



Province of the
EASTERN CAPE
DEPARTMENT OF ECONOMIC DEVELOPMENT
AND ENVIRONMENTAL AFFAIRS

**Eastern Cape Department of Economic Development
and Environmental Affairs (DEDEA)**

**Strategy and Implementation Plan for
Support and Development of
Co-operatives in the
Eastern Cape Province
*(SUMMARY VERSION)***

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1 INTRODUCTION AND BACKGROUND

1.1 Introduction and Rationale

The Constitution of the Republic of South Africa, the Reconstruction and Development Programmes (RDP), the Co-operatives Act No.14 of 2005 (as amended), the Department of Trade and Industry (**dti**) Cooperative Development Policy (2004) the Eastern Cape Provincial Growth and Development Plan (PGDP), the National Local Economic Development (LED) Framework, as well as other related policy and programmes documents enjoin entities of government and other socially-committed stakeholders to work towards the establishment of a socially conscious, inclusive, productive, equitable and dignifying political economy that will correct the unequal distribution of economic participation and well-being bequeathed by the pre-1994 political dispensation.

Towards this end, the Eastern Cape Department of Economic Development and Environmental Affairs (DEDEA) seeks to lead the establishment and development of a programme aimed at building and supporting sustainable cooperative enterprises. This strategy seeks to outline the elements of this programme and the approach and commitment of Eastern Cape Provincial Government's, and more specifically DEDEA, towards its development.

The main focus of the programme will be the development of cooperatives. It is also however acknowledged that there may be other expressions of collective enterprise organisation not formally constituted and registered as cooperatives, but equally deserving of support because of aims similar to cooperatives. It is the view of the department (DEDEA) and its partners that allowing for a pluralistic expression of legal form, while emphasising a collectivist and socially-conscious entrepreneurship, may allow for greater opportunity of participation in the economy that will be in keeping with the democratic sentiment underpinning development endeavour in post-1994 South Africa.

The Eastern Cape Cooperatives Development and Support Strategy and Programme is proposed against the following principles:

- The importance of complementarity of the proposed programme with other public and economic development programmes in the Province.
- An emphasis on community, participatory and worker ownership of the economy and the potential this holds for socially cohesive economic development.
- The potential for a reorientation of significant public expenditure to encourage greater participation in the economy through locally owned enterprises, including of cooperatives.
- Lessons learned through difficulties encountered in the successful establishment and development of cooperatives locally and internationally: *Business enterprise, even of the conventional kind, is generally fraught with significant rates of failure, even when fundamentals have been reasonably considered. Cooperatives are no exception. The cooperative and collective option, however, tends to be even more challenging to establish and sustain than the individualistic. This fact is often overlooked, and the necessary work to ensure success not undertaken in full, leading to disappointment and a potential discrediting of the cooperative enterprise approach. Coupled with*

difficulties specific to the cooperative form of enterprise are pitfalls of a state-driven dependency that is very possible when the state is initiator of business enterprise. DEDEA will endeavour not to repeat obvious mistakes in this regard.

- The creation of an environment for a networked and independent cooperative movement to thrive.
- The need to carefully balance support from government with respect for the autonomy of cooperatives and cooperators. Cooperatives are not extensions of government and should be protected against political capture as well as ‘fronting’ for mainstream business in order to exploit business opportunities created especially for cooperatives.
- The fact that cooperatives are often in the so-called ‘second economy’ and seen as ‘stepping stones’ to the mainstream economy. The Eastern Cape strategy sees the development of cooperatives and a cooperative sector as a legitimate end in itself. Thus the strategy seeks to promote and enable cooperatives and worker cooperatives at all levels of the economy.

This document is a summary version of the full strategy. This short version is divided into five chapters. Chapters one to four set out the strategy, while chapter five provide the implementation plan for the cooperative support and development programme for the Province. The first chapter outlines the rationale, methodology and approach to this strategy. Chapter two outlines the vision and objectives of the strategy as well as the types of cooperatives that will be supported. Chapter three outlines the four pillars of the strategy and the key objectives and activities contained in each pillar. This is followed by an outline of the role to be played by various partners in this strategy in chapter four. Finally chapter five provides a high level implementation plan.

