

## Co-operative Socio-Economic and Financial Inclusion Partnership Framework

'towards reducing vulnerabilities and building resilient self-help and self-reliant financial inclusive communities to achieve social cohesion and economic growth'.

-doing it ourselves **FORUS**, the people of South Africa-

### Proposal to establish

## Localized Socio-Economic Co-operative Ecosystem

Prepared by



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## PREAMBLE

**Whereas** the vision of the NDP states that 'by 2030 South Africans can proudly say we have created a home where everybody feels free yet bounded to others; where everybody embraces their full potential. We are proud to be a community that cares';

**Whereas** the political freedom guaranteed by the Constitution, paving a way for a government based on the will of the people, promised access to equal opportunities and prosperity for all. Yet the majority of the people, whose will the government derives her legitimacy continue to suffer the indignity of poverty, joblessness, lack of access to financial means, economic exploitation, debt slavery and exclusion to other economic opportunities;

**Whereas** the continued exclusion of the majority of the people pose a clear and present threat to the social, economic and political viability and stability of the country as it undermines the ideals of the Constitution and aspirations of the government's Nine Points Plan and NDP – as it puts in harms-way economic growth, social cohesion and equality;

**Whereas** there exist legislative instruments for mass financial and economic inclusion that could result in the transformation in ownership of banks and all industries and trades to include the majority in general and blacks, women, youth and people with disabilities in particular;

**Whereas** the Co-operatives Act 14 of 2005 as amended and Co-operatives Bank Act 40 of 2007 among their other respective purposes are to:

- promote the development of sustainable co-operatives that comply with co-operative principles, thereby increasing the number and 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 a democratically controlled enterprise, to register co-operatives and acquire a legal status separate from their members,
- promote equity and greater participation by black persons, especially those in rural areas, women, persons with disability and youth in the formation of, and management of co-operatives,
- Promote and advance the social and economic welfare of all South Africans by *enhancing access* to banking services under sustainable conditions,
- Promote the development of *sustainable* and *responsible* co-operative banks, and
- Establish an *appropriate* regulatory framework and regulatory institutions for co-operative banks that *protect* members of co-operative banks

**Whereas** co-operative banks through their principles and activities, promote economic inclusion, sustainable development and thriving of entrepreneurship. They also help raising public awareness on the role of money and the failure of the economy based on short-term approaches and profit as the only objective.

**Whereas** this path goes in the opposite direction with the one chosen by commercial banks of using their financial leverage to accumulate more profits, contributing to the financialization and monopolization of the economy negatively impacting the lives of millions of citizens, making poverty, unemployment and equality difficult to address.

**Whereas** statistics show a high number of failure rate of SMMEs and co-operatives due a plethora of reasons including access to skills, markets and finance as financial services continue to be a preserved privilege of rich minority businesses who thrive on profits generated through monopoly and exploitation of the working class; the unemployed; social grants recipients and the poor.

**Whereas** state social support beneficiaries has reached 17million mark, in a country that is building a developmental and not a welfare state as noted by President Jacob Zuma during his 2012 SONA and called for the social grants to be linked to economic activity and community development, to enable short-term beneficiaries to become self-supporting in the long run.

**Whereas** the National Apex Co-operative of South Africa's (NACSAs) overarching objective is the establishment of a vibrant co-operative movement through 'localized socio-economic co-operative ecosystem' that promotes stimulation of rural and urban village economies whilst balancing economic, social and environmental sustainable development goals instead of only profit motives.

**Whereas** the departments of Local Government and Traditional Affairs, Small Business Development and Social Development among others are critical in the promotion of social and economic and are necessary bedrock to any effort to address the triple challenges of poverty, unemployment and inequality.

## **DECLARATION OF INTENT**

**Motivated** by the strength of our collective actions and peer support we are determined to contribute towards efforts of solving the challenges of unemployment, poverty and inequality within our communities by mobilizing people to pool their resources, human spirit, experiences and determination.

**We** declare our resolve to work with other civic organizations, government and the private sector to accelerate the promotion of socio-economic and financial inclusive society through establishment of consumer co-operatives anchored by special purpose financial services co-operatives within each municipality supported by a national co-operative bank resulting in a self-help, self-reliant members' owned and controlled 'localized socio-economic co-operative ecosystem'.

**We** dare the prophets of doom, who will say it is not possible, to convince us how other countries in Africa e.g. (Kenya, Rwanda, Ghana, Uganda, Malawi, Swaziland etc.) and overseas based countries e.g. (Germany, Canada, China, India, Singapore, America etc.) have done it if we can't do it as South Africa being the second biggest economy in Africa.

**We** dare big business fraternity, government technocrats, political leadership and the academia, to convince us that we are wrong to fight for equality; to tell us we are wrong to demand equal economic opportunities and access to affordable financial services as consumers; to tell us that the status quo is sustainable; or join us in our efforts to radically transform the economy to include the previously marginalized groups and ensure inclusive economic growth.

**We** declare that as a movement bounded by our historical experiences and acute need to redress the imbalances of the past we will not tire nor surrender until tangible change has been achieved no matter how long it takes, we will fight for the rights of our future generations to live in a country more equitable, socially cohesive and economical inclusive than the one we inhabit today.

**We** will do so because we believe that if this socio-economic and financial inclusive society is achieved, then South Africa would have brought meaning to political freedom attained 22 years ago and would have restored the hopes of many people believing that government is a conspiracy between monopoly capital and political elite to rob them and condemn their generations to dependency, economic exploitation, debt slavery and perpetual poverty.

**Now** therefore, NACSA deemed it expedient to dialogue and thereafter enter into a 'Co-operative Socio-Economic and Financial Inclusion Partnership Framework' (CSEFIPF) with your Department. To work together to promote a national culture of savings and breed a caliber of citizenry capable of taking pro-active role in the amelioration of their social and economic livelihood without being dependent on the state or subjected to opportunistic exploitation.

# 1. EXECUTIVE SUMMARY

## 1.1 PURPOSE OF THE PROPOSAL

We submit this proposal on behalf of civil society, organized as co-operatives to stimulate a dialogue towards finding solutions to the triple challenges of poverty, unemployment and inequality that threatens the foundation of our democratic state, based on the will of the majority of its people who are languishing in the periphery of economic and social progress in their land.

The ultimate goal of this proposal for co-operative movement entering into a '**Co-operative Socio-Economic and Financial Inclusion Partnership Framework**' which will bring together different role-players not limited to other government departments, private sector, institutions of higher learning, NGOs, and community based groups to implement the following priority goal:

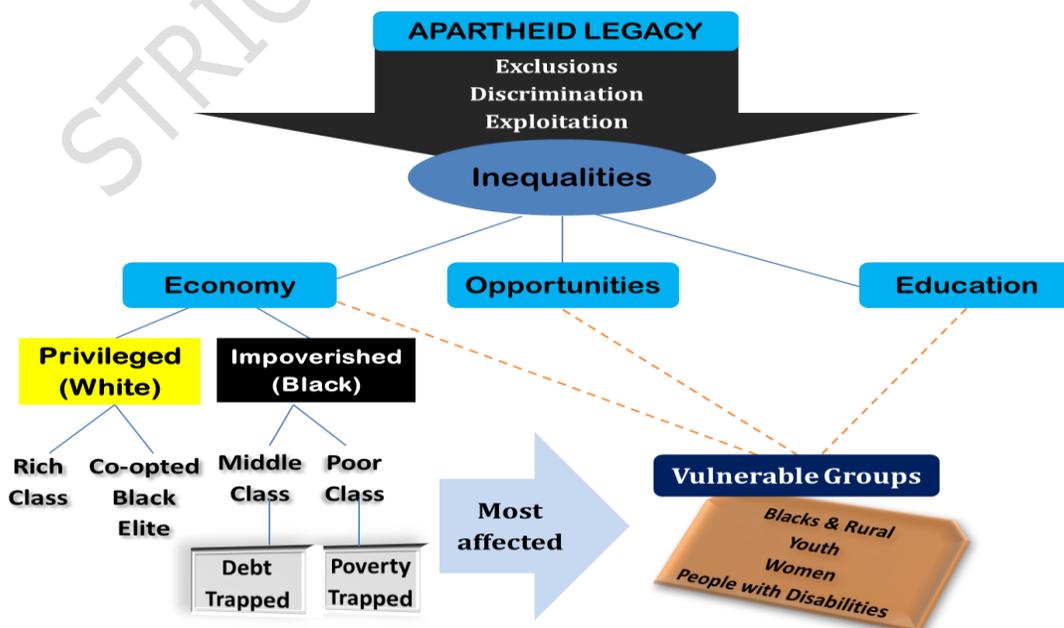
- ⇒ Establishment of a self-help, self-reliant members' owned and controlled 'localized socio-economic co-operative ecosystem' that promotes inclusive economic growth and social cohesive communities by promoting establishment and support to consumer co-operatives and financial services co-operatives within each municipality anchored through a special purpose national co-operative bank initially to be known as the National Economic Development Services Co-operative of South Africa (NEDSCSA).

