

DEPARTMENT OF SMALL BUSINESS DEVELOPMENT

PROJECT PLAN: ASSESSMENT OF THE 400 COOPS FUNDED THROUGH CIS

14 June 2017



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Small Business Development
REPUBLIC OF SOUTH AFRICA



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PURPOSE

- The Portfolio Committee (PC) requested briefings on the development status of the 400 CIS funded cooperatives.
- DSBD has reported twice (i.e. 01 March and 24 May 2017) on the status of the 400 cooperatives. The report of 01 March 2017 was withdrawn and the second report did not meet the expectations of the PC.
- The PC indicated it will invite DSBD on the date determined by the Committee.



BACKGROUND

- The National Development Plan (NDP) Vision 2030: *"90% of the 11 million jobs will be created by small and expanding firms"*
- DSBD is tasked with the responsibility to lead an integrated approach to the promotion and development of small businesses and cooperatives, leading to increased employment, poverty reduction and reduced inequality. This requires a sharpened focus on creating an enabling environment through policy development, advocacy, coordination, monitoring and evaluation and impact assessment



CURRENT APPROACH TO COOPERATIVES

- **Cooperative Incentive Scheme (CIS)** was designed to:
 - To improve the viability and competitiveness of a cooperative by lowering the cost of doing business.
 - To assist the cooperatives to acquire their start up requirement
 - To build an initial asset base for emerging cooperatives to enable them to leverage other support.
- **Cooperatives training** has three components to it, which seeks to enhance the capacity of coops and these are:
 - Cooperatives governance training
 - Cooperatives Management training (financial management, etc.)
 - Quality Improvement training
- **Market Access:** enabling Cooperatives to access trade-off agreements through partnerships



MANAGEMENT OF CIS

- The Department has always acknowledged limitations in its approach to Coops development.
 - Budget confined to CIS disbursements
 - None of **the dti** M & E functions for Incentives were transferred.
 - Until March 2017, the DSBD team remains limited to Trade and Industry Advisers (Level 8) who receive and process applications
- As such the Programme Review recommended that CIS should be restructured and that the implementation must be transferred to agencies
- DSBD efforts to date:
 - Review of CIS commissioned in the first week of June 2017
 - Initiated Pre-Investment visits by seda since Q2 2016/17
 - Adopted the Cluster Approach in 3 pilots
 - Developed an Implementation Plan on the 2012 Integrated Strategy on Cooperatives Development
 - Established Integrated Cooperatives Development Branch effective 01 April 2017



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STATUS OF 400 COOPS: INITIAL METHODOLOGY

January – February 2017

- Noting that some of these Cooperatives were recently funded (as captured in the table in the next slide), the Department approached the assignment as a research project by surveying a sample of 169 (42.25%) and 10 case studies in order to draw conclusions and recommendations.
- This is a standard approach to conducting research.



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2015-17 CIS Disbursements

FINANCIAL YEAR	QUARTER	NO. OF COOPS FUNDED	TOTAL VALUE
2015/16	Q1	10	R1 207 121,00
	Q2	23	R6 403 479,70
	Q3	62	R19 794 315,00
	Q4	115	R47 593 048,30
SUB-TOTAL		(210)	R74 997 964,00
2016/17	Q1	42	R7 860 273,10
	Q2	104	R26 821 491,54
	Q3	48	R14 991 151,66
	Q4	190	R49 672 916,30
TOTAL		400	R124 670 880,30



STATUS OF 400 COOPS: INITIAL METHODOLOGY(2)

March – May 2017

- DSBD engaged all District Municipalities hosting the 400 Cooperatives, to assess the developmental status of CIS funded Coops in the Municipalities as well as to integrate these Cooperatives into their IDP's
- Developed a matrix/assessment tool to determine the developmental status
- Noting seda's branch network and the responsibility of their regional managers, DSBD tasked seda to lead the assessment in collaboration with Municipalities

