



A Co-operative Development Policy for South Africa

2004

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“The Government will place more emphasis on the development of a co-operative movement to combine the financial, labour and other resources among the masses of the people, rebuild our communities and engage the people in their own development through sustainable economic activity.”

Thabo Mbeki, 25/06/1999

“The United Nations recognizes the contribution co-operatives can make to achieving the Millennium goals of full and productive employment, eradicating poverty, enhancing social integration and promoting the advancement of women. For the co-operative movement to fulfil this potential, Governments need to develop and sustain a supportive environment that allows autonomous co-operatives to grow.

The values of co-operation – equity, solidarity, self-help and mutual responsibility – are cornerstones of our shared endeavour to build a fairer world.

Kofi Annan, 29/06/2001

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1. Introduction

One of the great challenges facing the South African economy is to increase the number and variety of viable and sustainable economic enterprises. We have a particular history that has brought about many interruptions in the development of enterprises. This has been particularly associated with our racial history and the destruction of wealth in black hands in both the rural and urban areas. This has adverse effects on income distribution, entrepreneurship and employment creation.

Accordingly it is central to government's economic policy that it promotes the development of emerging economic enterprises and diversifies the ownership, size and geographic location of those enterprises. This policy statement deals with an important variant of economic enterprise, namely co-operatives and outlines the government's approach to defining the co-operative enterprises as well as the policy instruments that will be utilized to achieve our objectives.

The policy statement deals with the promotion and support of developing/emerging co-operatives enterprises. These include small, medium, micro and survivalist co-operative enterprises. The support measures to grow this sector are clearly outlined in the co-operatives development strategy as an implementation framework. This policy statement should be read in conjunction with those on Small, Medium and Micro-enterprises and the Strategy on Broad Based Black Economic Empowerment.

A viable, dynamic, autonomous, self-reliant and self-sustaining co-operative movement can play a major role in the economic, social and cultural development of South Africa, through effective and efficient services extended by co-operative enterprises to their members. By doing so, co-operatives contribute to the creation of jobs, income generation, resources mobilization, and broad-based economic empowerment, thereby enhancing sustainable human development in South Africa.

2. Participatory co-operative development policy formulation

This policy is South Africa's first explicit co-operative development policy. This document was drafted shortly after the adoption of the new ILO Recommendation No. 193, which was adopted by the General Conference of the International Labour Organization on 20 June 2002, with the delegation of the Republic of South Africa being one of the major driving forces in the process of formulating the new Labour Standard.

The policy document is the result of an intense consultation process, which was initiated in 1997 with the establishment of a *Co-operative Policy Task Team*, the process involved the main stakeholders in South Africa's co-operative development at the time. The responsibility for co-operative development was at that time with the National Department of Agriculture.

Among others, the Task Team organized altogether nine regional workshops and one national co-operative conference to discuss the main policy issues.

This was followed by establishment of a task force by the co-operative development unit of the Department for Trade and Industry (**the dti**) that initially dealt with the process of transferring the responsibility for co-operative development from the National Department of Agriculture (NDA) to **the dti**. However, the participatory development of South Africa's first Co-operative Development Policy document was later continued. The Government will continue to consult co-operative organizations as well as other stakeholders concerned, in the formulation and revision of legislation, policies and regulations applicable to co-operative development.

3. Policy objectives and purpose of having an explicit co-operative development policy

The Government believes that a clear, comprehensive, and widely agreed co-operative development policy, implemented successfully will:

- Create an enabling environment for co-operative enterprises which reduces the disparities between urban and rural businesses, and is conducive to entrepreneurship
- Promote the development of economically sustainable co-operatives that will significantly contribute to the country's economic growth
- Increase the number and variety of economic enterprises operating in the formal economy;
- Increase the competitiveness of the co-operative sector so that it is better able to take advantage of opportunities emerging in national, African and international markets
- Encourage persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register co-operatives in terms of this Act;
- Enable such co-operative enterprises to register and acquire a legal status separate from their members;
- Promote greater participation by black persons, especially those in rural areas, women, and persons with disability and youth in the formation of and management of co-operatives.
- Establish a legislative framework that will preserve the co-operative as a distinct legal entity.
- Facilitate the provision of support programmes that target co-operatives specifically co-operatives that create employment or benefit disadvantaged groups.