## 1.2 PROBLEM CONTEXT

Since the dawn of democracy with each passing year, South Africa has seen visible improvements in the life circumstances of her citizens.

However, the legacy of historical systematic enforced divisions, institutionalized uneven development and access to opportunities along racial and gender lines, continue to manifest in the triple challenges of poverty, unemployment and inequality. Consequently, the great majority of South Africans in general, blacks and women in particular still find themselves caught inside a poverty cycle - an endless continuation of socio-economic stagnation, homelessness, unemployment and depending on the state for daily survival whilst crime and drugs continue to enslave our youth.

Diagram 1: Apartheid Legacy



From the above graphic illustration, South Africa’s highly dualistic economy results in a major challenge of expanding benefits of economic growth and social progress to the majority of the people, especially the poor. South Africa’s economic growth does not necessarily lead to benefits for the poor because of the foundational structures of the economy that promotes and advances the interests of capital monopoly above those of the general populace. Under such circumstances, the majority of people and their generations have no chance to ever access the formal economy save to say as exploited wage earners, exploited consumers, debt slaves and intergenerational dependents to the state.

Statistics compiled from a sample of 30000 people in Gauteng by debt management firm, Debt Rescue show that South African consumers owe the bulk of their monthly salaries to creditors.

Respondents in the 2015/16 QoL survey were asked whether they found it easy or difficult to save money, only 22% said it was easy or very easy, while 78% said it was difficult to impossible. “It is important to note that responses differ markedly by race. Only 18% of African respondents said it was easy or very easy to save money, compared to 37% of white respondents,” the report said.

The group found that consumers owe as much as three quarters (75%) of their monthly pay to creditors, while almost 60% of the population is struggling to meet their monthly payments for their home loans and credit card payments.

Only 23% of South Africans have any money left at the end of the month – with the other 77% left flat broke at the end of the month, with no hope of saving any money. More than 11 million of South Africa’s credit active consumers (out of the estimated 19 million) are described as over-indebted. Findings from Debt Rescue in 2015 showed that the average South African had R70,000 in debt.

Compounding the matter is economic growth that probably slowed to 0.5% in 2016 and will grow by 1.3% in 2017 according to President Jacob Zuma 2017 SONA. However, Reserve Bank said on 24 January, the rate of expansion would probably accelerate to 1.1% by the end of 2017. This is against the backdrop of a required economic growth of between 6-7% per year to generate enough impetus for the desperately needed jobs.

*Diagram 2: Challenging Consequences of Inequalities for the poor*



Unemployment in South Africa increased to 27.1% in the quarter through September, the highest since 2003, according to data from the International Monetary Fund. Thirty-eight percent of people between 15 and 34 are unemployed, according to statistics agency data, highlighting the economy's skills shortage while poverty levels and anger over rising tuition costs have led to violent protests by students.

For as long as the majority of our people in general and the youth in particular remain idle and in desperation to be economic free beings, none of South Africa's citizenry - rich or poor can be said to be totally free - 'political freedom without economic freedom is no freedom', to use the now common phrase.

### **1.3 PROPOSED SOLUTION**

The South African Government has committed to promoting co-operatives as a means to "create and develop income-generating activities and decent, sustainable employment; reduce poverty, develop human resource capacities and knowledge; strengthen competitiveness and sustainability; increase savings and investment; improve social and economic well-being; and contribute to sustainable human development" (the dti, 2012:7) - a developmental vehicle aimed at alleviating current levels of unemployment and poverty, and stimulating economic growth in South Africa

The Co-operative Amendment Act (Act 6 of 2013) (RSA, 2013) defines "co-operative" on the basis of an internationally accepted definition (Theron & Visser, 2009) as meaning:-

"an autonomous association of persons united voluntarily to meet their common economic, social or cultural needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles"

The Cooperating out of Poverty Study (2008) by ILO shows that the success of cooperative enterprises in Africa can significantly contribute to poverty alleviation in a number of ways. For instance, it has been demonstrated that co-operatives create employment and income-earning opportunities that enable members to pay school fees, build houses, invest in business and farming, and meet other family expenses. They also create solidarity mechanisms to re-enforce the traditional social security system, which is largely undeveloped, by setting up schemes to cater for expenses related to education, illness, death and other unexpected socio-economic problems. Moreover, by integrating the poor and the relatively well off in the same income-generating opportunities, co-operatives also contribute to the reduction of exclusion and inequality.

Not governments, traditional banks or big business have the organizational DNA to address the issue of exclusion as manifest in unemployment, inequality poverty. This is not a reflection on their ability or will, but a consequence of their traditional functions, their role and even their operational models.

The Human Development Index Report 2015 acknowledges this by arguing that, if the potential of all people is harnessed through appropriate strategies and proper policies, human progress will be accelerated and human development deficits would be reduced.

Recognizing the above, the NDP states that 'the creation of jobs and economic growth requires a combination of initiatives that require direct state involvement, private sector partnerships, as well as the mobilization of civil society to take a pro-active interest in addressing the problems presented by unemployment and economic exclusion'.

This falls in line with the call of President Jacob Zuma in his SONA of 2012 where he said South Africa was building a developmental, and not a welfare state, the social grants would be linked to economic activity and community development, to enable short-term beneficiaries to become self-supporting in the long term. The same must happen with Community Works, EPWP, Offender Rehabilitation, Water on Leaks, Working for Water, Working for Wetlands, Working on Fire, Working for Ecosystem Programme and others can become self-supporting economic activities in a long-term.

Therefore, any strategy to radically address the triple challenges of poverty, unemployment and equality piggy begging on government funded programme in a short term has to be centred on self-help and self-reliant work, not welfare, not only because work provides independence and income but also because work provides order, dignity and opportunities for growth in economy and people's lives.

The answer to ending economic exclusion and resulting social ills can only be found with a members' owned and controlled ecosystem designed to provide an inclusive and equitable access to opportunities in all social and economic spheres of citizens' lives. To be sustainable the ecosystem must have all the elements required to create shared wealth. These elements must include access to education, skills, technology, land, finance and information.

The solution must be around the establishment of an inclusive financial sector because of the strategic importance of this sector and its reach and relevance across all industries. The answer does not just lie only on an empowerment programme but a total economic transformation. As observed by Helen Clark, of the United Nations Development Programme that unless and until vulnerabilities are addressed effectively, and all people enjoy the opportunities to share in human development progress, development advances will be neither equitable nor sustainable.

#### **1.4 INTENDED BENEFITS**

There is empirical evidence that, in countries where financial services co-operatives known as savings and credits co-operatives or credit unions have been successfully implemented, they have proved to be an effective means of lifting people out of poverty, improved financial inclusion of the previously unbanked people and positively contributed towards employment (CGAP (2005). Kenya, Rwanda, Swaziland, Canada, Germany, China, India are but few testimonies of the success stories of such financial inclusive model.