2 CO-OPERATIVE PROGRAMMES FOCUS

2.1 Vision for supporting co-operative development in the Eastern Cape

The vision of this strategy is to see a vibrant, independent cooperative sector in the Eastern Cape with cooperatives becoming a significant component of the economy. The Cooperative vision is not only economic, but also developmental. Cooperatives could play a major role in the social and cultural development of all communities in the Province

2.2 Objectives to be met in supporting co-operatives in the Eastern Cape

- To ensure the efficient and effective establishment of an institutional framework in the Province to support co-operatives and other similar collective enterprises from the local to the Provincial level;
- To pool the resources of government and other partners to catalyse and support the growth of community and socially-owned capital;
- To ensure that adequate and tailor made co-operative support programmes are in place to ensure sustainability and growth of co-operatives in the Eastern Cape;
- To ensure that the growth of the co-operative movement in the Eastern Cape is autonomous and independent of government and is aligned to the co-operatives sectors and organisational types identified in the Co-operatives Act No14 of 2005;
- To ensure that there is continuous access to best practice through research, database and knowledge management, networking amongst co-operatives and the creation of linkages both locally and internationally;
- To clarify the role of all stakeholders, agencies, government departments, communities and co-operatives themselves in the development of co-operatives in the Eastern Cape;
- To create proper alignment in terms of co-operatives strategy between the co-operatives development programmes and all other provincial government support programmes and also with municipalities;

2.3 Forms and types of Co-operatives that will be supported by the Strategy

This Co-operatives Support Strategy and Programme will primarily support **Primary Co-operatives** because of their ability to create employment, encourage entrepreneurship and facilitate community upliftment. The strategy will support existing as well as newly formed community initiated cooperatives. However it does not advocate the establishment of cooperatives by government or other public sector agencies.

Other levels of co-operatives, be they secondary co-operative or tertiary co-operative, can only legitimately be established by primary co-operatives and secondary co-operatives respectively. Their main purpose is largely to provide services to primary member co-operatives. Unless there is really a need to establish them, they will be established by their primary members and will be sustained by their primary members. This strategy will not address the specific needs of secondary and tertiary co-operatives and consideration to such needs will be given on a case by case basis and with relevant co-operatives sector plans residing in different sector institutions.

Cooperatives at all levels of the economy will be supported. Special emphasis will be placed, however, on promoting worker cooperatives in the sectors identified by the industrial strategy and at levels of the value chains where value is produced, rather than at the level of raw material production only. Cooperatives made up of professionals will also be promoted in all sectors and it will be important for this strategy to identify and support some professional and successful cooperatives as flagships for this strategy. This is especially important in light of the significant business that government procures from the services sector.

2.4 General Definition of a Co-operative

Globally co-operatives are broadly defined as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations, through jointly owned and democratically controlled enterprises.

Chapter 1 of the South African Co-operatives Act, No.14 of 2005, classifies co-operatives into the following categories:

- “*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.

2.5 LEGISLATIVE FRAMEWORK FOR CO-OPERATIVES IN SOUTH AFRICA

The South African government introduced a Co-operatives Policy in 2004. This was followed by the adoption of the Co-operatives Act No.14 of 2005. To firm up on the legislative environment, Co-operative 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. These documents include:

- Co-operatives Act No.91 of 1981
- Co-operatives Policy of 2004
- Co-operatives Act No.14 of 2005
- Co-operatives Regulations 2007
- Co-operatives Banks Act, No.40 of 2007
- Registration of Co-operatives