- Improve communication between government and the co-operative movement.

This policy also:

- forms the basis for the new Co-operative Act
- defines genuine co-operatives for targeted support purposes;
- points to specific support measures and programmes to support the development of a co-operative movement by all stakeholders;
- serves as a reference for co-operative members by explaining why and how the Government supports co-operatives and by determining the relationship between the state, co-operatives, civil society and the private sector;
- establishes a code of conduct for co-operative promoters by stating the basic principles to be respected; and
- facilitates the horizontal and vertical integration of co-operatives from different sectors by clarifying basic policy issues relevant to all sectors.

4. Scope of the co-operative development policy

This Government co-operative development policy applies to *all types and forms* of co-operatives, in all sectors of the economy. Hence, it also applies to so-called established co-operatives but the emphasis is on supporting emerging co-operative enterprises.

- **Emerging co-operatives:** These co-operatives have been identified as struggling for survival and lacking training. The type of support needed is that which will strengthen these co-operatives in the form of building their capacity, financial support and assistance with marketing. Some of these co-operatives will require support for expansion and modernizing their operations. Institutions like NAMAC/Ntsika can utilize their diagnostic tools to come up with holistic solutions for this sector. Support for this sector is mostly emphasized in the policy. Thus, the co-operative development policy and strategy focus on emerging co-operatives as an important, albeit needful, category of co-operatives that deserves special attention.
- **Established co-operatives:** These are co-operatives that are mainly operating in agriculture and are, in the main, controlled by white South Africans. In the past, established co-operatives have been heavily supported by the state. After 1994, most of these co-operatives converted into private companies.

Although this sector is also covered in government policy, the focus will mainly be on emerging co-operatives, mainly owned by black entrepreneurs. Both will benefit from specific support measures such as fiscal support and incentives, savings, credit and banking facilities, and external assistance that government will provide.

5. Definitions, co-operative values and core principles of co-operation

In its support to co-operative development, the Government subscribes to and upholds the principles upon which co-operatives were founded.

The Government will review its co-operative development policy in accordance with international developments and the demands of an ever changing economic, social and political environment.

The Government is committed to the universally accepted definition, principles and values central to co-operatives. They are as follows:

(a) Definitions

A (*primary*) *co-operative* is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

A secondary co-operative is a co-operative formed by two or more primary co-operatives to provide services to its members.

The purpose of a *secondary co-operative* is to help primary enterprises serve their members more effectively and more comprehensively. They provide services such as auditing, training, bookkeeping and advise.

Primary and/or secondary co-operatives may form a *tertiary co-operative* of a specific sector or regional area.

Without limiting the number and variety of different kinds of co-operatives, other kinds and types of co-operatives include:

- (a) housing co-operative;
- (b) workers' co-operative;
- (c) non profit social co-operative;
- (d) agricultural co-operative;

- (e) financial services co-operative;
- (f) consumer co-operative
- (g) marketing and supply co-operative.
- (h) Transport co-operatives

Two characteristics distinguish co-operatives from other types of enterprises:

- they are *associations of people* who agree to be the owners, the makers of democratic decisions and users of their joint enterprise;
- their main purpose as an economic unit is to *promote their members* by rendering services, rather than to maximize profits.

In general, co-operatives are either *user-owned co-operatives* or *worker-owned co-operatives*:

- Worker-owned co-operatives are founded to meet the employment needs of their members through a collectively owned and democratically controlled enterprise. They may be formed through/by:
 - i) a conversion of a conventional private enterprise into a worker-owned co-operatives including takeovers and rescues of enterprises facing financial troubles or closure;
 - ii) unemployed persons through incubation; and
 - iii) opportunities coming through the restructuring of state owned assets and public services;
- User-owned co-operatives are established by members that have their own enterprise and/or household. The members use the jointly owned co-operative enterprise to obtain goods and/or services required for their enterprises and/or household. Examples are agricultural marketing and supply co-operatives, savings and credit co-operatives, housing co-operatives, and consumer co-operatives.