Therefore, by all intentions and purposes, this initiative will result in the establishment of a civil society members' (community) owned and controlled 'localized socio-economical co-operative ecosystem' that will facilitate and result in the attainment of the following benefits:

- 1.4.1 members' savings, grants and donations pooled together and used to offer soft loans for social purposes (school fees, housing, transport etc.) and productive loans (income generating activities, projects and initiatives) loans to individuals, co-operatives, SMMEs and other members who need it at affordable interest rates and flexible terms and conditions different from mainstream financial institutions;
- 1.4.2 the ecosystem will empower participating members and give them the opportunity of ownership within consumer co-operatives and value chain businesses and financial service co-operatives resulting in active involvement in the efforts of improving their social, economic and environmental circumstances and status;
- 1.4.3 the ecosystem shared-risk and share-dividends structure will promote crowdfunding mechanism beyond individual members saving and investment capacity specifically for income generating and productive asset acquisition or development purposes e.g. building of shopping

malls, plant and equipment, housing development, manufacturing or processing plants and so on; and

- 1.4.4 the ecosystem will be able to promote access for interest free small loans to social grant recipients, pay members interests on their savings generally higher than what is offered by commercial banks and private owned micro finance institutions.

## **1.5 INTENDED OUTCOMES**

Guided by the experience drawn from DGRV and other relevant organisations and implemented within friendly pro-inclusive growth policy framework, this self-help, self-reliant members' owned and controlled 'localized socio-economic co-operative ecosystem' will assist the country to achieve the following outcomes:

- 1.5.1 A social, economic and environmental spatial integration conducive for the acceleration of vibrant rural and urban sustainable local economic development;
- 1.5.2 A transformed ownership of the means of production, financial services institutions and other industries to include the majority, especially blacks, women, youth and people with disabilities;
- 1.5.3 Poverty free communities who are less dependent on state social support due to culture of self-help, self-reliant job opportunities, enterprise development and access to affordable financial services and productive skills;
- 1.5.4 Inclusive growth sustained by active citizenry in the social, economic and environmental activities that ensures equal access to skills and work opportunities by the unemployed, emancipated working class from slave wage and debt yoke, social grant beneficiaries elimination of intergenerational poverty and state dependency and SMEs, entrepreneurs and co-operatives that are sustainable;
- 1.5.5 Social cohesion, equality and more egalitarian state able to address challenges related to social ills such as crime, drugs, diseases, illiteracy and so on.
- 1.5.6 National savings culture that enables crowdfunding for the promotion of productive assets acquisition by the majority of indigenous South African citizens through a National Economic Development Services Co-operative of South Africa (NEDSC) owned, controlled and funded by co-operatives' pooled savings and investment with government providing match funding.

## **1.6 CURRENT STATE OF CO-OPERATIVE MOVEMENT IN SOUTH AFRICA**

The Department of Trade and Industry, mandated by Cabinet to develop and promote co-operatives, noted in their 2012 Integrated Strategy on the Development and Promotion of Co-operatives, that "most of the existing and emerging co-operatives remain vulnerable and weak, and face a number of challenges constraining their growth and development" (the dti, 2012:8).

Co-operatives have become a popular mechanism of government to stimulate job creation and enterprise development in South Africa, with major growth in the number of registered co-operatives experienced over the past 10 years (the dti, 2010: 7). The drivers of growth have been attributed to an enabling environment through a legislative framework such as the Co-operatives Act (Act 14 of 2005) and Co-operatives Amendment Act (Act 6 of 2013), and support programmes across government (the dti, 2011).

'Co-operatives play a significant role in the country's economic growth, job creation and poverty reduction. However, the cooperatives' success potential in South Africa has been compromised because of how they are organised and their current operational structure which makes it difficult to have a clear picture of who is doing what, where and how'. (Twalo T, 2012: The state of co-operatives in South Africa)

For practical not ideological purposes, we have selected five themes that are at present (among many others) high on the development agenda for South Africa, namely:

- employment creation,
- poverty reduction
- social protection
- equality
- voice and representation

### **1.6.1 Legislation and Policy**

The South African co-operative movement emerged from the local agricultural sector, where agricultural co-operatives were overseen by the Department of Agriculture (Theron & Visser, 2009) and regulated under the Co-operatives Act (Act 91 of 1981) (RSA, 1981). In 2002, the mandate was transferred from the Department of Agriculture to the dti to support the growth and diversification of co-operatives within the South African economy. This was followed by an extensive policy reform process which lasted a little over a decade, aimed at creating an enabling environment for sustainable co-operative development. Policy and legislation gazetted during this period includes the –

- National Co-operatives Development Policy (2004)
- Co-operatives Act (Act 14 of 2005)
- Integrated strategy on the development and promotion of co-operatives (2012-2022)
- Co-operatives Amendment Act (Act 6 of 2013)

### **1.6.2 Co-operative support in South Africa**

A number of institutions are mandated to provide support to co-operatives in South Africa. This includes financial support (incentives, investment, micro-finance, grants, etc.) and non-financial support (networking platforms, etc.). A list of institutions currently providing support to South African co-operatives is provided in Annexure 2. Additional information on support for co-operatives can also be found in the Integrated Strategy on the Development and Promotion of Co-operatives (2012-2022) (the dti, 2011:46). A number of international organisations are now also providing support to co-operatives in South Africa. These include amongst others –

- International Co-operative Alliance (ICA)
- International Labour Organization (ILO) • Co-operative Facility for Africa – CoopAfrica
- World Co-operative Monitor
- European Research Institute on Co-operative and Social Enterprises (Euricse)
- Deutscher Genossenschafts-und Raiffeisenverband e.V. (DGRV)

### 1.6.3 Representative Organisations

Among progressive measures to address South Africa’s challenges, the unlocking of the potential of small, medium and micro enterprises (SMMEs), co-operatives, is among the state’s Nine Point Plan with a potential to radically revive township and rural village economies and create industrialists and contribute to the creation of millions of jobs, eradication of poverty and reverse social ills.

To this end and or by coincidence, the Department of Small Business Development and Co-operatives Bank Development Agency in different degrees are collaborating with the following representative organisations:

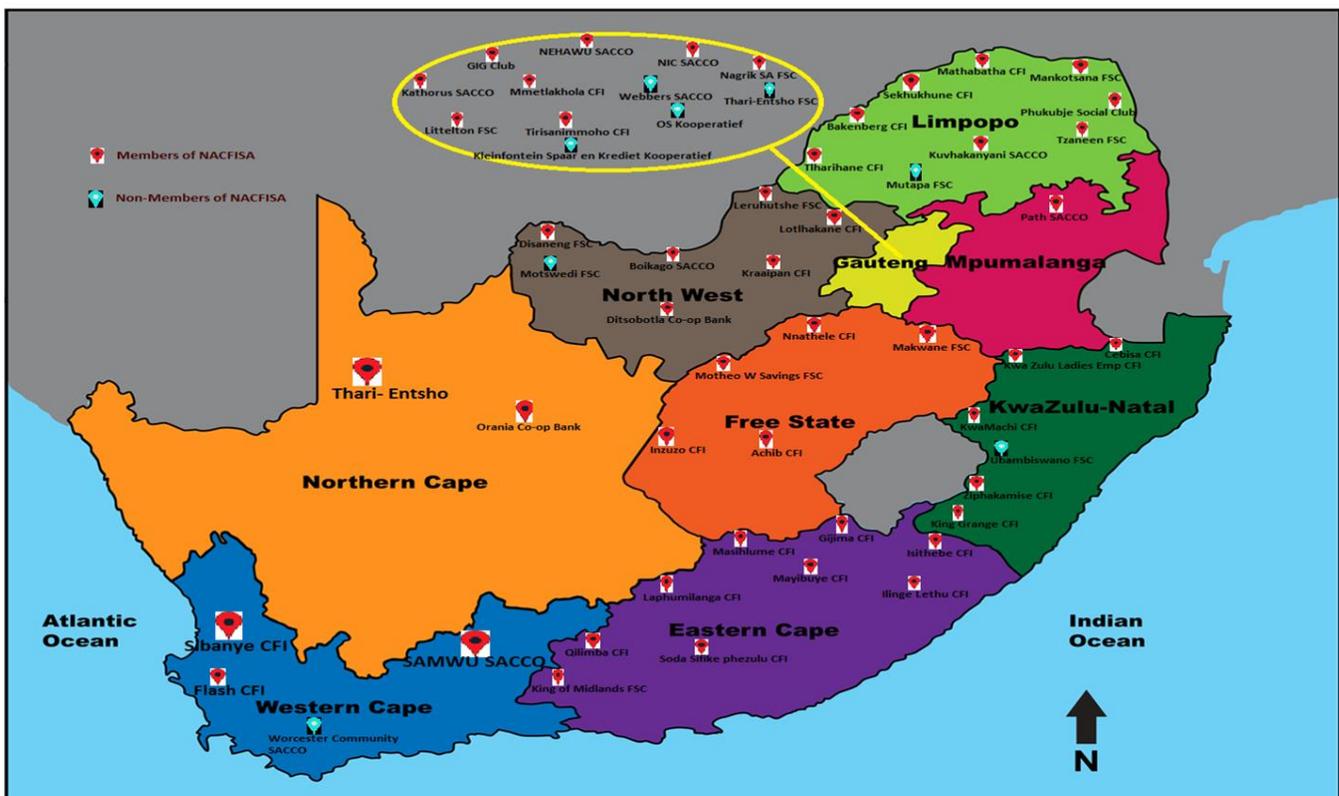
#### 1) **National Apex Co-operative of South Africa – (NACSA)**