3 PILLARS OF THE STRATEGY

Eastern Cape Cooperative Development and Support Programme

| Pillar 1: Institutional Capacity for supporting Cooperatives in the Eastern Cape | Pillar 2: Support Infrastructure for Co-operatives Development | Pillar 3: Building an Independent Co-operative Movement | Pillar 4: Research, Knowledge and Database Management |
|--|---|---|---|
| <ul style="list-style-type: none"> 1: Establish a Directorate: Cooperatives Support Unit 2: Consolidation of the Registration Process in the Province 3: Establish an Institute for Cooperative Economic Development 4: Establish a Provincial Co-operatives Advisory Board 5: Establish an Inter-Departmental Co-ordination Committee 6: Establish Co-operatives Development Centres in District Municipalities | <ul style="list-style-type: none"> 1: Alignment of District Municipalities Co-operatives Implementation Plans 2: Develop Co-operatives Funds and Financing Mechanism 3: Co-operatives Training and Capacity Building 4: Co-operatives Enterprise Development, Support and Mentorship 5: Procurement Opportunities for Co-operatives 6: Youth and Women Participation in Co-operatives | <ul style="list-style-type: none"> 1: Worker Co-operatives 2: Agricultural Co-operatives 3: Housing Co-operatives 4: Social Services Co-operatives 5: Financial Services Co-operatives 6: Bottom up Building of the Co-operative Movement 7: Conferences Summits and Study Tours | <ul style="list-style-type: none"> 1: Research 2: Knowledge and Database Management 3: Annual Statistics and State of Co-operatives Surveys 4: Dissemination, Mobilisation and Awareness Creation |

3.1 Pillar 1: Institutional Capacity for supporting Cooperatives in the Eastern Cape

3.1.1 Establish a Directorate: Co-operatives Support Unit

The development and support to co-operatives has gained momentum in South Africa in recent times, especially through the adoption of a new Policy and Act in 2004 and 2005 respectively. The dti, as a coordinating unit within government, has established a fully fledged

Chief Directorate that deals with issues of legislation management, policy development, coordination and monitoring of co-operatives development work across the whole country.

Provinces should play a critical role in translating these policy imperatives into programmes and projects for implementation. The pressure to implement becomes greater at a provincial and local level than at national level. It is therefore necessary for the Province to capacitate itself and dedicate specific human resources to manage the support programmes and projects needed to implement this strategy. DEDEA has been tasked by the Executive Council of the Province to coordinate and drive cooperatives development, with all other departments as supporting and implementing agents. There is however currently no dedicated capacity for cooperatives development within DEDEA. In order to implement this strategy in the Province, it is therefore proposed that the Province establishes a Directorate: Co-operatives Support Unit under a proposed new Chief Directorate: Enterprise Development within the Department of Economic Development and Environmental Affairs.

3.1.2 Consolidation of the Registration Process in the Province

Consultations with stakeholders and co-operatives in the Eastern Cape pointed to the following problems currently experienced by co-operatives in terms of registration:

- The process to register a co-operative in Pretoria (CIPRO) takes too long and is complex and cumbersome;
- Fraudulent behaviour has been experienced by co-operative members around fees payable towards registering co-operatives via using middlemen;
- Basic pre-incorporation education is needed by members who want to register co-operatives;
- Members need explanation of the registration processes to be translated to them in their own languages in order to understand them;
- The provincial database needs to be captured, maintained and to some degree managed within the Province.

Firstly, with regards to registration, this strategy proposes that the Eastern Cape Provincial Government use the provision of Section 78 of the Co-operatives Act No.14 of 2005 to request the Minister of Trade and Industry, in consultation with CIPRO, to appoint a Deputy Registrar of Co-operatives in the Province. The Deputy Registrar's Office, at a Deputy Director level, can be situated within the Directorate: Co-operatives Support Unit as part of the Department's staff. The main functions of this office is will be guided by CIPRO but envisaged to be secondary functions of the Registrar's Office.

Secondly, there are existing arrangements for registration of co-operatives in the Eastern Cape. SEDA and ECDC play the role of agents for CIPRO in this regard. It is proposed that this arrangement remain as is, but that it is be more organised and strengthened through co-ordination from the Office of the Deputy Registrar's Office.

3.1.3 Establish an Institute for Cooperative Economic Development

The University of Fort Hare (UFH) in consultation with Provincial Government is in the process of establishing a quality institutional base that will seek to co-ordinate training, capacity building, human development and research, in order to build and support co-operatives development in the Province. The institution to be established will be called the *Institute for Co-operative Economic Development*. The primary goal of the Institute will be to build and support the human resource and knowledge capabilities, as well as support

systems of learning and research institutions, co-operatives and other community enterprises, and other organisations working to build co-operatives as a key sector of local and national economies.

The Institute will be based at the University of Fort Hare and it is conceptualised as a shared endeavour that will network a number of institutions of learning across the Province. The following institutions are envisaged to be part of the network:

- University of Fort Hare (UFH) and the Walter Sisulu University (WSU);
- All FET Colleges that fall under the control of the Provincial Department of Education;
- All Adult Basic Education and Training (ABET) centres that fall under the Department of Education
- All Municipality Economic Development Units and Agencies;
- Accredited Service Providers.