(b) Co-operative values

Co-operatives are based on the values of self-help, self-reliance, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in ethical values of trust, honesty, openness, social responsibility and caring for others.

(c) **Core principles of co-operation**

The co-operative principles are the universally accepted guidelines by which co-operatives put their values into practice. They are as follows:

Voluntary and open membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic member control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Women and men serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

Member economic participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and independence

Co-operatives are autonomous self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, training and information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

6. Sectors of co-operative operation

The Government recognizes that co-operatives may operate in *all sectors* of the economy. All sectoral strategies should include proposals for strengthening co-operatives in the sector.

The Government is committed to ensuring that co-operatives have a stake in the overall economy by facilitating their expansion into areas in which they have never existed. Such expansions promote greater participation in economic activity, which constitutes a prerequisite for broad-based economic empowerment and greater equity.

7. Potential contributions of co-operatives to development

The Government acknowledges that a genuine, autonomous and economically viable co-operative movement and its membership have a vast development potential to:

- (a) create and develop income-generating activities and sustainable decent employment;
- (b) develop human resources capacities and knowledge of the values, advantages and benefits of the co-operative movement through education and training;
- (c) develop their business potential, including entrepreneurial and managerial capacities;
- (d) strengthen their competitiveness as well as gain access to markets and to institutional finance;
- (e) increase savings and investment;
- (f) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;
- (g) contribute to sustainable human development;
- (h) establish and expand a viable and dynamic distinctive sector of the economy which responds to the social and economic needs of the community; and

- (i) enhance broad-based economic empowerment, thereby assisting the Government in achieving the objectives of its micro-economic reform strategy, the IMS and the BEE.

The Government recognizes that the main purpose of co-operatives is to render *services to members*. Co-operatives contribute to the development of the nation or communities through the improvement of the socio-economic situation of their members.

Whereas the development potential of co-operatives is in principle not different from the one of other types of enterprises, the *double nature* of co-operatives (members are at the same time owners and users of their co-operatives) makes them more appropriate for specific population groups, geographical areas, sectors or situations. Hence, co-operatives possess an inherent special potential for socio-economic development.

8. Co-operatives and the “informal economy”

The Government acknowledges the existence, relevance and value of less formal, traditional co-operative-type organizations. It also acknowledges the important role of co-operative development in transforming the “informal economy” into legally protected work, fully integrated into mainstream economic life, however, without destroying their identity.

Government will facilitate the establishment of co-operative networks of individual entrepreneurs or micro-enterprises through which certain economic functions are organized (e.g. net control stations operated jointly by independent taxi drivers organized as a co-operative).

Co-operative model can enhance the small business competitiveness nationally and globally in accessing opportunities through its comparative advantage of economies of scale, synergies, increased bargaining power, joint innovation, member involvement, and stability.

9. Co-operatives and specific targeted groups

The Government acknowledges the specific potential of co-operatives, as enterprises and organizations inspired by solidarity, to respond to members’ needs and ensure greater black participation in the mainstream economy, especially persons in rural areas, women, persons with disability and youth. Government shall continuously engage with stakeholders in the youth and women sectors to design appropriate support programmes.

The Government shall also consider introducing support measures for the activities of co-operatives that meet specific social and public policy outcomes, such as employment creation and the development of activities benefiting disadvantaged groups or geographical areas.

Special consideration in co-operative promotion shall be given to increase the participation of women in the co-operative movement at all levels, particularly at management and leadership level. Coupled with this, all available and future support programmes shall place particular emphasis upon emerging black co-operative enterprises.