This organization is established in terms of the amendment co-operative act 2013 as a forth tier co-operative apex replacing SANACO. NACSA was launched in 2016 in Pretoria. This was followed by Memorandums of Agreements, which it signed with SEDA/DSBD and DGRV. However due to delays in promulgation of the Co-op Regulations and Act itself, registration process in is progress.

#### 2) **National Association of Co-operative Financial Institutions of South Africa – (NACFISA)**

This organization was established since 2013 after the collapse of SACCOL to represent and promote interest and pursue their development and growth agenda. Currently there are more than 60 financial cooperatives in South Africa and 52 of these are members of NACFISA.

## CO-OPERATIVE FINANCIAL INSTITUTIONS IN SA



Both NACSA and NACFISA organisations are supported financially and non-financially by DGRV through multiyear Memorandum of Agreements.

**1.6.4 Why is DGRV supporting the representative organisations**

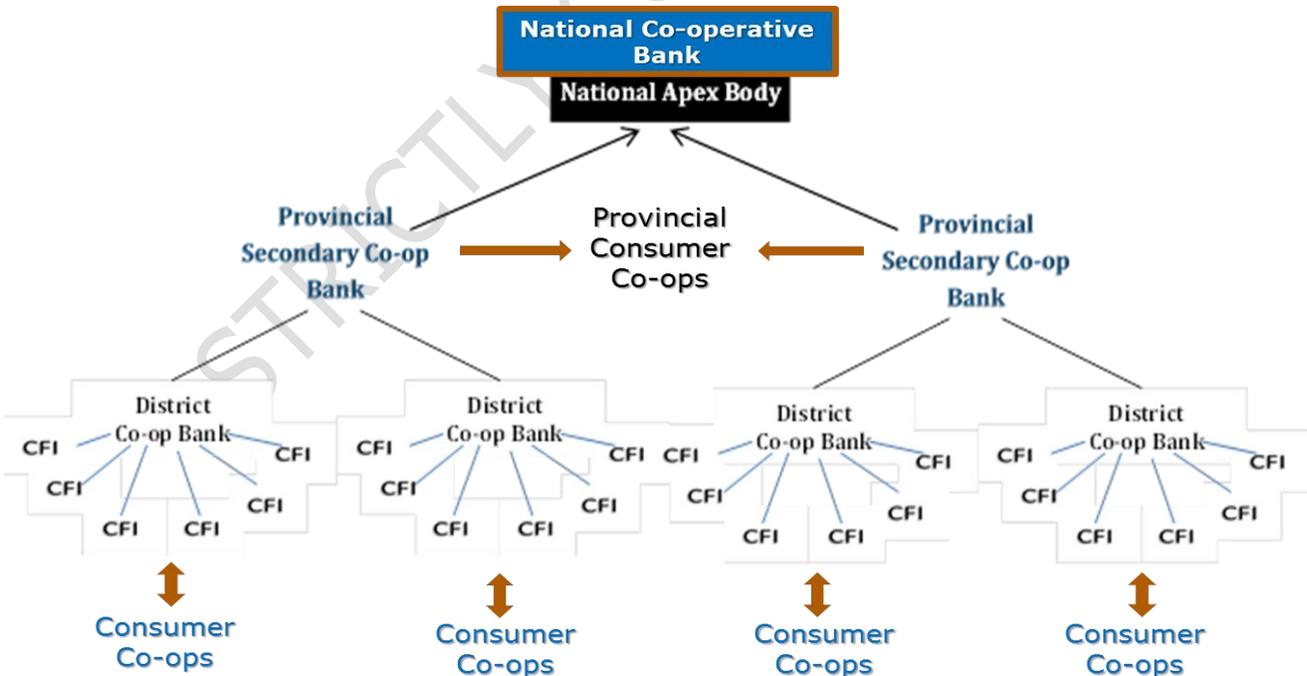
At DGRV we recognize that, liberty is more than just securing political freedoms. True liberty requires economic freedom—the ability to profit from citizens’ own ideas and labor, to work, produce, consume, own, trade, and invest according to their own choices.

At DGRV we also believe that the strategies as proposed by these organisations to establish a vibrant self-help, self-reliant members’ owned and controlled ‘localized socio-economic co-operative ecosystem’ that promotes inclusive economic growth and social cohesive communities can radically address the triple challenges of pverty, unemployment and equality and result in inclusive growth and shared wealth for the benefit of all.

**The ‘Social and Economic Co-operative Ecosystem’**

This ‘social and economic co-operative ecosystem’ involves the establishment of co-operative bank for each municipality in support of consumer co-operative formed by different sectoral co-operatives type. The consumer co-operative and co-operative bank model is preferred for its proven resilience, self-help and self-reliance, member ownership structure, sharing of risks and benefits among its members. The establishment of these in each municipality seeks to promote access by members from all corners of South Africa. Besides municipalities is where people live and face their daily struggles against triple challenges of poverty, unemployment and inequalities.

Diagram 3: Social and Economic Co-operative Ecosystem



Worldwide, co-operatives in general and co-operative banks in particular offer members from all lifestyles much more than financial services. They provide members the chance to own their own banks with dividends **sharing** and help them **create opportunities** such as starting small

businesses, growing farms, building family homes and educating, feed and clothe their children without perpetual state dependency.

### NDP and Alignment of the Socio-Economic Co-operative Ecosystem

The NDP states that South Africa has a potential and capacity to eliminate poverty and reduce inequality over the next two decades. This requires a new approach – one that moves from passive citizenry receiving services from the state to one that systematically includes the socially and economically excluded, where people are active champions of their own development and where government works effectively to develop people’s capabilities to lead the lives they desire.

