

**RESEARCH ON THE ROLE AND CONTRIBUTION OF
CO-OPERATIVES TOWARDS THE SOUTH AFRICAN
ECONOMIC RECONSTRUCTION AND RECOVERY PLAN**



DECEMBER 2021

RESEARCH REPORT
**THE ROLE AND CONTRIBUTION OF CO-OPERATIVES TOWARDS THE SOUTH AFRICAN
ECONOMIC RECONSTRUCTION AND RECOVERY PLAN**

December 2021



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List of Acronyms

AIM	Aurora Integrated Multipurpose
BBBEE	Broad Based Black Economic Empowerment
COVID-19	Coronavirus
CSO	Civil Society Organisations
DSD	Department of Social Development
ERRP	Economic Reconstruction and Recovery Plan
ICT	Information, Communication Technology
ILO	International Labour Organisation
NDA	National Development Agency
NICD	The National Institute for Communicable Diseases
NPO	Non-Profit Organisation
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
PPE	Personal Protective Equipment
Q & A	Question and Answer
RFP	Request For Proposals
SA	South Africa
SALGA	South African Local Government Association
SASSA	South African Social Security Agency
SME	Small and Medium Enterprises
SMS	Short Message Service
SSE	Social and Solidarity Economy

ToR	Terms of Reference
UK	United Kingdom
UNDP	United Nations Development Programme

1 Executive Summary

The National Development Agency (“NDA” or “the NDA”), a public entity listed under Schedule 3A of the Public Finance Management Act (“PFMA”), appointed Redflank to conduct a research study on the role and contribution of co-operatives towards the South African Economic Reconstruction and Recovery Plan (“ERRP”).

The purpose of this research was to identify the role, contribution and challenges faced by co-operatives in revitalising effective and sustainable economic activities in response to the governments’ ERRP initiative as a response to the negative effect of COVID-19. The research should also inform government, business and civil society regarding how to frame economic policies that would ignite and increase economic growth through well-structured co-operative efforts post the COVID-19 pandemic period in South Africa.

1.1 Project Objectives

As per the Terms of Reference (“ToR”), the aim of this research was to generate empirical knowledge and information from the multiple stakeholders involved in the economic reform and recovery plan in order to inform policy and planning for South Africa. Additionally, this research aimed to encourage debates and discussions between the public, government and private sector on the appropriate operations and sustainable responses for industry to contribute, in order to increase the participation of South Africans in the economic recovery plan.

The research objectives included:

- Understanding the role and contribution of co-operatives towards South Africa’s economic reform and recovery during the COVID-19 period
- Exploring the main impediments faced by co-operatives in competing in the South African economy at legislative, policy and strategic approach levels during COVID-19 and during lockdown regulations
- Examining to what extent these impediments have affected the operations/ livelihoods of co-operatives and their existence during the COVID-19 period

-
- Identifying mechanisms which may assist with strengthening the role of co-operatives as one of the main drivers of the economic recovery and reconstruction plan in South Africa
 - Documenting and sharing the lessons learned by co-operatives, private sector and government in responding to the COVID-19 pandemic
 - Understanding the role of government and private sectors in supporting co-operatives towards restoring the economy
 - Providing recommendations from the research findings that can build a sustainable, resilient and inclusive economy

1.2 Project Scope

As the ToR prescribed, the scope of work included the areas of research below, which were aligned to the aims and objectives of the project:

- A literature review of published and unpublished literature; related to skills development legislation, policies and frameworks on the status quo of co-operatives in the civil society sector, internationally; and of best practices taken from other countries on how they have responded to the research theme
- Interviews and discussion with key stakeholders in government, the co-operatives sector, and the civil society sector, as well as with relevant academics and experts on how they view the role and contribution of South African co-operatives in providing good quality services and business management during COVID-19
- A research report and a policy brief with deliberations and recommendations on how South Africa can help respond to the needs and prerequisites of co-operatives in the co-operative sector that assist the sector in addressing economic, social and developmental impediments of the country
- A final research report and presentation thereof to the NDA which will be used for a debate with various stakeholders representing the civil society sector
- Participation in and leading of the national debate in different forums to be organised by the NDA on this research topic

1.3 Research Methodology

The sections below illustrate the process followed by Redflank whilst collecting, capturing, and analysing data for the research on the role and contribution of co-operatives towards the South African ERRP.