June 2017

- This approach yielded disappointing results, as seen below:



INITIAL METHODOLOGY(3)

Name of Districts and Metro's Implicated	Number of coops per District or Metro	Number of forms received	Number of forms outstanding
Gauteng Province: 82 cooperatives			
City of Tshwane	24 cooperatives	14	10
City of Johannesburg	34 cooperatives	0	34
Sedibeng	3 cooperatives	3	0
West Rand	7 cooperative	7	0
Ekurhuleni	14 cooperatives	0	14
Sub - total	82	24	58
Limpopo: 115 cooperatives			
Capricorn	5 cooperatives	1	4
Mopani	13 cooperatives	1	12
Sekhukhune	27 cooperative	9	18
Vhembe	69 cooperatives	10	59
Waterberg	1 cooperative	0	1
Sub - total	115	21	94



INITIAL METHODOLOGY(4)

		Number of forms received	Number of forms outstanding
Mpumalanga: 25 cooperatives			
Ehlanzeni	12 cooperatives	7	5
Gert Sibande	1 cooperative	1	0
Nkangala	12 cooperatives	5	7
Sub - total	25	13	12
North West: 40 cooperatives			
Bojanala Platinum	35 cooperatives	9	26
Ngaka Modiri Morena	5 cooperatives	1	4
Sub - total	40	10	30
Western Cape: 8 cooperatives			
Overberg	1 cooperative	0	1
Cape Winelands	1 cooperative	1	0
City of Cape Town	6 cooperative	3	3
Sub - total	8	4	4



INITIAL METHODOLOGY(5)

		Number of forms received	Number of forms outstanding
Northern Cape: 2 cooperatives			
John Taolo Gaetsewe	2 cooperatives	2	0
Sub - total	2	2	0
Free State: 2 cooperatives			
Motheo	1 cooperative		1
Thabo Mofutsanyane	1 cooperative	1	0
Sub - total	2	1	1
Eastern Cape: 83 cooperatives			
Alfred Nzo	4 cooperatives	2	2
Amatole	10 cooperatives	4	6
Chris Hani	8 cooperatives	2	6
Joe Gqabi	9 cooperatives	0	9
OR Tambo	47 cooperatives	7	40
Buffalo City	5 cooperatives	0	5
Sub - total	83	15	68



INITIAL METHODOLOGY(6)

		Number of forms received	Number of forms outstanding
Kwa – Zulu Natal: 43 cooperatives			
King Cetshwayo	11 cooperatives	1	10
Harry Gwala	2 cooperative	2	0
ILembe	3 cooperatives	2	1
Ugu	7 cooperatives	5	2
Umgungundlovu	2 cooperatives	2	0
UMkhanyakude	4 cooperatives	0	4
UMzinyathi	3 cooperatives	0	3
UThukela	1 cooperatives	1	0
Zululand	2 cooperatives	0	2
EThekwini	8 cooperatives	3	5
Sub - total	43	16	27
Grand - total	400	106	294



REVISED APPROACH: JUNE-AUGUST

- DSBD has originally conducted the assessment of the 400 cooperatives by heavily relying on its agency, the Small Enterprise Development Agency;
- Given the poor quality of work delivered by Seda, DSBD has made a decision to carry out the assessment on its own, by deploying its resources;
- To compliment its resources, DSBD will use its partners such as Provincial Departments of Economic Development, District Municipalities and its agencies;
- However, DSBD will lead the process by inducting all the team members and also ensure quality assurance of the results;



REVISED APPROACH: JUNE-AUGUST

DSBD will carry out the following functions in executing this plan:

