up financial systems.</li> <li>• Business development: secure contracts for sale of services/ products</li> <li>• Membership: Train members in roles and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Sample _____ job descriptions _____ and _____ membership agreements</u></li> <li>• <u>Legal _____ services /Contract Management</u></li> <li>• <u>Training</u></li> </ul>	<ul style="list-style-type: none"> <li>• An office set up and operational</li> <li>• Customers signed up for products and services</li> <li>• Members educated about rights and responsibilities of members</li> </ul>
<b>Stage 4: Business development</b>		
<ul style="list-style-type: none"> <li>• Business development: Engage in sales and marketing and ongoing business development</li> <li>• Organizational development: Provide members, staff and management on-going</li> </ul>	<ul style="list-style-type: none"> <li>• Additional <u>research and _____ development grants</u></li> <li>• Update business plan</li> <li>• <u>Training</u></li> </ul>	<ul style="list-style-type: none"> <li>• Thriving business</li> <li>• Satisfied members</li> </ul>

Activities	Support provided by municipality, SEDA and LIBSA	Outcomes
education		
<b>Stage 5: Sustainability</b>		
<ul style="list-style-type: none"> <li>• Business development: Develop linkages and collaborative partnerships</li> <li>• Celebration: Acknowledge your achievements</li> <li>• Marketing: Publicize what you are doing to a broader market</li> </ul>	<ul style="list-style-type: none"> <li>• Networking <u>forums</u></li> <li>• Events (exhibitions)</li> <li>• Publicity</li> </ul>	<ul style="list-style-type: none"> <li>• Profile</li> <li>• Partnerships</li> </ul>

## 2.8 3-year work plan

In order to achieve the strategy, interventions and sector based development processes have been prioritized in a 3-year work plan as follows:

**Table 3: 3 Year Work Plan**

Year one (10/11)	Year two (11/12)	Year three (12/13)
<b>1 Create an enabling environment for co-operatives to develop and function</b>		
<ul style="list-style-type: none"> <li>• Awareness raising campaigns targeting agriculture, services and manufacturing sectors</li> <li>• Review of existing financial instruments complete</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness raising in transport, housing and construction sectors</li> <li>• Resource mobilization of targeted R10 million</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness raising in the burial and savings and credit sectors</li> <li>• Resource mobilization of targeted R20 million</li> </ul>

Year one (10/11)	Year two (11/12)	Year three (12/13)
<ul style="list-style-type: none"> <li>• Database of existing co-operatives completed</li> </ul>	<ul style="list-style-type: none"> <li>• Annual update of existing co-operatives</li> </ul>	<ul style="list-style-type: none"> <li>• Annual update of existing co-operatives</li> </ul>
<p><b>2 Co-ordinate co-operative activity within the municipality and between provincial and national government and the co-operative movement</b></p>		
<ul style="list-style-type: none"> <li>• Co-operative interdepartmental committee established</li> <li>• All relevant sector based departments co-operative plans in place and implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings between government and the co-operative movement in place</li> <li>• Facilitate discussions with sector departments to outline procurement opportunities available to co-operatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Communication network in place</li> </ul>
<p><b>3 Develop the co-operative sector through resourcing the establishment of co-operatives and the formalization of pre co-operative activities</b></p>		
<ul style="list-style-type: none"> <li>• Strength existing co-operatives and grow the number of co-operatives in priority sectors through supporting the establishment of 10 co-operatives</li> </ul>	<ul style="list-style-type: none"> <li>• Strength existing co-operatives and grow the number of co-operatives in priority sectors through supporting the establishment of an additional 10 co-</li> </ul>	<ul style="list-style-type: none"> <li>• Strength existing co-operatives and grow the number of co-operatives in priority sectors through supporting the establishment of an additional 10 co-</li> </ul>

Year one (10/11)	Year two (11/12)	Year three (12/13)
	operatives	operatives
<b>4 Strengthen the co-operative movement through facilitating networks, partnerships and exchanges</b>		
<ul style="list-style-type: none"> <li>Set up network of co-operatives and technical experts and arrange at least 2 exchanges</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate 2 co-operation agreements between emerging and established co-operatives</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships agreements secured in every sector</li> </ul>
<b>5 Develop appropriate instruments and tools to support the development of co-operatives</b>		
<ul style="list-style-type: none"> <li>Design registration support mechanism</li> <li>Design business plan development support mechanism</li> <li>Design business development mechanism</li> <li>Design training materials and support mechanisms</li> <li>Hold workshops with sectors to identify sector specific needs</li> </ul>	<ul style="list-style-type: none"> <li>Design training materials</li> <li>Design financial mechanism</li> <li>Design marketing mechanism</li> <li>Design sector specific support mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Finance and roll out toolbox across the municipality</li> </ul>
<b>6 Monitor the sector</b>		
<ul style="list-style-type: none"> <li>Annual survey</li> </ul>	<ul style="list-style-type: none"> <li>Annual survey</li> <li>Case studies &amp; sector</li> </ul>	<ul style="list-style-type: none"> <li>Annual survey</li> <li>Additional case studies</li> </ul>

Year one (10/11)	Year two (11/12)	Year three (12/13)
	based research completed and disseminated	& sector based research completed and disseminated

## 2.9 Roles and responsibilities

### Polokwane Municipality

Polokwane municipality as the custodian of this strategy has a role to play promoting co-operatives as a possible enterprise vehicle and creating opportunities for co-operatives through procurement policies and LED strategies. The municipality also has a key role in managing the performance of support programmes with respect to services rendered to co-operatives under its area of jurisdiction. This involves networking with key sectors and role players to create partnerships and projects and establishing sector linkages and clustering of economic activities.