The table below maps out the alignment of co-operative financial institution model and articulate briefly under each National Development Plan objectives how the self-help non-profit financial institution model is best suited to compliment government initiatives to achieve the NDP vision

TABLE 1: NDP and Alignment of the Socio-Economic Co-operative Ecosystem

| NDP Chapter                                   | Objective  | Actions   | CFI Model Alignment   |
|---|--|---|---|
| <b>3</b><br><br><b>Economy and Employment</b> | <p>⇒ Unemployment rate to fall from 24.9% in June 2014 to 14% by 2020 and 6% by 2030</p> <p>⇒ The proportion of adults working should increase from 41 to 61%</p> <p>⇒ The proportion of adults in rural areas working should increase from 29 to 40%</p> <p>⇒ The labour force participation rate should rise from 54 to 65%</p> <p>⇒ DGP to increase from 2.7 to 5.4% by 2030</p> <p>⇒ The proportion of national income of the bottom 40% should rise from 6 to 10% by 2030</p> <p>⇒ Broaden ownership of assets to historical disadvantaged groups by:</p> <ul style="list-style-type: none"> <li>○ growing exports by 6% a year and non-traditional exports by 10% to 2030</li> <li>○ increasing national savings from 16% of GDP to 25%</li> <li>○ stimulating gross fixed capital formation to rise from 17 to 30%</li> </ul> | <ol style="list-style-type: none"> <li>1. Reduce costs of living of poor households and cost of doing business through microeconomic reforms</li> <li>2. Remove the most pressing constraints, growth, investment and job creation</li> <li>3. Offer a tax incentive to employers to reduce the initial cost of hiring young labour market entrants</li> <li>4. Give a subsidy to the placement sector to identify, prepare and place matric graduates into jobs</li> <li>5. Business and labour to develop their own proposals to reduce youth unemployment</li> </ol> | <ul style="list-style-type: none"> <li>• By 2020 CFIs alone would have added more than 1million jobs and an additional 1million jobs by 2030.</li> <li>• Costs of living and doing business would be drastically reduced through economies of scale and co-operatives owned wholesale and retail outlets and elimination of exploitative banks charges due to non-profit business model</li> <li>• Social grant recipients would enjoy access to zero interest rated loans</li> <li>• Established in every rural locality CFIs have potential to create more than 1million jobs within 5 years which will immensely contribute to rural and adult employment</li> <li>• CFIs have potential to create more than 1million jobs within 5 years which will immensely contribute to this objective</li> <li>• With additional direct and indirect jobs created by CFIs the GDP will see upward movement.</li> <li>• CFIs have potential to create more than 1million jobs within 5 years which will immensely contribute to this objective</li> <li>• Over 7 years CFI sector’s 26million member would be owning more than 113billion worth of assets in real terms achieving national savings of more than 20% and at least 1billion in fixed capital</li> </ul> |

| NDP Chapter   | Objective   | Actions  | CFI Model Alignment   |
|---|---|--|---|
| <p><b>4</b></p> <p><b>Economic Infrastructure</b></p>       | <p>⇒ The proportion of people with access to electricity grid should rise to at least 90% by 2030, with non-grid options available for the rest</p> <p>⇒ Ensure that all people have access to clean, potable water and that there is enough water for agriculture and industry, recognizing the trade-offs in the use of water</p> <p>⇒ Reduce water demand in urban areas to 15% below the business-as-usual scenario by 2030</p> <p>⇒ The proportion of people who use public transport for regular commutes will expand significantly. By 2030, public transport will be user friendly, less environmentally damaging, cheaper and integrated or seamless</p> | <p>1. Comprehensive strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2012, with reviews every 5 years</p> <p>2. Timely development of several new water schemes to supply urban and industrial centres including a national water conservation programme to improve water use and efficiency</p> <p>3. Consolidate and selectively expand transport and logistics infrastructure, with key focus areas including:</p> <ul style="list-style-type: none"> <li>- Public transport infrastructure and systems, including the renewal of the commuter rail fleet, supported by enhanced links with road-based services</li> </ul> | <ul style="list-style-type: none"> <li>• Through concern for community the principle CFI model can respond to affordability as sustainability of access to infrastructure by ordinary households including options of flat rate fees</li> <li>• CFIs will have capacity to support water access initiatives for all uses at communal points and for agriculture use in particular for the benefit of the community as part of concern for community principle</li> <li>• Common boundaries and concerns binding CFI members within a locally with including education about sustainable water usage and conservation, including fixing leakages</li> <li>• CFI model for mini-bus and bus industry will ensure drastic reduction of fuel, repairs and purchase of these as the operators would be owning their own garages, manufacturing their own vehicles</li> </ul> |
| NDP Chapter   | Objective   | Actions  | CFI Model Alignment   |
| <p><b>6</b></p> <p><b>Inclusive Rural Economy</b></p>       | <p>⇒ An additional 643,000 direct jobs and 326,000 indirect jobs in the agriculture, agro-processing and related sectors by 2030</p> <p>⇒ Maintain a positive trade balance for primary and processed agricultural products</p>   | <p>1. Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to small and micro farmers, a review of mining industry commitments to social investment, and tourism investment</p> <p>2. Create tenure security for communal farmers, especially women, investigate different forms of financing and vesting of private property rights to land reform beneficiaries that does not hamper beneficiaries with a high debt burden</p>   | <ul style="list-style-type: none"> <li>• Part of the estimated 2million jobs to be created by 2030 by CFI sector will be coming from rural areas</li> <li>• CFIs would be able to provide access to affordable finance to build, operate and maintain small, micro to large agricultural and tourism related enterprises</li> <li>• As results of the common bond shared by CFI members within a specific community this would facilitate sustainability of communal farming and ownership of land by women and land reform beneficiaries in particular</li> </ul>  |
| NDP Chapter   | Objective   | Actions  | CFI Model Alignment   |
| <p><b>8</b></p> <p><b>Transforming Human Settlement</b></p> | <p>⇒ Strong efficient spatial planning, system, well integrated across the spheres of government</p> <p>⇒ Upgrade all informal settlements on suitable well located land by 2030</p> <p>⇒ More people living closer to their places of work</p> <p>⇒ Better quality public transport</p>  | <p>1. Introduce spatial development framework and norms, including improving the balance between location of jobs and people</p> <p>2. Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. This should include a focused strategy on the housing gap market,</p>   | <ul style="list-style-type: none"> <li>• NACFISA and representative organization of CFI will actively participate in appropriate spatial planning and housing forums to ensure CFI members common bond interests are taken into account within the spatial frameworks</li> <li>• CFIs are in a position to support with finance to housing co-operatives and individuals and facilitate establishment of wholesale building material outlets owned by a co-operative</li> <li>• The access to finance by rural and township based enterprises would promote vibrant</li> </ul>  |

|   | ⇒ More jobs in close to dense, urban townships  | involving banks, subsidies and employer housing scheme<br>3. Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.  | village and township economies able to create local jobs where people live<br>• CFIs would be able to provide access to affordable housing finance to its members including government employees who do not qualify for low cost housing or state subsidies  |
|---|---|---|--|
| NDP Chapter   | Objective   | Actions   | CFI Model Alignment  |
| <b>9</b><br><b>Improving Education, Training and Innovation</b> | <ul style="list-style-type: none"> <li>• Make early childhood development a top priority among the measures to improve the quality of education and long-term prospects of future generations</li> <li>• All children should have at least 2 years of pre-school education</li> <li>• Between 80-90% of learners should complete 12 years of schooling and or vocational education with at least 80% successfully passing the exit exams</li> <li>• Eradicate infrastructure backlogs and ensure that all schools meet the minimum standards by 2016</li> <li>• Provide 1million learning opportunities through community education and training centres</li> <li>• Improve throughput rate to 80% by 2030</li> <li>• Increase enrolment at university by at least 70% by 2030 so that enrolments increase to about 1,62million from 950,000 in 2010</li> </ul> | <ol style="list-style-type: none"> <li>1. Increase state funding and support to ensure universal access to two years of early childhood development exposure before grade 1</li> <li>2. Strengthen coordination between departments, as well as the private and non-profit sector. Focus should be on routine day-to-day coordination between units of departments that do similar work</li> <li>3. The interests of all stakeholders should be aligned to support the common goal of achieving good educational outcomes that are responsive to community needs and economic development</li> <li>4. Build strong relationship between the college sector and industry. SETAs have crucial role in building relationships between education institutions and employers</li> <li>5. Provide all students who qualify for the NSFAS with access to full funding through loans and bursaries to cover all their costs. Students who do not qualify should have access to bank loans, backed by state sureties. Both the NSFAS and bank loans should be recovered through arrangements with the South African Revenue Services. Service linked scholarships should be available in areas such as nursing, teaching and social work.</li> </ol> | <ul style="list-style-type: none"> <li>• CFIs are non-profit self-help financial co-operatives aimed at uplifting socio-economic status and welfare of the community including investing to education of children as way of building resilience and coping tools from early stages of human development</li> <li>• NSFAS can never be enough to meet demands for all deserving students, but CFIs can be able to complement NSFAS within their communities by providing full bursaries and or free interest loans</li> <li>• Educational loans obtained from a CFI will be more affordable than those obtainable from profit making lending institutions giving students freedom to choose field of study of their choice</li> </ul> |
| NDP Chapter   | Objective   | Actions   | CFI Model Alignment  |
| <b>10</b><br><b>Health Care for All</b>                         | <ul style="list-style-type: none"> <li>⇒ Increase average male and female life expectancy at birth to 70 years</li> <li>⇒ Reduce maternal, infant and child mortality</li> <li>⇒ Reduce prevalence of non-communicable chronic diseases</li> </ul>  | <ol style="list-style-type: none"> <li>1. Promote healthy diets and physical activity</li> <li>2. Prevent and control epidemic burdens through deterring and treating HIV/AIDs, new epidemics and alcohol abuse, improve the allocation of resources and the availability of health personnel in the public sector; and improve the quality of care, operational</li> </ol>   | <ul style="list-style-type: none"> <li>• Agriculture produce would be accessible to co-operatives owned wholesales within the community which will ensure that no person goes through any day or to bed without food. Food kitchens would make nutritional food accessible to all vulnerable groups including schools, pre-schools, clinics, pension collection points, child headed households and household with people on chronic medication cared for by community workers</li> </ul>  |