3.1.4 Establish a Provincial Co-operatives Advisory Board

The development and management of the process of implementation of this strategy is the responsibility of DEDEA in the Province. In recognition of the role that needs to be played by co-operatives, stakeholders, labour, communities and Provincial Government in the process, this strategy proposes the establishment of the Provincial Co-operative Advisory Board.

The MEC for DEDEA will be guided by Section 85 of the Co-operatives Act No.14 of 2005. This Act sets guidelines for government to establish the Board at national level. We appropriate the same provisions to set up a Provincial Advisory Board to advise the MEC. It should be representative of the different sectors of the economy of the Eastern Cape and will be set up to advise the MEC on co-operatives development in the Eastern Cape. Functions and governance of the Board are articulated in Sections 85-91 of the Co-operatives Act No.14 of 2005

3.1.5 Establish an Inter-Departmental Co-ordination Committee

An Inter-Departmental Coordination Committee has already been set up at provincial level. This committee is convened by DEDEA to establish a mechanism for co-ordinating Provincial Government support for co-operative development. However this Committee needs to be formally institutionalised and its mandate accepted by all departments in the Province. It will have its own terms of reference and an annual work plan with a schedule of meetings. It is critical that all Heads of Departments in the Province assign officials who can carry mandates of their departments to ensure the effective coordination by DEDEA. As the central repository of information on support to co-operatives in the Province, DEDEA needs support at the highest level in order for its MEC to account effectively to the Executive Council (EXCO) on the implementation of this strategy.

3.1.6 Establish Co-operatives Development Centres in District Municipalities

The concept of a Co-operatives Development Centre was discussed thoroughly at a meeting of stakeholders in East London on 22 May 2008. Stakeholders realised that there is very little capacity at existing enterprise support institutions and district and local municipalities to support co-operatives and meet their needs. The baseline survey conducted also highlighted some of these shortcomings. The envisaged vision is to give all existing and would-be co-operatives access to high quality co-operative support services from a dedicated institution.

This Co-operative Development Centre is conceptualised as a locally based organisation that delivers non-financial support to co-operatives. The initial set up would be the responsibility of the municipality and DEDEA. Locally based co-operatives would then need to work out a plan to manage and own the centre over time as the movement of cooperatives gain strength and capacity. However Cooperatives should be an integral part of the governance arrangements from the start. Services to be provided by this Co-operative Development Centre should include the following:

- Assistance with pre-incorporation training to start up co-operatives;
- Basic training of members in co-operative enterprise skills;
- Access to sources of finance;
- Co-operative economy directory;
- Business planning;
- Enterprise development advice and guidance to new and existing cooperatives;
- Tender Advice and information;
- Co-operative Advice;
- Facilitation of market access;
- Mentoring; and
- Linkages with other co-operatives and SMMEs.

This strategy proposes that at District Municipality level these Co-operatives Development Centres are established or created as part of the District Co-operatives Support Plan. The end result will be 6 District Co-operatives Development Centre and one at the Metro who will all be linked to the Institute for Co-operative Enterprise Development. In establishing them, the following principles should guide Municipalities:

- These CDCs must be part of the District Co-operatives Support Plans;
- Their establishment should include wide consultation with co-operatives at District level;
- Municipalities should initiate their establishment with a long term view of transferring ownership of their management to co-operatives;
- They should be legal entities;

3.2 Pillar 2: Support Infrastructure for Co-operatives Development

3.2.1 Alignment of District Municipalities Co-operatives Implementation Plans

DEDEA is aware that some Municipalities already have strategies to support co-operatives at local level and that some are in the process of initiating such processes. This strategy proposes that, as their key deliverable, all District Municipalities should now align all their co-operative support strategies to this Provincial Co-operatives Support Strategy. The idea is to create better co-ordination at implementation level, send out the same message across the entire Eastern Cape and ease of monitoring of impact. The end result will be 6 District Municipality Strategies and one Metro Strategy. All local municipalities will then work within the district to align their activities.