10. The Government's role and support to co-operative development

10.1 The Government's approach to co-operative development is one of *creating a favourable legal, economic, administrative and institutional environment* by, among others:

- (a) giving a clear, legal definition of a genuine co-operative enterprise;
- (b) reforming the co-operatives administration;
- (c) ensuring that the legal framework does not hinder the development and growth of co-operative enterprises;
- (d) making a clear distinction between technical support services to co-operatives and the regulatory functions of the state;
- (e) facilitating the formation of co-operatives with the objective of encouraging instead of replacing self-help;
- (f) allowing co-operatives to set up their own support service institutions;
- (g) coordinating and orienting external assistance to co-operatives and self-help groups.

10.2 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. These include efforts in ensuring that co-operatives access markets, government and private sector contracts.

10.3 Policy instruments to support co-operative enterprises includes:

10.3.1 Legislation

The government will introduce into Parliament a co-operatives Bill to establish an enabling framework for the promotion of co-operatives in South Africa. This legislation will allow *registration* and *de-registration* of co-operatives in as rapid, simple, affordable and efficient a manner as possible, as well as the *legal supervision* of the compliance of laws and regulations by co-operatives.

In particular, the legislation will allow the Minister of Trade and Industry to establish the Co-operative Advisory Board; to provide for de-registration and winding up of co-operative enterprises; and to provide other regulations.

The legislation furthermore allows decentralisation of the registration processes through the appointment of deputy registrars for purposes of accessibility.

10.3.2 Establishing a Co-operatives Development Fund for technical assistance and capacity building.

10.3.3 Designing special incentives and support measures for Co-operatives enterprises.

10.3.4 Alignment by all COTTI programmes and other dti programmes to support co-operatives especially financial and non-financial support. In the new enterprise agency, special support will be provided to co-operatives through the establishment of a specialised unit.

10.3.5 Availing access to Infrastructure through incubation programmes

10.3.6 Access to SMME tax incentives as businesses

10.3.7 Preferential procurement

Preferential procurement is an effective instrument to promote co-operative enterprise development in our economy. Government is reviewing its preferential procurement policy in order to also enhance its impact on co-operative enterprises. Clear targets will be set to increase the levels of preference to black-owned and black-empowered co-operative enterprises. The government will avail and extend its current incentives such as supplier development programmes and SMEDP to ensure that more black co-operative enterprises are created and are able to meet the requirement of purchasers in the public sector.

10.3.8 Institutional support and the Co-operative Advisory Board

A strong, coherent and effective voice of emerging co-operatives is an important part of ensuring that the co-operatives strategy meets its objectives. There is need to support secondary and tertiary co-operatives as support structures to the co-operative movement including the capacitation of business organisations especially black business organisations, community and civil society structures to understand co-operatives and their support needs.

It is critical that co-operatives are effectively represented on and participate in the various economic and advisory bodies and councils that form part of South Africa's institutions of social dialogue. The Small Business Advisory Council and BEE Advisory Council will ensure equitable representation of the Co-operative movement.

The government will establish an adhoc co-operative advisory board to advise on implementation of the co-operatives strategy. This will be an adhoc body since co-operatives, as enterprises will be fully integrated into the existing structures supporting and advising small enterprises and Black Economic Empowerment programme. The functions of the Advisory Board are to advise the Minister generally, and to make recommendations, with regard to –

- (a) co-operative development policy in the Republic;
- (b) the application of any of the provisions of this Act or any other law on matters affecting co-operatives;
- (c) the publication of any regulations in terms of this Act that may be necessary or desirable;
- (d) the provision of support programmes targeting co-operatives that create employment, benefit disadvantaged groups or lead to greater participation in the economy by women and black people;
- (e) the establishment of guidelines for co-operative audits; and
- (f) any decision the Minister is required to take in terms of this Act, on the request of the Minister.

Subject to the laws governing the public service, the Minister must provide the Advisory Board with the staff (secretariat) that the Minister considers necessary for the performance of its functions. Membership of the Board will be voluntary by representative members but also broadly representative of key stakeholders and interested parties in the co-operatives movement.