|                                       | <ul style="list-style-type: none"> <li>⇒ Reduce injury, accidents and violence by 50% from 2010 levels</li> <li>⇒ Deploy primary health care teams providing care to families and communities</li> <li>⇒ Everyone must have access to an equal standard of care, regardless of their income</li> </ul>   | <p>efficiency, health worker morale and leadership and innovation</p> <ol style="list-style-type: none"> <li>3. Implement National Health Insurance by improving quality of care in public facilities and reducing the relative cost of private medical care</li> <li>4. Recruit, train and deploy 700,000 community health workers to implement community-based primary health care</li> </ol>   | <ul style="list-style-type: none"> <li>• CFIs through concern for community can invest in training equipment and facilities to complement government provision which is not always adequate</li> <li>• As non-profit and self-help financial co-operatives CFIs can offer health, funeral, retirement insurance at a price less than 3 quarters of what private institutions offer</li> <li>• CFIs will have capacity to finance construction of community based health centres and incentivize community health and care givers to complement government efforts</li> </ul>  |
|---------------------------------------|--|---|---|
| NDP Chapter                           | Objective  | Actions   | CFI Model Alignment   |
| <b>11</b><br><b>Social Protection</b> | <ul style="list-style-type: none"> <li>⇒ Ensure progressively and through multiple avenues that no one lives below a defined minimum social floor</li> <li>⇒ All children should enjoy services and benefits aimed at facilitating access to nutrition, health care, education, social care and safety</li> <li>⇒ Address problems such as hunger, malnutrition and micronutrient deficiencies that affect physical growth and cognitive development, especially among children</li> </ul>   | <ol style="list-style-type: none"> <li>1. Together with social partners, determine a social floor that can be progressively realized through rising employment, higher earnings and social grants and other aspects of the social wage</li> <li>2. Identify the main elements of a comprehensive food security and nutrition strategy and launch a campaign</li> <li>3. Create incentives that encourage a culture of saving for risks and loss of income due to old age, illness, injury or loss of work for workers in both the formal and informal sectors</li> </ol>  | <ul style="list-style-type: none"> <li>• As self-help, self-reliant non-profit members owned entities, CFIs provide a community wide social protection shield that is rooted on the spirit of Ubuntu, sharing and concern for one's neighbor and welfare of all members of the community including fulfilling their needs for food, shelter, education and clothing</li> <li>• Established and owned by members of the community, CFIs are able to uplift all members of the community to life of dignity</li> <li>• By supporting NACFISA as representative and support organization of CFIs government would be incentivizing promotion and growth of this self-help, self-reliant and members' owned financial co-operative model</li> </ul>   |
|                                       | <ul style="list-style-type: none"> <li>⇒ Address the skills deficit in the social welfare sector</li> <li>⇒ Provide income support to the unemployed through various active labour market initiatives such as public works programmes, training and skills development, and other labour market related incentives</li> <li>⇒ All working individuals should make adequate provision for retirement through mandated savings. The state should provide measures to make pensions safe and sustainable</li> <li>⇒ Social protection systems must respond to the growth of temporary and part time contracts, and the increasing importance of self-employment and establish mechanisms to cover the risks associated with such</li> </ul> | <ol style="list-style-type: none"> <li>4. Explore designs of mixture of financing and institutional frameworks that enables those in the informal economy to participate in contributory social insurance schemes</li> <li>5. Pilot mechanisms and incentives to assist the unemployed to access the labour market</li> <li>6. Expand existing public employment initiatives to create opportunities for the unemployed</li> <li>7. Develop a consolidated institutional framework that supports coherent policy implementation, integrated social security administration, and effective regulation and oversight of the system</li> </ol> | <ul style="list-style-type: none"> <li>• CFI model provides an additional and more sustainable financing and institutional framework that can enable those in the informal economy to participate in contributory social insurance schemes</li> <li>• Through ease of access to affordable finance by all its members including emerging enterprises and co-operatives, CFIs provide opportunities for promotion of job creation for the unemployed</li> <li>• Through principle of members education and accessibility CFIs provide opportunity to encourage culture of savings and shareholding by ordinary members of their communities with higher returns on investment than traditional funds managing institutions</li> <li>• CFI model is civic society's most appropriate self-help and self-reliant vehicle suitable to compliment government initiatives aimed at supporting the vulnerable groups as it encourages self-reliance in the long term.</li> </ul> |

|   | ⇒ Create an effective social welfare system that delivers better results for vulnerable groups with the state playing a larger role compared to now. Civil society should compliment government initiatives.   |   |   |
|---|--|---|---|
| NDP Chapter   | Objective  | Actions   | CFI Model Alignment   |
| <b>12</b><br><b>Building Safer Communities</b>          | ⇒ In 2030 people living in South Africa feel safe and have no fear of crime. They feel safe at home, at schools and at work, and they enjoy an active community life free of fear. Women can walk freely in the streets and the children can play safely outside | <ol style="list-style-type: none"> <li>1. Safety audits done in all communities focusing on crime and safety conditions of the most vulnerable in the community</li> <li>2. Increase community participation in crime prevention and safety initiatives.</li> </ol>   | <ul style="list-style-type: none"> <li>• The self-help and self-reliant model of CFI based on common bond, Ubuntu and concern for community extend beyond access to finance, but include welfare of all community members including women, children and people with disabilities</li> <li>• Common bond will enforce members of the CFI to participate in government initiatives to protect their homes and vulnerable groups within the community</li> </ul>   |
| NDP Chapter   | Objective  | Actions   | CFI Model Alignment   |
| <b>15</b><br><b>Nation Building and Social Cohesion</b> | ⇒ A society where opportunity is not determined by race or birthright, where citizens accept that they have both rights and responsibilities. Most critically, we seek a united, prosperous, non-racial, non-sexist and democratic South Africa                  | <ol style="list-style-type: none"> <li>1. Bill of responsibilities to be used at schools and prominently displayed in each work place</li> <li>2. Sustained campaign against racism, sexism, homophobia and xenophobia</li> <li>3. Clear targets should be set for broadening economic participation, enhancing predictability for economic actors</li> <li>4. Promote citizen participation in forums such as Integrated Development Plans, Ward Committees, School Governing Bodies and Community Policing Forums</li> <li>5. Work towards a social compact for growth, employment and equity.</li> </ol> | <ul style="list-style-type: none"> <li>• CFIs have 'education of members' as one of the 7 co-operative principle and through study circles educational seminars would be conducted regularly</li> <li>• NCFISA has as part of this proposal projected that by 2030 more than 26million people would be economical active savers and shareholders within CFIs in their communities</li> <li>• Freedom of trade and expression will be promoted by freedom to act as a results of the ease of access to finance, accessibility to CFI offices and assistance with access to raw materials, markets and economies of scales</li> <li>• Members of the CFI are bounded together by common bond and interests which enhances social cohesion, respect and tolerance</li> </ul> |

The **aim** of the NDP is to move away from a society that is defined by gender, class and race to a society marked by inclusivity and geared towards building the capability of its citizens while promoting and supporting active citizenry. To achieve this society, the NDP sets as an imperative a need to overcome social and economic exclusions because they are causes as well as outcomes of poverty and inequality.