This strategy proposes the following guidelines for alignment:

- All district municipality co-operatives support strategies should be aligned to their IDPs, LED Plans and Provincial Strategy;
- Development Agencies of Municipalities should put particular emphasis on addressing the needs of co-operatives through their programmes;

- DEDEA Regional offices will co-ordinate all communication with municipalities on support to co-operatives;
- SALGA-EC will represent all municipalities at inter-departmental committee meetings to be chaired by DEDEA; therefore all these strategies should be submitted through SALGA-EC.
- The institutional support provided to municipalities by the Department of Local Government and Traditional Affairs (DLGTA) should also take into cognisance support for the development of cooperatives; this to include the reorientation of support that DLGTA provides for the development of IDPs and local economic development (LED) strategies

3.2.2 Develop Co-operative Funds and Financing Mechanisms

The Provincial Government of the Eastern Cape is to set aside funds to be used to support co-operatives. However the following is proposed through this strategy to be in place before any pronouncements are made public:

- A clear policy, methodology and criteria should be developed, funds to be ring fenced and then the best possible institutional arrangement will need to be identified or established to manage the funds for financing worker type co-operatives. It should be stressed that these are to mainstream co-operatives into the mainstream of the economy of the Eastern Cape and therefore efforts must be made to fund co-operatives in key growing sectors of the Province;
- A clear policy, methodology and criteria should be developed and options for institutionalising funds within organisations like Uvimba Finance Corporation to finance Agricultural Co-operatives in the Province should be interrogated;
- A clear policy, methodology and criteria should be developed by the Housing Department on financing of housing co-operatives;
- A clear policy, methodology and criteria should be developed to support the financial services sector through institutions like SAMAF and SACCOL;
- All other provincial departments and Municipality Agencies should follow the same process if any form of support is to make any meaningful contribution.

In conclusion, DEDEA will initiate the process and assist all other Departments and their agencies to do the same. This strategy and these proposals will be presented at the legislature in order to obtain support for the building of the movement in the Eastern Cape. Pronouncements on the different funds will be made only when the methodologies are agreed upon and the institutions are ready to manage and disperse the funds.

3.2.3 Co-operatives Training and Capacity Building

The Eastern Cape Provincial Government, in partnership with Fort Hare University have taken a decision to establish an Institute for Co-operative Enterprise Development that will co-ordinate all activities related to capacity building in co-operatives development. As already mentioned above, the Institute will network with a variety of institutions in the Province including all FET Colleges, Other Institutions of Higher Learning, ABET Training Centres, Service Providers, Municipality Agencies, etc. The idea is to provide consistency of capacity and training activities on co-operatives development.

3.2.4 Co-operatives Enterprise Development, Support and Mentorship

The Province already has a variety of interventions in this area but is largely concentrated on the SMME sector. Institutions like the ECDC, Seda, Comsec already have programmes running across the Province. Through this strategy, the Provincial Government will encourage these institutions to extend their service offerings to co-operatives. In order to track the impact of this, institutions like the ECDC will be required to report back to DEDEA on the number of co-operative accessing their business support services. DEDEA therefore proposes that other departments throughout the Province insist on such reports from their agencies. However, tailor made programmes for cooperatives will need to be developed, where generic enterprise development approaches may not be sufficient.

3.2.5 Procurement Opportunities for Co-operatives

Provincial Government has pronounced its intentions of opening access to procurement opportunities to co-operatives. It is recognised that if there is no market to consume their products, there is little need to promote the development and support of community enterprises. DEDEA and Provincial Treasury have commenced a process of developing a *Provincial Public LED Procurement Strategy* that will outline how provincial goods and services procurement may benefit the provincial and local economies.

This strategy also proposes that the *Provincial Public LED Procurement Strategy* should set aside a 30% quota for co-operatives alongside the 30% quotas set aside for SMMEs in national procurement policy. Proper oversight and monitoring of supplying co-operatives should be kept in check by all Departments in order to ensure that fly-by-night co-operatives and pseudo-co-operatives do not abuse the system.

3.2.6 Youth and Women Participation in Co-operatives

Young people and women, especially in rural Eastern Cape, are the most hit by unemployment, poverty and diseases. 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.

