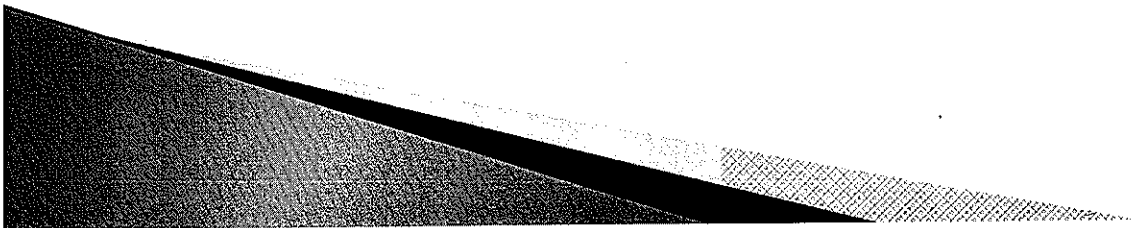


A proposed Cooperatives Development Model that focuses on Poverty Reduction and Job Creation

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The model seeks:

1. To implement the NDP objectives of reducing poverty, creating jobs and mobilising communities to participate in service delivery process as well as their own development.
2. To enable communities to participate in the process of building a developmental state and bringing about sustainable community development.

The model seeks:

3. To reduce dependency of poor families on government social grants and free services.
4. To enable communities to pay for services thereby broadening the revenue base of municipalities rendering municipalities financially viable.
5. To instil a culture of responsibility and ownership of public facilities at community level.

Current challenges

1. Poverty, unemployment and inequalities.
2. The current approach to cooperatives development does not massively impact on poverty reduction and job creation at grassroots level.
3. The number of poor families who depend on social grants is increasing with no proper plan of creating their exit from the social grant and indigent registers.
4. The majority of unemployed youth are those who drop out of school having not reached matric level meaning that they do not have skills that would making them employable.

Current challenges

5. The skills development programmes are not linked to service delivery challenges and do not target the unemployable youth from poor families who depend on social grants and free services.
6. Maintenance of facilities is neglected resulting with existing facilities that are degrading e.g. Roads with potholes. Schools with broken windows, lack of sanitation, tall grass and broken furniture etc.

Current challenges

7. Most of the existing Cooperatives initiated after 1994 are not financially viable.
8. Lack of a national model that is understood by all government departments and target groups.
9. Negative perception about cooperatives and confusion caused by different structures positioning themselves as cooperatives developers with no experience in the field of cooperatives development

Current challenges

10. Lack of a hands on approach by DTI then and the DSBD now meaning that the Department is obligating its responsibility of developing cooperatives to the Cooperatives Development Agency.
11. Lack of clarity from the strategic plan of the DSBD on how the cooperatives would reduce poverty and create jobs as well as the role that will be played by DSBD to make this happen

Current challenges

12. The budget allocation for cooperatives development, which is 2% of the DSBD budget indicates a lack of understanding of how the development of cooperatives relates to poverty reduction, job creation and sustainable development as well as SMEs development using a cooperatives development concept.
13. Lack of an adequate and effective training programme for cooperatives, cooperatives managers and cooperatives developers.

Current challenges

14. Performance measures of the DSBD are similar to those used by DTI when the programme of cooperatives development was under DTI and these relate to the number of cooperatives registered and cooperatives assisted instead of relating to improved levels of poverty and job creation.
15. The current approach to cooperatives development makes it difficult to measure value for money.

Current challenges

- 1 6. Poor families who cannot afford to pay for services rendered to them by municipality contribute to lack of revenue of municipalities which makes municipalities fail to deliver services
- 1 7. There is a lacks of a coordinated and creative approach to maximise benefits of the limited available financial resources located in different structures of government e.g. CETA, SETAs, Local government, CSR of the private sector, enterprise development accord signed by all constituencies represented in NEDLAC.

Change the way of doing things

1. Fiscal policy statement calls on government departments to move away from a consumption budget towards a productive budget– Reduce dependency on Social grants and free services– enable people to do for themselves.
2. NDP – create 11 million more jobs by 2030 and reduce poverty to 0% ,
3. NDP– Build a developmental state.
4. Mobilise communities to participate in their development.

Change the way of doing things

5. Improve service delivery
6. Implement government policies:
 - Develop SMEs and Cooperatives through public procurement and infrastructure spend – ANC
 - The National School Nutrition Programme and Supply of school furniture – ANC Lekgotla January 2014.
 - Use the 7% budget allocation to municipalities for maintenance – Minister of GOCTA September 2014.
 - Implement the set aside products policy – GVT.
 - Train youth and absorb in the market – Govt and SONA.

Who is dependent of social grants and free services

1. Child headed households
2. Women headed households with no source of income.
3. Households dependent on a social grant of a pensioner.
4. Households dependent on a social grant of a disabled person.
5. Households appearing on the social grant register.
6. Households appearing on the indigent register of a municipality

THE IMPLEMENTATION PROCESS OF THE MODEL

1. Market research to balance supply and demand.
2. Technology identification.
3. Partnership agreements with private sector, educational institutions, government departments and SOE.

4. Awareness programme at community level.
5. Household profiling and verification with Dept of Social Development and Municipalities .