## 1.7 SUMMARISED GROWTH PROJECTIONS

As a means to the above end, if implemented well, the members' owned and controlled 'localized socio-economical co-operative ecosystem' present one of the comprehensive and inclusive mechanism worth collective efforts of civil society, private and non-private sector institutions.

The 'Socio-economical co-operative Ecosystem' will result in the following financial and social impact as indicated in annexure A, B and C below:

### Annexure A: Indicative Growth Projections

| Conservative CFI Movement Growth Path |                      |                      |                       |                       |                       |                       |                        |
|---------------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Years                                 | One                  | Two                  | Three                 | Four                  | Five                  | Six                   | Seven                  |
| Support grant                         | 231,000,000          | 173,250,000          | 115,500,000           | 57,750,000            | 23,100,000            | 0                     | 0                      |
| Members                               | 1,390,000            | 2,780,000            | 4,170,000             | 5,560,000             | 8,340,000             | 18,340,000            | 23,340,000             |
| Agregate SEI                          | 80,620               | 140,390              | 221,010               | 280,780               | 842,340               | 1,684,680             | 3,369,360              |
| Total Beneficiaries                   | 1,470,620            | 2,920,390            | 4,391,010             | 5,840,780             | 9,182,340             | 20,024,680            | 26,709,360             |
| Aver monthly member savings           | 200                  | 225                  | 250                   | 275                   | 300                   | 325                   | 350                    |
| Aver annual member savings            | 2,400                | 2,700                | 3,000                 | 3,300                 | 3,600                 | 3,900                 | 4,200                  |
| Total Liquid Assets                   | 3,529,488,000        | 7,885,053,000        | 13,173,030,000        | 19,274,574,000        | 33,056,424,000        | 78,096,252,000        | 112,179,312,000        |
| Loans                                 | 2,823,590,400        | 6,308,042,400        | 10,538,424,000        | 15,419,659,200        | 26,445,139,200        | 62,477,001,600        | 89,743,449,600         |
| Fixed Assets                          | 100,000,000          | 150,000,000          | 200,000,000           | 300,000,000           | 400,000,000           | 500,000,000           | 600,000,000            |
| Reserves                              | 805,897,600          | 1,727,010,600        | 2,834,606,000         | 4,154,914,800         | 7,011,284,800         | 16,119,250,400        | 23,035,862,400         |
| <b>Total assets</b>                   | <b>3,729,488,000</b> | <b>8,185,053,000</b> | <b>13,573,030,000</b> | <b>19,874,574,000</b> | <b>33,856,424,000</b> | <b>79,096,252,000</b> | <b>113,379,312,000</b> |

### Annexure B: CFI Growth Impact with Government Support

| CFI Growth Impact of Initial Government Support |         |      |                 |             |                 |              |  |
|---|---------|------|-----------------|-------------|-----------------|--------------|--|
| Amount  | Support | Year | Members         | Direct Jobs | Indirect Impact | Agregate SEI |  |
| 231,000,000                                     | 100%    | Y1   | 1,390,000       | 16,124      | 64,496          | 80,620       |  |
| 173,250,000                                     | 75%     | Y2   | 2,780,000       | 28,078      | 112,312         | 140,390      |  |
| 115,500,000                                     | 50%     | Y3   | 4,170,000       | 44,202      | 176,808         | 221,010      |  |
| 57,750,000                                      | 25%     | Y4   | 5,560,000       | 56,156      | 224,624         | 280,780      |  |
| 23,100,000                                      | 10%     | Y5   | 8,340,000       | 168,468     | 673,872         | 842,340      |  |
| 0   | 0%      | Y6   | 18,340,000      | 336,936     | 1,347,744       | 1,684,680    |  |
| 0   | 0%      | Y7   | 23,340,000      | 673,872     | 2,695,488       | 3,369,360    |  |
| Government support over 5 yrs                   |         |      | 600,600,000     |             |                 |              |  |
| Beneficiaries over 5 yrs                        |         |      | 9,182,340       |             |                 |              |  |
| Beneficiaries over 7 yrs                        |         |      | 26,709,360      |             |                 |              |  |
| Total assets in 5 yrs                           |         |      | 33,856,424,000  |             |                 |              |  |
| Total assets in 7 yrs                           |         |      | 113,379,312,000 |             |                 |              |  |

## Annexure C: CFI Sector's Employment Needs

| Co-operative Financial Institution Association's Employment Needs |                                 |            |            |                |           |            |
|---|---------------------------------|------------|------------|----------------|-----------|------------|
| No  | Employee                        | National   | Provincial | Sec Co-op Bank | Stab Fund | Co-op Bank |
| 1   | General Manager                 | 1          |            | 1              | 1         | 1          |
| 2   | Provincial Managers             |            | 9          |                |           |            |
| 3   | Deputy Managers/Branch Managers | 3          | 9          | 1              | 1         | 6          |
| 4   | Admin assistants                | 4          | 9          | 2              | 1         | 2          |
| 5   | Bookeepers                      | 1          | 9          | 2              | 1         | 2          |
| 6   | Makerting officer               | 3          | 9          | 1              |           | 1          |
| 7   | Education officer               | 3          | 18         | 3              | 3         | 3          |
| 8   | Loan officer                    |            |            | 3              |           | 3          |
| 9   | Admin clerks                    | 2          | 18         | 3              | 2         | 2          |
|   | Estimated Total                 | 17         | 81         | 16             | 9         | 20         |
|   | Job Opportunities Estimates     | 17         | 81         | 16             | 9         | 20         |
|   | Job Related Indirect Impact     | 68         | 324        | 64             | 36        | 80         |
|   |                                 | 85         | 405        | 80             | 45        | 100        |
|   | Agregate Socio-Economic Impact  | <b>715</b> |            |                |           |            |

| Co-operative Financial Institution Employment Needs |                                |               |               |               |               |               |                |                |
|---|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| No  | Employee                       | A             | B             | C             | D             | E             | F              | G              |
| 1   | Manager                        | 1             | 1             | 1             | 1             | 1             | 1              | 1              |
| 2   | Deputy Manager                 | 1             | 1             | 1             | 2             | 5             | 6              | 8              |
| 3   | Admin Assistant                | 1             | 1             | 1             | 2             | 6             | 8              | 10             |
| 4   | Bookkeeper                     | 1             | 1             | 1             | 1             | 2             | 2              | 3              |
| 5   | Loan officer                   | 1             | 2             | 3             | 4             | 8             | 10             | 12             |
| 6   | Marketing officer              | 1             | 1             | 1             | 1             | 2             | 2              | 3              |
| 7   | Education officer              | 1             | 1             | 2             | 4             | 8             | 12             | 16             |
| 8   | Admin Clerk                    | 1             | 1             | 2             | 4             | 8             | 12             | 16             |
| 9   | Teller                         | 1             | 2             | 3             | 4             | 8             | 10             | 12             |
| 10  | Collection officer             | 1             | 1             | 2             | 4             | 10            | 16             | 20             |
|   | Estimated Total per CFI        | 10            | 12            | 17            | 27            | 58            | 79             | 101            |
|   | Job Opportunities Estimates    | 2,780         | 3,336         | 4,726         | 7,506         | 16,124        | 21,962         | 28,078         |
|   | Job Related Indirect Impact    | 11,120        | 13,344        | 18,904        | 30,024        | 64,496        | 87,848         | 112,312        |
|   | Agregate Socio-Economic Impact | <b>13,900</b> | <b>16,680</b> | <b>23,630</b> | <b>37,530</b> | <b>80,620</b> | <b>109,810</b> | <b>282,170</b> |