DEDEA will make a concerted to engage organisations like Umsobomvu Youth Fund and South African Women Enterprise Network at national level and also relevant women and youth structures at provincial level. This is to find means and ways of supporting, funding and capacitating co-operatives managed by youth and women. Support programmes for these sectors will be the responsibility of organisations like the provincial Youth Commission and Provincial Women's Organisations. DEDEA's role here will be to ensure that lobbying takes place and that support for co-operatives development filters to them.

3.3 Pillar 3: Building an Independent Co-operative Movement

To ensure the success of the co-operative movement in the Eastern Cape it is important to recognise that government's role is to ensure that an enabling environment in the Province to support co-operatives. As already highlighted in Chapter 4 of this document, the strategy is guided by the provisions of the Co-operatives Act No.14 of 2005 and a variety of Co-operatives sectors are identified in the Act. Building a movement therefore relies on the strengthening of these sectors and that role can only be accomplished by co-operatives

themselves. This strategy further encourages the autonomy of primary co-operatives in deciding the right time for them to establish secondary and tertiary co-operatives.

In an endeavour to provide the enabling environment and in line with the provisions of the Co-operatives Act, the Eastern Cape Provincial Government will assist and encourage Co-operatives Sector growth rather than Regional or District Co-operative growth. The involvement of different sector departments and their respective stakeholders is therefore critical.

The following proposals are guided by the provisions of the Act and they seek to highlight the role that sector Provincial Government Departments and their agencies can help in support the growth of Co-operative Sectors in the Province:

3.3.1 Worker Co-operatives

The Province has in place a Provincial Growth and Development Plan and currently working on a Provincial Industrial Strategy in order to identify priority economic sectors that drive the economy of the Eastern Cape. The sector Department that runs economic development of the Province is the Department of Economic Development and Environmental Affairs and its agencies, ECDC and the like. DEDEA, its agencies and co-operatives stakeholders need to develop a clear plan to integrate co-operatives into the mainstream of the Eastern Cape economy. These co-operatives should be encouraged to establish themselves in line with the priority economic sectors of the Province identified through the PGDP and Provincial Industrial Strategy.

3.3.2 Agricultural Co-operatives

Agriculture is the one of the priority identified and extremely important sector in the Province. The Department of Agriculture and Land Affairs, its agencies and programmes are critical to supporting the development of co-operatives in this sector. This strategy proposes that this Department leads its agencies, in consultation with co-operatives in this sector and the farming community, to develop a sector growth plan for co-operatives in this sector.

3.3.3 Housing Co-operatives

As part of its Social Housing Programme under the Provincial Housing Strategy, the Provincial Department of Housing will lead a process of developing a growth plan for supporting housing co-operatives in the Province. Apex organisations like the South African Housing Co-operatives Association (SAHCA) already have primary housing co-operatives based in East London and should provide technical advice to the Department in the development of this growth plan.

3.3.4 Social Services Co-operatives

These types of co-operatives provide a variety of social services to their community, mostly not supported or receiving limited support. This strategy proposes that the Provincial Department of Social Development supports the development of these co-operatives because they can assist in the delivery of social services to communities. Through its existing programmes, this strategy entrusts this Department to develop a clear programme to support social services co-operatives in the Province.

3.3.5 Financial Services Co-operatives

These co-operatives exist in many forms and some are regulated and others not. A Co-operatives Banks Act No.40 of 2007 was developed by the National Treasury and promulgated at the end of 2007 to regulate services of Financial Services Co-operatives. The only institution of government known to be providing funding to Financial Service Co-operatives is SAMAF. The only apex body that regulates Savings and Credit Co-operatives (SACCOs) is the Savings and Credit Co-operative League (SACCOL). This strategy proposes that the Provincial Treasury, in line with the provisions Co-op Banks Act of 2007, work with co-operative institutions like SAMAF, SACCOL, provincial stakeholders and co-operatives to develop a support programme for Financial Services Co-operatives in the Province.

3.3.6 Bottom Up Building of the Co-operative Movement

Section 10.2 of the Co-operatives Policy of 2004 reads: “co-operatives are not government organizations. But the government will intervene through designing supply and demand sides support measures to grow this sector and utilizing the existing institutions and programmes available”. What is important from this quotation is that the national policy recognises that co-operatives are autonomous organisations and therefore can never be controlled by state. This strategy shall adopt such principles in its implementation.