6. Household profile Data Bank development at ward level and kept in the LED office of each municipality as well as in DSBD.

THE IMPLEMENTATION PROCESS OF THE MODEL

7. Beneficiaries prioritisation process.
8. Skills and cooperatives development training.
9. Cooperatives establishment and registration.
10. Development a value chain based adequate funding and non financial support services.
11. Project implementation and management
12. National branding
13. Back up support
14. Monitoring and evaluation

Public procurement market

1. National School Nutrition Programme.
2. Roads maintenance and potholes repairs.
3. Cleaning and renovation of schools.
4. Working for water programme
5. Clean communities programme
6. Expanded Public Works Programme
7. Cleaning and maintenance of train stations – Painting, Plumbing electrification.
8. Renewable energy projects e.g. Electrification and installation of Solar Heating Geysers and maintenance call centres
9. Non grid electrification and maintenance thereof.

Public procurement market

11. Cleaning of railway lines and trains.
12. Manufacturing and supply of school furniture.
13. Peoples Housing Programme - Housing co-operatives and manufacturing of building materials.
14. Upgrading of informal settlements.
15. Solar street lights installation.
16. Recycling of waste tyres and other waste materials. There are about 38 streams of waste.
17. Manufacturing and supply of linen and uniforms to schools, hospitals, prisons, defence and police.

Public procurement market

18. Security services to public facilities.
19. Supply of toilet papers and cleaning materials to government facilities, fuel filling stations and mines.
20. Supply of fresh produce to the NSNP the dept of Social Development and other govt entities.
21. Laundry and dry clean services in all upper class residential complexes, hospitals and clinics.
22. Mud schools eradication programmes.
23. Slums eradication programme.
24. Maintenance and repairs of street lights, water pipes and meters.

Partnerships and Transversal agreements

The model requires partnerships and cooperation between the following departments

1. The Department of Social Development
2. The Department of Cooperative Government and Traditional Affairs as well as Salga.
3. The Department of Public Works
4. The Department of Trade and Industry
5. The Department of Labour
6. The Department of Transport and its entities
7. The Department of Energy and its entities
8. The Department of Basic Education

Partnerships and Transversal agreements

8. The Department of Health.
9. The Department of Public Enterprise and its entities.
10. The Department of Higher Education and Training.
11. The Department of Correctional Services.
12. The Department of Rural Development.
13. The Department of Agriculture and Fisheries.
14. The Department of Environmental Affairs.
15. The Department of Human Settlement.

Supportive government policies

- ▶ Grants and support services for Cooperatives.
- ▶ The establishment of the Cooperatives Development Agency.
- ▶ Skills development support services provided by the Department of Higher Education and Training together with CETA and SETAs.
- ▶ Preferential procurement policy though it needs overhauling.
- ▶ The set aside products policy for supply by cooperatives and SMMEs.
- ▶ The financial support services targeting enterprise development and job creation.

Supportive government policies

- ▶ National Development Plan on mobilising communities to participate in their own development.
- ▶ Cooperatives Development Act of 2005.
- ▶ The Masakhane Campaign launched by former president Mandela on the principle of balancing rights and responsibilities of communities.
- ▶ Building a developmental state.
- ▶ The re-orientation of the Department of Social Development from a welfare approach to a developmental approach.

Supportive government policies

- ▶ Commitment by government to develop SMMEs and Cooperatives through public procurement and infrastructure spend.
- ▶ NDP targets on poverty reduction and job creation.
- ▶ Reprioritisation of budget towards production and sustainable development.
- ▶ BRRR powers given to portfolio committees to reprioritise budgets and ensure that programmes of departments address issues of poverty and job creation.

Benefits of the model

1. Targets poor families and aims at making them self-reliant and self-sufficient.
2. Would create an exit of poor families from the social grant and indigent registers.
3. Payment for services by poor families would increase the revenue base of municipalities.
4. The culture of entitlement that is emerging at community level would decrease.
5. There would be jobs at community levels.
6. The skills training would relate to service delivery challenges and in a long run build the capacity of communities and enable them to participate in their own development.

Benefits of the model

7. There would be an improved use of financial resources and value for money regarding the development of cooperatives.
8. The quality of services at community levels would improve particularly potholes on roads, public schools in town ships and rural areas, grave yards, dirty streets and illegal dump sites, vandalism to public facilities, grass cutting and paving of school yards and access roads to schools.
9. Levels of poverty would be reduced.
10. Crimes committed by poor people as a survival way of living e.g. Stealing, Prostitution etc. would be reduced.

Proposals

1. That the Portfolio Committee adopts the model and then recommend that the Department of Small Business and Cooperatives should implement the model.

2. That the Minister of SBD should treat the model as a special project that would be driven by a special team coordinated and lead by her.

3. That pilot areas be identified by both the Portfolio Committee and the Department.

4. That the pilot project of the model be implemented in the 2015/2016 financial year.

Proposals

5. That a template for implementation of the model be developed and used by the DSBD and LED offices in all municipalities.
- 6 That a full scale roll out of the model be implemented after a monitoring and evaluation report on the pilot project with improvements made where necessary.
7. Implement the resolution of the ANC Lekgotla on NSNP and School furniture supply by cooperatives.

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I THANK YOU