- To establish the 400 Cooperatives Assessment National Project Team
 - Comprising of DSBD - Integrated Cooperatives Development Branch and the Competitiveness Branch (Monitoring and Evaluation Unit and Local Economic Development Directorate);
 - Coordinate, manage, implement and quality assure;
 - Assign the 400 cooperatives to the team members and other identified key partners to aid with assessment;
 - Clean-up and update the database;
 - Train staff on the Assessment Tool;
- To identify and setup meetings with key stakeholders;
- To deploy team supervisor and teams to Provinces
 - Daily quality assurance on information collected
 - Daily feedback to National Project Manager
- To collate the information and interpret the findings;
- To analyse the findings and compile the national assessment report;
- To present the report to the Portfolio Committee on Small Business Development



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SCOPE OF WORK

- All nine provinces are implicated in this assessment project;
- However, the degree of engagement in each province varies according to the number of funded cooperatives per each provinces;
- Provinces can be divided into two categories, those with few supported cooperatives and those with huge numbers of cooperatives supported;
- The provinces with huge numbers involve: Limpopo (115 cooperatives), Gauteng (84 cooperatives), Eastern Cape (82 cooperatives), Kwa-Zulu Natal (46 cooperatives), North West (40 cooperatives) and Mpumalanga (25 cooperatives);
- The provinces with small numbers involve: Northern Cape (2 cooperatives), Free State (2 Cooperatives) and Western Cape (8 cooperatives).



SCOPE OF WORK (CONT.)

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SCOPE OF WORK (CONT.)

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SCOPE OF WORK (CONT.)

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DURATION OF ASSESSMENT

No	TASKS	START DATE	END DATE
1.	Appointment of the Project Leader, and Project Manager	12 June 2017	Done
2.	Written to the districts to integrate the cooperatives in the IDP of the districts	April 2017	Done
3.	Identification of the DSBD team members and external (Province, District and agencies)	13 June 2017	15 June 2017
4.	All the team members are trained through a workshop on the type of information to collect using the Assessment Tool.	13 June 2017	15 June 2017
5	Logistics to carry out the assessment field work of the 400 coops to be organised.	13 June 2017	15 June 2017



DURATION OF ASSESSMENT

No	TASKS	START DATE	END DATE
6.	The field work on the 400 cooperatives commences in all the provinces.	26 June 2017	11 July 2017
7.	Write up of the report	12 July 2017	16 July 2017
8.	The final draft will be presented for the DG's consideration	19 July 2017	21 July 2017
9.	Once the DG and Minister approves the report, it will be ready for presentation to the Portfolio Committee	24 July 2017	31 July 2017



PROJECT METHODOLOGY

- The Department of Small Business Development will provide leadership with respect to the assessment of the 400 cooperatives. It will coordinate at the national level through a Project Team;
- The Project Team will provide leadership with respect to the assessment of the cooperatives located in each province and ensure that the work is executed within the respective time frame;
- It will coordinate with all the noted provinces and districts and ensure that work is executed by team members and outcome reported for consolidation and compilation of the report;
- In each province a team leader will be appointed to ensure quality of data is collected;



PROJECT METHODOLOGY (CONT.)

- A standardised Assessment Tool has been developed for the purpose of assessing each of the cooperatives and all team members deployed in the project will be inducted to administer the tool by generating accurate information pertaining to each of the cooperative and feedback the information to the Project Manager;
- A team of three members from DSBD will be deployed for each province and be supported by two officials from either Seda, Provincial Department of Economic Development and the District Municipality;
- The team members will be led by the Project Leader (Mr Jeffrey Ndumo), assisted by the Project Manager (Mr Mzwanele Memani);
- All team members will administer the Tool and other members may be deployed in more than one province, given the number of cooperatives in each province.



ACTION PLAN

- DSBD has taken a decision to embark on a nationwide assessment of 400 cooperatives supported through the CIS;
- The assessment seeks to ascertain whether the CIS as an instrument has been effective in creating sustainable cooperatives;
- Further, has the instrument resulted in creating a positive environment or not for cooperatives to develop and grow;



PROJECT TEAM

- Link to the project team members;
- [Project Team.pptx](#)
- Link to the Assessment Tool
- [Assessment Tool](#)



THANK YOU



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