Bottom up building of the movement refers to creating an environment for strong sustainable primary co-operatives. The establishment of secondary co-operatives, for instance, should largely be premised on the needs of primary co-operatives as such are set up by primary co-operatives. In other words, it is primary co-operatives that should establish secondary co-operatives, and not the other way round. The same goes with the relationship between secondary and tertiary co-operatives.

This provincial strategy therefore adopts as a principle that the co-operative movement in the Eastern Cape will be encouraged to develop from below by supporting the establishment of strong primary co-operatives which will in turn establish secondary and tertiary co-operatives respectively.

3.4 Pillar 4: Research, Knowledge & Database Management and Statistics

3.4.1 Research

Research and knowledge generation is integral to this strategy. A significant knowledge base has been built on the history of cooperatives in South Africa, particularly the role cooperatives played in capital development and the development of the agricultural sector. Some literature also exists about community cooperatives and appropriate models for successful cooperative and community enterprises. There is also a significant knowledge base on local economic development and enterprise development in South Africa. However, there is still a need to further develop the knowledge base on cooperatives, and on possibilities for a more democratic and social economy.

Thus this strategy proposes that research programmes needs to be developed in the following areas:

- Policy Research:

- Applied Research:
- Action Research:
- Sector Specific Research:
- Product Development:

3.4.2 Knowledge Management

The Institute for Cooperative Economic Development will be positioned as the main repository of knowledge and information about cooperatives. The Institute in collaboration with DEDEA and the Advisory Board should develop systems for knowledge management that simultaneously pushes the frontiers of knowledge generation and makes information and knowledge available to the cooperatives movement itself.

3.4.3 Annual Statistics and State of Co-operatives Surveys

The Deputy Registrar proposed in the Directorate: Cooperatives Support Unit in DEDEA will have the main responsibility for registration of cooperatives and will keep a provincial database of cooperatives. The Deputy Registrar will provide the linkage between Cooperatives in the Province and CIPRO. This database should be available online and updated on an annual basis.

DEDEA should release an annual update of cooperative statistics and gradually build a comprehensive database of cooperatives in the Eastern Cape and their impact on social, cultural and economic transformation in their communities. The Annual Statistics and regular State of Cooperative Surveys should be developed and released in collaboration with the Institute. State and Cooperative Surveys should be released on a bi-annual basis and provide a much broader picture than the Annual Statistics update. The Survey should include research results from the above, case studies, evaluation and impact evaluation etc.

3.4.4 Dissemination, Mobilisation and Awareness Creation

Information generated by research should be disseminated to the cooperatives movement, the general public, government and other relevant institutions. Regular publications should be developed and targeted at different audiences. Information should be available in popular forms as well as via conscious use of the languages in use in the Province. Materials such as handbooks, manuals and fact sheets for use by cooperatives should be widely available in accessible formats.

4 ROLES OF PROVINCIAL STAKEHOLDERS

4.1 *Department of Economic Development and Environmental Affairs (DEDEA)*

At a national level, the Department of Trade and Industry (**the dti**) is tasked with the overall responsibility of policy development, legislation, national strategy, communication and research on a national co-operatives programme. DEDEA being a link department with **the dti** in the Eastern Cape is therefore entrusted with these functions at a provincial level. The role of DEDEA can therefore be summarised as follows:

- Co-ordinate provincial stakeholders and co-operatives towards the development of a Provincial Co-operatives Support Strategy;
- Be a central reporting centre of all Co-operatives Support activities in the Province , including those of other departments;
- Develop Monitoring and Evaluation Guidelines for the implementation of this Strategy;
- Through the MEC, provide a central point of communication to the legislature on co-operatives development in the Province ;
- Co-ordinate annual research activities in the Province ;
- Provide Secretariat Services to the Provincial Co-operatives Advisory Board.

4.2 *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. As already discussed above, 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. DEDEA will assist these departments to make sure that this work is undertaken. Where cooperative support activities are already taking place, such as in the Departments of Agriculture, Social Development, Education and Public Works, sector plans will need to be developed and implemented in line with the objectives and principles of this strategy.

4.3 *Local Government Structures*

Local government structures are critical because it is exactly where co-operatives, their members and their activities take place. This strategy proposes that there be alignment of strategies to support co-operatives between this Provincial Co-operatives Support Strategies and all other Strategies that either exist or yet to be developed at local government level.

