



DSBD Policy Dialogue on Cooperatives

The Department of Small Business Development, together with its agencies, Small Enterprise Development Agency (Seda) and Small Enterprise Finance Agency (Sefa) in partnership with Ecosystem Development for Small and Medium Enterprises (EDSE) is hosted a Policy Dialogue on Cooperatives led by Deputy Minister Ms. Dipuo Peters to discuss and provide feedback on the Draft Co-operatives Strategy Review report from 30 to 31 August 2023.

The DSBD, through its EU-sponsored Ecosystem Development for Small and Medium Enterprises (EDSE) programme, conducted the Review of the implementation of the co-operatives (Co-ops Strategy Review) over the past 19 years. The process involved engagement with development partners, and stakeholders, including Ministries, research and education and the cooperative sector.

This Co-ops Strategy Review drew lessons from the experience of the last ten years and help guide the development of the new Strategy for the co-operative movement and strengthen its role as contributor to a sustainable and inclusive development.

The Dialogue focused on co-operatives development. Other points the policy dialogue

deliberated on included the amendment of the Co-operatives Amendment Act, particularly the submission of annual financial statements by co-operatives. Other points delegates had to deliberate on include alignment of the national co-operative's strategy with the local and provincial co-operatives strategies.

The panellists shared some insights and deliberated on co-operatives' additional legislative and tax burdens. The proceedings concluded with a dialogue on Priority Policy areas, including red tape reduction, legislative review update, localisation and incubation and business development services policy facilitated through the world café approach.

The two-day Policy Dialogue commenced on the 30 August 2023. Acting Deputy Director General :Integrated Co-operatives and Micro Enterprise Development at the Department of Small Business Development, Mr Jeffrey Ndumo indicated that the purpose of the Cooperative strategy review is to identify the persisting challenges facing the cooperative movement and to make recommendations to address them through three levels of interventions: legal, institutional, and administrative.

“These recommendations will then constitute the basis for the development of a new Co-operative Development Strategy for 2023-2033, while other informing current programmes on co-operative development,” Mr Ndumo said.

“It is against this background and context that a Co-operatives Policy Dialogue is conceived for invite stakeholders for discussion and feedback on the Draft Co-ops Strategy Review report,” Mr Ndumo said.

Ms Ruth Bhengu, Chairperson of the Institute for Cooperatives and Community Economic Development (ICCED) briefed delegates on the implementation of the Cooperatives Based Community Economic Development Model. Ms Bhengu said that this model is implemented by the Institute for Cooperatives and Community Economic Development (ICCED) “for adoption and support by stakeholders and individuals who believe that South Africa should be transformed

into a mixed economic system driven by three pillars which include, state owned enterprises, privately owned enterprises and community owned enterprises who use the concept of cooperatives to organise themselves and subscribe to values and principles of cooperatives to manage enterprises and distribute profits,” Bhengu said.

“The Cooperatives Based Community Economic Development Model is a politically informed intervention in the economy aimed at reducing exploitation of communities and workers by capitalists and informed by resolutions of the African National Congress conferences . South Africa cannot be allowed to have a welfarist state for the poor dependant on government handouts on one hand and a developmental state for a few filthy rich capitalists on the other hand,” Bhengu said.



Deputy Minister of Small Business Development, Ms Dipuo Peters delivered a keynote address. The Deputy Minister hailed cooperatives as one of the important sectors that contributes to economic growth. “One of the key principles underpinning the Cooperatives strategy, which is the main business for this policy dialogue, is the recognition of a cooperative as a significant vehicle in the empowerment and advancement of special targeted groups, such as youth, women and people living with disabilities,” Deputy Minister Dipuo Peters.

Deputy Minister indicated that the Department of Small Business Development implemented several measures to support SMMEs and

Cooperatives. “We have recently launched our National Small Enterprise Development Strategic Framework which calls for a coordinated eco-system approach to tackle red tape, address the R350 billion credit gap, support small enterprises with market access through supplier development, localisation, and exporter development, as well as through business services, incubation and digitalisation. We are partnering with a wide range of eco-system role-players, to supplement our capacity and resources as the state,” Deputy Minister Dipuo Peters said.