### Other Provincial Government Departments

Co-operatives development cuts across the work of the mandates of government largely because the Co-operatives Act No.14 of 2005 regulates co-operatives of different kinds and formations. The provincial government departments have a responsibility, in consultation with sector co-operatives and stakeholders, of developing co-operatives sector growth programmes. These co-operative sector programmes will largely fall within their existing programmes but with clear targets in terms of how many sector co-operatives will be supported and who will support them.

- The Department of Agriculture has traditionally played an important role in promoting the sector. This role needs to continue with a special focus on secondary business opportunities.
- The Department of Social Development has a role to play in promoting social co-operatives. In addition, through its poverty relief programmes it also creates opportunities for co-operatives.

- The Department of Local Government and Housing's social housing unit offers the co-operative model as one of the models for social housing.
- The Department of Public Works and Transport has a role to play in the transport and construction sectors.

Each sector lead department will be responsible for the development of the sector specific strategy, championing the sector strategy, co-ordinating the sector strategy and monitoring the activities in the sector. This is proposed because the work of supporting co-operatives in Polokwane and Limpopo in general is not only the responsibility of LEDET and LIBSA as the implementing agent, but cuts across sector departments. Provincial Government has pronounced its intentions of opening access to procurement opportunities to co-operatives. It is recognized that if there is no market to consume their products, there is little need to promote the development and support of co-operatives. An interdepartmental provincial procurement barometer that will track and monitor business transacted by government and its impact on the local economies must be established.

### **Trade Unions**

The Trade Union Federation, COSATU, has been continuously active in advocating for a change in the policy and support environment for co-operatives in the country. COSATU and a number of its affiliates have adopted a series of resolutions at their national congresses emphasizing the need for a progressive and democratic co-operative movement. These resolutions also emphasized the specific role trade unions can play in the promotion of co-operatives, among their members, the informal sector and in society as a whole. The strengths trade unions bring to co-op development include:

- Organizing and negotiating skills
- Access to labour and employees
- Access to government
- An existing membership base

Polokwane Municipality, Department of labour and trade unions should set up partnership structures to promote co-operatives. Trade unions also have a role to play in providing economic intelligence to the co-operative movement.

## **Private Sector**

At a national level, the business constituency played a big role in the development of the co-operatives legislation and of respective policies. This means that business should be familiar with the co-operatives legislation. Some co-operatives in specialized sectors like construction and financial services will have to join local business associations that are related to their particular sectors. The private sector could assist in the implementation of this strategy in the following ways:

- Provide upstream and downstream procurement opportunities to co-operatives in their respective sectors
- Provide subcontracting opportunities for co-operatives
- Through their social responsibility programmes, assist co-operatives in their value-chain with mentoring in areas of: quality; contract management; expert knowledge of the industry, both upstream and downstream; business viability etc

## **Co-operatives**

Co-operatives should start actively fostering relationships between themselves to share education and training resources, skills and advantages. This “rub off” and learning experience should be used to build economic relationships between co-operatives on both the supply chain side and demand side. All the co-operatives should actively seek to join the national co-operative movement and to strengthen the provincial and local structures.

Induction programs and policies should be developed by all co-operatives to limit internal problems. These induction programs should educate new members about the co-operative history, principles, activity, members’ rights and responsibilities, and decision-making processes, for example. Policies should be designed and implemented to assist with operational issues like discipline, asset management, transport, and wages for example.

### **Co-operative Movement/ NCASA**

- Recruit and organize existing co-ops- this should be done aggressively by the co-operative movement.
- Engage the banks in the municipality and the province to ensure they open bank accounts for co-operatives and provide relevant services for the growth and development of co-operatives
- Partnership with the municipality and the provincial government should be secured. Such a partnership will assist in resourcing the co-operative movement and ensure it plays an independent and effective co-operative support and development role.

### **Agencies**

The various economic agencies, in particular LIBSA, SEDA and LIMDEV, have a role to play promoting and supporting co-operatives. These agencies are already engaged in supporting co-operatives and their role needs to be strengthened if the targets of the strategy are to be achieved.

## **Acronyms**

NYDA – National Youth Development Agency  
SAWEN- South African Women Enterprise Network  
SAWIC – South African Women in Construction  
ECYD-Establishment for Comprehensive Youth Development  
SAHCA-South African Housing Co-operative Association  
LED – Local Economic Development  
SBU-Strategic Business Unit  
SEDA – Small Enterprise Development Agency  
LIBSA – Limpopo Business Support Agency  
LEDET - Limpopo Development Enterprise  
COSATU-Congress of South African Trade Unions  
NCASA-National Co-operative Association of South Africa  
LIMDEV-Limpopo Economic Development Enterprise  
ILO-International labour Organization  
ICA-International Co-operative Alliance  
ICT-Information and Communication Technology  
BBBEE-Broad Based Black Economic Empowerment  
KPA-Key Performance Area  
CASP-Comprehensive Agricultural Support programme  
LRAD-Land Redistribution for Agricultural Development  
NDA-National Development Agency  
SMME- Small Medium Micro Enterprises  
ASGISA-Accelerated Shared Growth Initiative of South Africa  
DPLG-Department of local Government and Housing  
IMS-Integrated Manufacturing Strategy  
DTI- Department of Trade and Industry  
ARC- Agricultural Research Council  
LDC- Lebowa Development Corporation

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