



**KEYNOTE ADDRESS BY THE DEPUTY MINISTER OF SMALL  
BUSINESS DEVELOPMENT: CO-OPERATIVES POLICY  
DIALOGUE  
DEPUTY MINISTER DIPUO PETERS, IN PRETORIA**

**30 AUGUST 2023**

- Programme Director,
- Generals, Heads of Departments (HODs) officials of the various government departments and provinces represented here this morning,
- Board members,
- CEOs and staff of the agencies and organizations who are here with us;
- our EU Partners for making this event possible through our EDSE Partnership;
- Presidents and leaders of the Cooperative representative organizations that are with us; all other eco-system representatives and stakeholders present, both physically and online:
- Let me also acknowledge the presence of various guests.

The August month is the period dedicated to celebrating the achievements of women and to raise sharply the issues affecting the development and advancement of women.

I therefore, salute all women, especially those in the cooperatives movement.

We are gathered here today for very serious business. To review our progress in implementing the last 10- year Integrated Strategy for the Development and Promotion of Co-operatives; and to look at what we will do better and with more impact going forward.



Colleagues, one of the key principles underpinning the cooperative 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 target group, such as youth, women and people living with disabilities.

I think we can all agree as stakeholders present that our previous ten-year strategy was poorly implemented.

The number of co-operatives wasn't expanded at the scale required; the general functionality of co-operatives wasn't improved; there was inadequate mobilization of the co-ops sector; and there were weak efforts to improve market access.

The one area where there was implementation was the establishment of the Co-operatives Development Fund (CDSP), but this was undermined by lack of non-financial support. There was also red-tape which made it difficult for co-operatives to access funding, for example the requirement in legislation that they submit annual financial statements to remain complaint.

What I am saying in a nutshell, Programme Director, is that the eco-system for co-operatives development was not enabling.

It is little surprise therefore that co-operatives in South Africa continue to punch below their weight.

We have just hosted a very successful BRICS Summit which brought together three of the world's leading countries – India, China and Brazil - in terms of the contribution of co-operatives to national development. In China and India especially, co-operatives are the mainstay of the rural economy, with literally hundreds of millions of members.

Across France, Germany, Japan, the Netherlands, Spain, the US, Korea, and many other developed nations, there are powerful co-operatives in the food, banking, insurance, retail, transport, and industrial sectors, among others, with turnovers of up to 100 billion US dollars.



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This suggests to me that co-operatives are a viable business model, both in terms of providing livelihoods, food; housing, access to credit facilities etc; as well to grow and transform the economy. This can happen through mobilising the energies and resources of many small players that can be positioned through co-operatives to successfully compete with the larger vested interests that historically and currently yield market power.

Knowing this potential, it pains me why we have had limited success in implementing our last 10- year co-operatives strategy.

We don't want a finger pointing exercise. We want to be constructive and forward looking. But at the same time, we must be introspective as government and other co-operative eco-system players. What do we need to do differently to unleash the potential of co-operatives?

We have recently launched our National Small Enterprise Development Strategic Framework – what we call NISED – which calls for a co-ordinated eco-system approach to tackling red-tape, addressing the R350 billion credit gap, supporting small enterprises with market access through supplier development, localisation, and exporter development, as well as through business services, incubation and digitalization. To do this, we are partnering with a wide range of eco-system role-players, to supplement our capacity and resources as the state.

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 have these 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? How many co-operatives currently access ESD initiatives of large corporates? How do we think about co-operatives incubation and business development support? Do we have successful examples of co-operatives incubation that we can replicate and scale? How do we leverage the benefits of 4IR



and ensure technology transfer to co-operatives? What skills programmes must we put in place? How do we co-ordinate the eco-system, and what is the role of the co-operative representative structures?

Importantly, what new capabilities are needed within the state and especially DSBD and the new merged entity SEDFA?

These are the kinds of questions we need to answer here at this dialogue to make sure that the next 10- year strategy doesn't go the same way as the previous one. And we really need to be thinking about how to embed the strategy across society and think about how to hold the various eco-system players to account.

With these few words and many questions, let me welcome everyone and thank the EU supported EDSE programme for supporting DSBD with both the 10 years co-operatives strategy review and this dialogue.

I'm hoping that as we think about the next ten years, we also think about the next 6 months. We have a budget and a programme in the department that we need to spend with impact, and I'm looking for quick wins that will ignite the co-operatives sector and show that we are not all words and no action.

As we do these things, we especially need to think about the economic empowerment of women through co-operatives, not because it is women's month, but because women own only 20% of the economy, and our economy will never grow unless we address economic exclusion and barriers to entry.

I wish to re-iterate the objectives of this Cooperatives Policy Dialogue as outlined in the Concept Document as follows:

**a) Understanding Co-operatives and their state of development in South Africa:**

The purpose is to be depending understand of co-operatives in SA by provide brief background on co-operatives and their identity - their nature, and purpose; types and forms, values and principles. The legal framework governing co-operative

development – reference of Co-operatives Act, Co-operatives Banks and other legislation will also be considered.

The current state co-operative movement, by type, activities, and forms will also be under highlighted.

**b) Understanding the International perspective on cooperatives development:**

Given the context of BRICS Cooperatives Leaders Meeting happening on the 20-21 August 2023, I trust that there would have been productive interface,

where an opportunity will be given to some BRICS members, ICA, EU partners, like DGRV, ILO, etc. to share areas of cooperation and collaboration.

**c) Reviewing the implementation of Co-operative Development Strategy (ISDPC):**

The purpose is to examine progress made in implementing ISDPC, identifying areas of success and areas that require further attention. The meeting will also consider Co-op Strategy Review recommendations (including short-term interventions) and discuss strategies to overcome obstacles and accelerate the development of co-operatives.

d) Assess the role (including potential role) of principal actors in the co-operative sector, including the role of DSDB and its agencies and other government departments, the role of development partners, the co-operative movement and trade union movements as well in international partners, such as the International Labour Organisation (ILO).



e) To outline a programme a new Co-operative Development Strategy going forward, based on the outcome of policy dialogue and recommendations of the Review of ISPDC.

Colleagues, I wish to conclude with this abstract:

In their search for a new development paradigm, many African governments and international organizations have reverted to cooperatives, a distinct business model that manifest a turbulent history ranging from pre-colonial to colonial and post-independence Africa.

Owing to their ethical and democratic features as well as their dual pursuit for social and economic yields, cooperatives have come to be perceived as the solution to the enigma of underdevelopment.

But a critical examination indicates that African cooperatives face profound encumbrances deriving from their historical background and the current socio-political environment surrounding them.

Yet it is argued that cooperatives are still of vital significance as they are:

- compatible with traditional African cultural values,
- create employment, and
- enhance social protection to many Africans living in rural areas.

In the context of a renaissance of cooperatives, this paper seeks to investigate the role of cooperatives in African development by looking at both the opportunities they offer and challenges they encounter.

All the best on your deliberations as we look forward to the resolutions to enrich the next phase of the developing the new strategy.



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I thank you and encourage open and robust dialogue.

**Thank you**

**-END-**