4.4 *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

emphasising 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.

4.5 *Private Sector*

At a national level, the business constituency played a big role in the development of the Co-operatives legislation and of the 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 Provincial Business Associations that are related to their particular sectors.

4.6 *Community Constituencies*

‘Community’ constitutes ordinary members of society, primary co-operatives and co-operatives associations. Such communities have, for a very long time, been pursuing collective and co-operative forms of enterprises to meet their social and economic needs. Since the late 1990s, these types of collective enterprises have been growing, but often with inadequate support. The community constituency is inherently the ultimate beneficiary of growth of sustainable co-operatives. They also however have a role to play in the development of this sector.

5 HIGH LEVEL IMPLEMENTATION PLAN: 2008 – 2011

| Measurable Objective | Financial Year | | |
|---|--|--|---|
| | 2008/09 | 2009/10 | 2010/2011 |
| Pillar 1: | | | |
| Establish Institutional Capacity for supporting co-operatives | Establish a Directorate: Co-operatives Support Unit | Consolidation of the Registration process in the Eastern Cape | Appoint all the staff of the Directorate |
| | Establish a Provincial Institute for Co-operatives Enterprise Development | 6 District Co-operatives Development Programmes | Certificate and Diploma Courses on Co-operatives Development accredited Co-operatives Training Calendar developed |
| | Establish a Provincial Co-operatives Advisory Board | 3 Co-operatives Development Centres established | 3 Co-operatives Development Centres established |
| | Establish an Inter-Departmental Co-ordination Committee | 4 Meetings of the Committee held Departmental Co-op Support Programmes presented | 4 Meeting of the Committee held Progress Reports of the Departmental support to co-ops |
| Measurable Objective | Financial Year | | |
| Pillar 2: | 2008/09 | 2009/10 | 2010/2011 |
| Develop Support Programmes for Co-operatives Development | Alignment of District Municipalities Co-operatives Implementation Plans | Establish and launch financing mechanism(s) | Co-operatives Fund Established and functioning No. of co-operatives funded |
| | Conduct scoping study and develop models for Financing Mechanisms Co-operatives | Co-operatives Training and Capacity Building | Training Institutions provide co-op training |
| | Procurement Opportunities for Co-operatives | Co-operatives Enterprise Development, Support and Mentorship | Monitoring reports of procurement to co-operatives |
| | | Youth and Women and the Disabled Participation in Co-operatives | Youth Co-operatives Programme launched Women Co-operatives Programme launched |
| | Align sector plans of Departments of Housing, Agriculture, Public Works, Education and Social Development. | Sector plans and cooperative support programmed implemented | Sector plans and cooperative support programmed implemented |
| | Develop sector plan for supporting an independent Financial Services Co-operatives Sector | Sector plans and cooperative support programmed implemented | Sector plans and cooperative support programmed implemented |

| Measurable Objective | Financial Year | | |
|--|---|---|---|
| Pillar 3: | 2008/09 | 2009/10 | 2010/2011 |
| Building and Independent Co-operative Movement | Establish provincial cooperative APEX forum linked to national forum. | Provincial cooperative APEX forum fully functioning. 6 meetings held | Provincial cooperative APEX forum fully functioning. 6 meetings held |
| | Establish 3 district APEX platforms | Establish 4 district APEX platforms | 7 district APEX platforms fully functioning |
| | | Host annual provincial cooperative trade fare | Host annual provincial cooperative trade fare |
| | Conferences, Summits and Study Tours | Conferences, Summits and Study Tours | Conferences, Summits and Study Tours |
| Measurable Objective | Financial Year | | |
| Pillar 4: | 2008/09 | 2009/10 | 2010/2011 |
| Research, Knowledge & Database Management and Statistics | Research plan developed | Ongoing Research Topics Commissioned on Co-operatives | Ongoing Research Topics Commissioned on Co-operatives |
| | Baseline study of cooperatives released | Annual Statistics and State of Co-operatives Surveys | Annual Statistics and State of Co-operatives Surveys |
| | | Dissemination, Mobilisation and Awareness Creation Campaign Launched | Dissemination, Mobilisation and Awareness Creation |
| | | Knowledge Management Seminars | Knowledge Management Seminars |