"This dialogue must think about the eco-system that is required for Co-operatives development, and which strategic partnerships are needed. Is there still legislation that impedes the functionality of co-operatives, and has this been brought to the attention of the DSBD and the Red-Tape Office in the Presidency? How do we finance Co-operatives, and how do we de-risk lending from other financial institutions and investors? How do we link Co-operatives to domestic and international markets and supply chain opportunities?" Deputy Minister Dipuo Peters.

Vukile Nkabinde, Director: of Cooperative Business Support made a presentation on: "setting the scene - understanding the cooperatives and the state of the cooperatives movement in South Africa". Nkabinde highlighted that the scope of work of the cooperative stems from the National Informal Business Upliftment Strategy (NIBUS). "The Introduction to cooperative work was involved in the development of NIBUS, township, rural areas, informal economy and ILOs resolution 204 transitioning from informal to formality done by social partners at NEDLAC," Nkabinde said.

"There are two Acts, National Small Enterprise Act and Cooperatives Enterprise Act – therefore DSBD is tasked with these two areas are attended to and is a response to these acts. There is a proposal for DSBD to be renamed the Department of Small Business and Cooperative Development. The establishment of the new agency raises hope that the name of coops will be part of this as CBDA will be joining the agency," Nkabinde said.

On Day 2, Tebogo Phadu provided a presentation titled: "Towards second 2023-2033 National Co-operative Development Strategy-the next steps from the reflections-Draft Strategic Framework". "The other key elements that need to be considered in the strategy. The Promotion of formalization of the informal economy through co-operatives. Coordination within the government between departments and across all spheres. Co-ordination with the co-operative movement, including civil society organisations, such as labour movement, women's organisations and private sector," Phadu said.

"DSBD must be the lead and coordinating department, with a strengthened agenda. There is a need to develop a dedicated co-op development (infrastructure) support system and incorporate CDA and CBDA functions into the new agency," Phadu said.

Bongani Magongo, Executive Director of the National Development Agency (NDA) provide the role of contribution to economic growth and the role of DSBD in supporting cooperatives in South Africa. The NDA is an agency of government that reports to the National Assembly of the Republic of South Africa. The NDA is a public entity that was formed in 1999 as the government's response to the challenge of poverty and its causes in South Africa.



"NDA focuses on removing poverty in SA where there is chronic poverty – can only be done by creating sustainable livelihoods with people who are not productive. Strategy on coops being reviewed is not a strategy of small business development focus but is a national strategy as all gov departments need to be part of the strategy and how to design development interventions for people dependent on the state for livelihood," Magongo said.

"DSBD is the custodian for strategy, but the strategy is for coops to operate independently for themselves and achieve the objectives of coops. DSBD empowers coops to run the business that they want to run and not the business that the government want them to run," Magongo said. "Many departments that are not in dialogue, including the National Treasury aims to turn around the economic SA around.

The concept of coops is the only vehicle that we have to turn around the economy. Private businesses will not do this as many do not have the skills that the businesses would want to employ. The coop movement focuses on unproductive millions of people who have the skills to transform the training institutions to train people is that they do not need to just pass but

their skills and available resources and what they can do with this is also important and necessary and convert it to economic activity that can make them productive," Magongo said.

Deputy Minister Dipuo Peters delivered closing remarks. Deputy Minister proposed the alignment of cooperatives to the District Development Model. "We need to consciously align the work of developing and supporting Cooperatives with the District Development Model. This will mean aligning Cooperatives to the districts economic development programmes including positioning them to play a role in addressing service delivery challenges," Deputy Minister Dipuo Peters .

"Cooperatives are an economic instrument at our disposal which have the potential to address many of the challenges facing our people. Let us invest in building and supporting them if we are to turn the dream of building a developmental local government into reality," Deputy Minister Dipuo Peters.

"As DSBD, ours is to create an enabling environment and facilitate access to resources and iron out regularity impediments. We cannot fail our people. It's time for action," Deputy Minister Dipuo Peters.