### Categories

| C | Members    | Formular Direct Jobs |                                 | Formular Indirect Jobs |                                 |
|---|------------|----------------------|---------------------------------|------------------------|---------------------------------|
| A | 0-200      | C                    | category                        | C                      | category                        |
| B | 201-400    | E                    | estimated total per CFI         | D                      | total full time equivalent jobs |
| C | 401-700    | M                    | number of CFI (278)             | F                      | average family size             |
| D | 701-1000   | D                    | total full time equivalent jobs | I                      | total indirect jobs             |
| E | 1001-5000  |                      |                                 |                        |                                 |
| F | 5001-10000 |                      |                                 |                        |                                 |
| G | >10000     |                      |                                 |                        |                                 |

## 1.7 CONCLUSION

According to HDI Report 2015, human development is development of the people through building human capabilities, for the people by improving their lives and by the people through active participation in the processes that shape their lives. It is broader than other approaches, such as the human resource approach; the basic needs approach and the human welfare approach.

As envisaged by the National Development Plans' vision 2030, if implemented well this 'social and economic co-operative ecosystem' has better chances to radically transform South Africa into a country wherein all citizens have capabilities to grasp the ever-broadening opportunities available and change the life chances of millions of our people, especially the youth.

Since the dawn of democracy with each passing year, South Africa has seen visible improvements in the life circumstances of its citizens. The Reconstruction and Development Programme and many other policies and strategies that followed it contributed to enable millions of our people to live in decent homes, with access to portable water, electricity, access to primary health care, education, irrigated land and so on.

The HDI Report also confirms global impressive progress on human development over the past quarter century. According to the report, today people are living longer, more children are in school and more people have access to clean water and basic sanitation. Per capita income in the world has gone up, and poverty has gone down, resulting in a better standard of living for many people.

In line with the HDI Report's global observations, much South Africa has achieved much after 22 years, but inequality, unemployment and poverty remain a painful reminder of our pre democratic exclusionary policies. Many of previously marginalized people still live in the indignity of poverty, homelessness, unemployment and depending on the state for daily survival whilst crime and drugs continue to enslave our youth.

UN Sustainable Development Summit, where the new Sustainable Development Goals were adopted, including Goal 8's explicit emphasis on work: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

The above can only be achieved if workers were owners of their own factories and industries for goods and services that they consume, where there would neither be strikes for wages nor between labour and owners of the means of production because they would be the same people. If the civil society had shares and say in the markets, prices would be affordable, there would be less unemployed people. There would be no persons living in poverty and all persons or children would have access to quality health care and educational opportunities.

Many businesses and co-operatives are struggling to remain profitable, unemployment remains high and consequently government has had to adjust to slower revenue growth rate projections. Even those who fall within a working class category survive through a vicious cycle of indebtedness because of exploitative nature of their historical relationship with the monopoly neoliberal capitalistic monopolies and oligopolies.

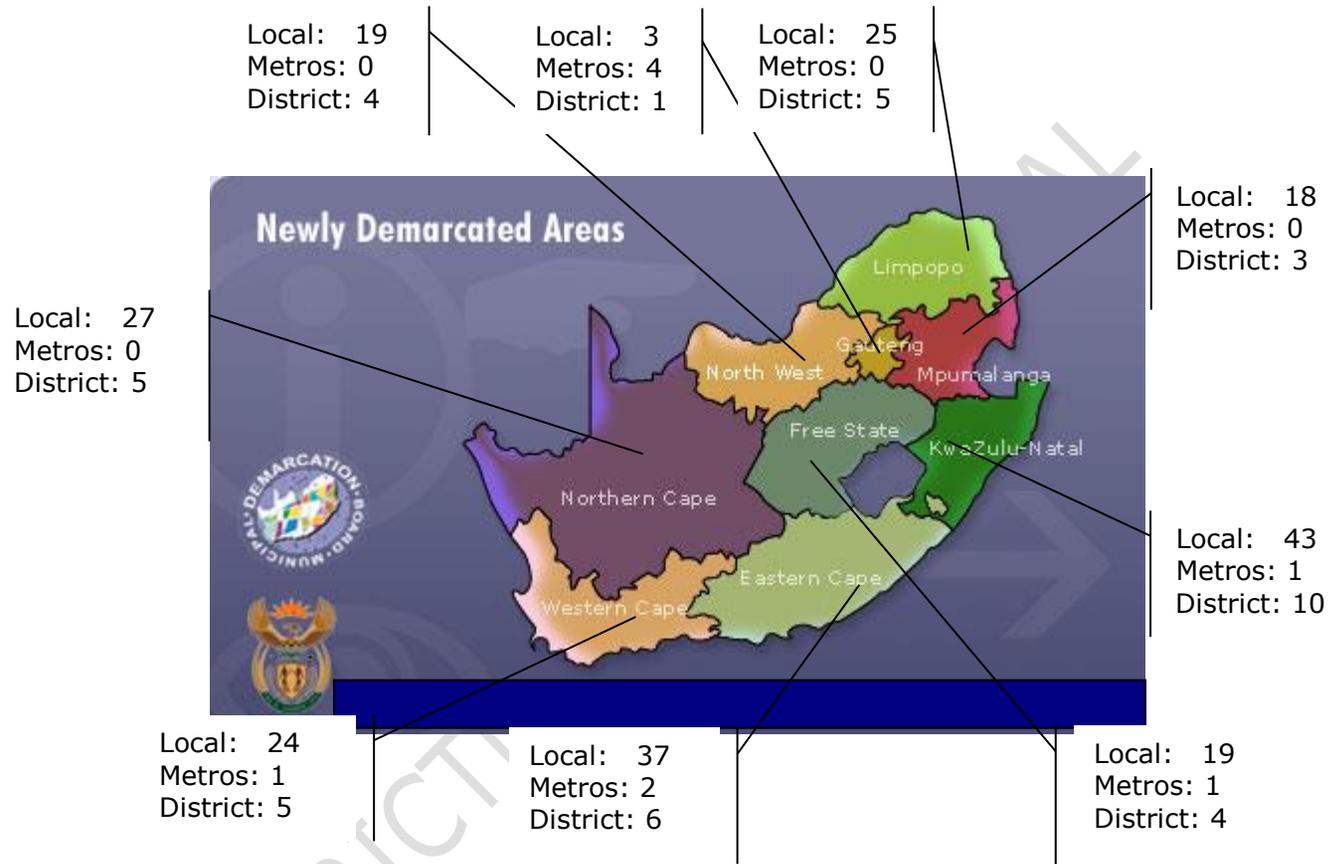
The radical transformation of the economy to be inclusive, equitable, shared and dominated by the majority of South Africans can no longer be postponed or ignored because doing so would be jeopardizing sustainable economic growth that is needed to address the triple challenges of poverty, unemployment and equality resulting in socio-political progress.

Cooperatives can work in South Africa and work for Africa. Cooperatives have gone through many upheavals in the past; but at present, they represent a significant number of people, of which the majority is poor. Their cooperative, however strong or weak it might be, is more often than not the only institution they can rely on to protect themselves against the hard conditions of the market and society. Cooperating out of poverty is the only perspective they see. Nevertheless, the movement is currently very fragmented and dispersed. Its visibility is very low and the voices of this silent group are not heard very much by the élite.

As a means to the above end, if implemented well, the members' owned and controlled 'localized socio-economical co-operative ecosystem' present one of the comprehensive and inclusive mechanism worth collective efforts of civil society, private and non-private sector institutions.

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**Annexure F: Number and Location of Municipalities**



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