Furthermore, co-operatives will be assisted to access expanded public works programmes, Public Investment Initiative contracts, forestry and construction projects, preferential procurement, state and private procurements, business rescues of failing enterprises through worker buy-outs, export markets, other government related programmes opportunities and clear support programmes in key sector charters to benefit co-operatives enterprises.

11. Co-operative development administration

the dti shall be the Government department at the national level with the overall responsibility for legislative framework, policy and strategy, coordination as well as administration in consultation with key national and provincial departments including other stakeholders.

A fully-fledged *Co-operative Enterprise Development Unit* shall be established, and the Registrar of Co-operatives' office shall be located in the dti's *Corporate and Intellectual Property Registration Office* – CIPRO.

The functions of registration and de-registration of co-operatives shall be *decentralized* to provinces in order facilitate rapid, simple, affordable and efficient procedure. The function location provincially is still being discussed.

12. Government functions through the (dti)

The role of the Co-operative Enterprise Development Unit is threefold and includes the areas of policy, legislation, coordination, promotion and implementation as follows:

- (a) *Co-operative Legislative Framework, Policy and Strategy*: being the focal point for reviewing policies and strategies, and addressing barriers to co-operative development in partnership with stakeholders; ensuring that matters related to co-operative development are treated on the basis of wide consultations with the Government's partners.
- (b) *Coordination*: coordination of the various Government institutions dealing with co-operative enterprises; coordination of donor initiatives in the area of co-operative development.
- (c) *Education and Training*: designing uniform training materials for the co-operative sector involving relevant government programmes.
- (d) *Promotion*: provision and management of non-financial and financial co-operative support services; the management of privileges and incentives for co-operatives; the collection, analysis and dissemination of statistics related to co-operative development; facilitation of access to markets; facilitation of access to credit; promotion of the concept and practice of co-operatives.
- (e) *Registration and de-registration of co-operative enterprises through the Companies and Intellectual Property Registration Office (CIPRO)*: The main roles of the office of the Registrar include the *registration* and *de-registration* of co-operatives in as rapid, simple, affordable and efficient a manner as possible.

- (f) *Regulatory function:* Consumer and Credit Regulatory section of **the dti** will be responsible for the *legal supervision* and the compliance of laws and regulations by co-operatives.

13. Coordination, consultation and advisory mechanisms

Within the Government structure, the Department for Trade and Industry shall establish an interdepartmental committee responsible for coordinating the various Government institutions concerned with co-operative development, and ensuring that there is effective coordination of various government institutions concerned with co-operatives development.

The Government will establish a *Co-operative Advisory Board*, which will be a representative body for co-operatives. The Co-operative Advisory Board will be a statutory agency that advises the Minister on co-operatives related issues.

The Co-operative advisory Board will advocate on issues of importance to the co-op sector and advise the government on key relevant issues. It will consider the impacts of co-op enterprise development, in relation to equity, growth and employment and will comment on the effectiveness of the co-op development programmes. **the dti** will provide executive support (secretariat) to the Co-operative Advisory Board.

14. Vertical and horizontal integration of co-operative organizations

The Government encourages co-operatives to create geographic and sectoral apex structures that operate according to co-operative model.

The Government also encourages co-operation between established and emerging co-operatives in South Africa; however, co-operation among co-operatives from different origins shall be voluntary.

In addition, the national apex organization/s shall represent the movement at the national level, as well as in the International Co-operative Alliance (ICA) and in other international co-operative bodies.

15. Responsiveness to new developments

The Government is aware of international trends in co-operative development and will keep abreast of the trends to the extent possible whilst having regard to any particular local circumstances that must be taken into account from time to time. To this end, the Government will, in consultation with all stakeholders, continually review its policy on co-operative development.

Equally, the Government encourages the co-operative movement to develop strategies that will enable its members to exploit and benefit from opportunities that may exist regionally and internationally.

16. Links of the co-operative development policy to other Government policies and programmes

The promotion of co-operatives is not to be viewed in isolation from wider national development policies and programmes. The Government is conscious of the link between co-operative development policy and national development plans into which co-operative development policy should be integrated. The promotion of co-operatives is considered one of the aspects of national economic and social development. **the dti** will facilitate and support other Government departments' and agencies' endeavour to support co-operatives development.

(a) Broad-based black economic empowerment strategy

Promoting co-operative enterprises is a key programme component of the Government's Broad-Based Black Economic Empowerment (BEE) strategy that seeks to address the imbalances of the past and equitably transfer the ownership and control of economic resources to the majority of its citizens. The BEE strategy will, among other things, encourage and support efforts by co-operatives and other forms of enterprise that support broad-based economic empowerment (Broad-based empowerment models-ESOPs, community trusts/groups, worker co-operatives, stokvels, burial societies, etc.) to assert ownership and control of economic activities in new and existing enterprises and break into new sectors of economic activity. Government is committed to work with the co-operative movement to ensure that an increasing portion of the ownership and control of the economic activities is vested amongst co-operative enterprises.

(b) Small and medium enterprise strategy

All Government support programmes for small and medium enterprises as detailed in the Integrated Small Business Strategy shall also be extended to co-operative enterprises, taking into account the specific characteristics of and differences between such enterprises.

(c) Integrated Manufacturing Strategy (IMS)

The above strategy identifies co-operative enterprises of all types and forms, particularly workers' co-operatives and consumer co-operatives, as types of enterprises that Government would promote.

Government will work together with co-operative enterprises in the identified growth sectors to ensure adequate enterprise representation and development of broad-based economic empowerment.

(d) Local economic development and integrated sustainable rural development

Government recognises that co-operatives play an important role in the growth of the local economy. Local government has an important role to play in supporting co-operative development and providing an environment at the grassroots in which co-operative enterprises can flourish through existing programmes such as Integrated Sustainable Rural Development Strategy (ISRDS) and LED Strategy. In turn, co-operative enterprises enable local people to be directly involved in producing and delivering goods and services that their members and the community require.

(e) Skills Development Strategy

the dti will facilitate and support the access of the co-operative sector to SETAs and learnership programmes.

(f) Other Government policies

Macro-economic policies as well as measures such as trade liberalization, deregulation, commercialization and restructuring of state enterprises and public services will have an impact on co-operatives, in some instances creating opportunities and in others posing challenges for co-operatives. Policy alignment and incorporation of co-operatives across government will start growing the sector to benefit targeted sector of the society.

17. Specific support measures

The government will provide and design relevant support through designing specific support measures such as incentives and capacity building for the co-operative sector.

18. Arbitration and settlement of disputes

Arbitration and the settlement of disputes are regarded as internal matters of the co-operative movement and if possible co-operatives will be encouraged through secondary, tertiary and apex organizations to settle their matters internally. The tertiary organizations are encouraged to set up dispute resolution procedures to offer an alternative dispute resolution channel to members where disputes have not been resolved internally. Co-operatives have the right to go to court or utilise any arbitration structures available.

19. Co-operative support services

The government has established agencies solely to support small businesses and co-operative enterprises. The provision of co-operative support services such as education and training, business advisory services and access to loans/linkages are the responsibilities of the accredited institutions including organizations supporting co-operatives.

Technical support services shall be extended by a cost-effective *support service system*, which will:

- (a) make use of existing support service providers (e.g. the co-operative movement, NGOs, trade unions, employers organizations, private companies, government offices, parastatal agencies, development programmes and projects);
- (b) assume the technical expertise to develop training manuals, management systems, audit procedures, etc., to design an intervention strategy at the grassroots level, to select, supervise and evaluate service providers, and to train the personnel of the selected service providers;
- (c) manage a *co-operative development fund* that has the purpose of cost-sharing the expenditures incurred by co-operatives to obtain services from service providers or provided by accredited service providers;

Government will promote co-operatives education and training in public education, training and society at large.

With regard to *financial support services*, the Government will open up existing loan schemes for small and medium enterprises such as KHULA, the Industrial Development Corporation (IDC), the National Empowerment Fund (NEF), the Land Bank and the Umsobomvu Youth Fund (UYF) to co-operative enterprises.

The Government will facilitate an autonomous system of finance for co-operatives including savings and credit, banking, and insurance co-operatives within the context of broad-based economic empowerment.

Based on other policy alignment and other agreements including the Financial Sector Summit and the GDS, the Government will support new forms of financial institution within the co-operative movement in order to ensure greater access to financial services, especially for the poor.

In the long run, these institutions will provide an autonomous system of finance for the co-operative movement and the poor.

The Government will encourage conditions favouring the development of the technical, commercial, and financial linkages among all forms of co-operatives in order to facilitate an exchange of experience and sharing of risks and benefits.

20. External assistance

The Government recognizes that, although co-operatives are self-help organizations, they usually neither succeed without a minimum of external assistance, nor do they simply emerge from the grassroots, which in South Africa applies to the majority of emerging co-operatives. In certain instances they are initiated by community leaders, churches, NGOs etc.

In addition, the Government urges development partners, recognizing the significance of co-operatives for the attainment of sustainable development goals, to seek ways and means to promote the development of emerging co-operatives.

External partners should focus technical and financial assistance on the establishment of a conducive legal, institutional and administrative environment for co-operative development, and on providing technical and financial support to organizations that work in the field.

Aid to co-operatives should not entail any obligations contrary to the autonomy and interests of co-operatives, and should be designed to encourage rather than replace the initiative and effort of the members of co-operatives. Such aid should be coordinated so as to avoid overlapping and waste of resources.

The policy encourages the co-operative movement to establish alliances and partnerships as well as to collaborate, to the greatest extent possible, with other co-operative movements in the Southern African region as well as globally, for the benefit of its member organizations. It also encourages and promotes relationships between national and international bodies and institutions involved in the development of co-operatives in order to permit the establishment of commercial relations between co-operatives.

21. Partnerships with organised labour or unions and employers organizations

The Government encourages the co-operative movement to establish and – where existing – intensify relationships and co-operation with South Africa's *employers' organisations and organised labour*. Should seek together with co-operatives organisations, ways and means of co-operative promotion for the attainment of sustainable development goals.

Employers' organisations should consider where appropriate the extension of membership to co-operatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.

The Government encourages workers' organizations (organised labour or unions) to:

- (a) advise and assist workers in user-owned co-operatives to join unions;
- (b) assist their members to establish co-operatives, including with the aim of facilitating access to basic goods and services;
- (c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on co-operatives;
- (d) assist and participate in the setting up of new co-operatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;
- (e) assist and participate in programmes for co-operatives aimed at improving their productivity;
- (f) business should support co-operatives, especially emerging co-operatives, through their procurement, training, marketing, other available programmes and other activities.
- (g) promote equality of opportunity in co-operatives;
- (h) promote the exercise of the rights of worker-members of co-operatives; and
- (i) undertake any other activities for the promotion of co-operatives, including education and training.

Co-operatives are subject to South Africa's Labour Relations Act and other related legislation. They have a legal obligation to ensure that the rights of workers are regulated in accordance with the labour law.

22. Implementation of the co-operative development policy

The Government recognizes the need for the formulation and implementation of a comprehensive, longer-termed *strategy* for the development of co-operatives, in full co-operation with all stakeholders in co-operative development in South Africa.

The strategy will clearly state the steps that need to be taken for a successful implementation of the Government's co-operative development policy. Part of the implementation strategy will be the amendment of existing laws (current Co-operative Act and others) in line with the new policy.

The progress made regarding the implementation of the new co-operative development policy shall be regularly reviewed and evaluated.

23. Monitoring and Evaluation

Co-operative development policy will be subject to on-going review and enhancement. To this end, the Co-operative Advisory Board and an inter-departmental committee will be responsible for the monitoring and evaluation of the impact of government policy and strategy on co-operative development.