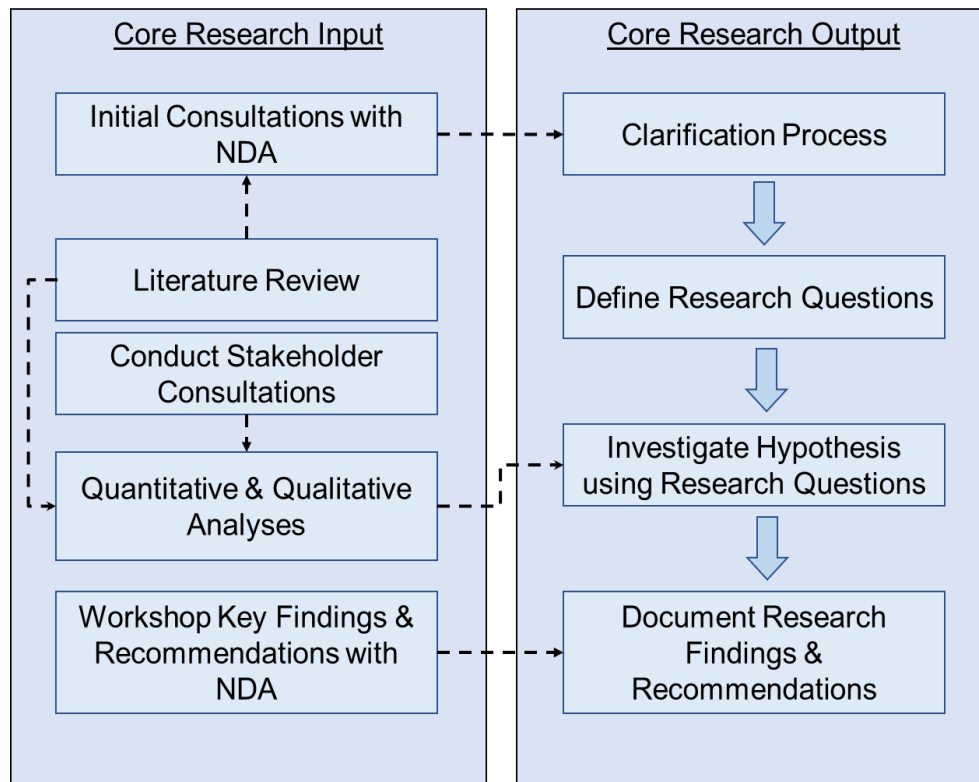
1.3.1 Conceptual Approach

The approach adopted for the project was a utilisation-focused approach primarily aimed at understanding the role and contribution of the co-operative sector in economic recovery and reform amidst the COVID-19 pandemic. Other focus areas included; understanding the factors that have prevented co-operatives from competing in the economy, the challenges co-operatives face in their daily business, as well as providing lessons learned and recommendations to better respond to COVID-19 and the changes it has brought to the economic sphere in South Africa. The research approach was premised on establishing fundamental principles for the research study. The step-by-step approach followed when conducting this research included:

- Undertaking a clarification process to better inform the understanding of the project and design of data collection instruments, through desktop research
- Finalising the specific research questions to be investigated, based on input provided by the NDA
- Investigating the hypothesis using the research questions and input from consultations with the NDA and other key stakeholders such as government, co-operatives structures, the private sector, non-profit organisations (NPOs) and members of co-operatives businesses operating in South Africa and experts.
- Developing recommendations related to best practices that can be adopted to build sustainable, robust and inclusive economy.

These principles allowed us to build on the research problem, defined above. The above is summarised by the figure below.

Figure 1-1: Conceptual Approach



Our research approach involved both qualitative and quantitative methods. The study adopted a mixed method approach to overcome the limitations of a single design. The two designs complemented each other well in the research and each was used as relevant to collect data most suited to the design. To ensure a thorough research study with regard to the role and contribution of co-operatives in South Africa's economic reconstruction and recovery plan was delivered, both desk-based and field research was undertaken.

1.3.2 Summary of Research Undertaken

The research undertaken for this project included a desk-based research and field research. Field research undertaken included focus groups, interviews and surveys.

1.3.2.1 Desk-Based Research

The desk-based research included a review of relevant literature regarding co-operatives, their role in economic recovery during and post the COVID-19 pandemic, legislation and

policies affecting co-operatives and the role of government and the NDA in supporting co-operatives. Additionally, this review included a review of the following documents:

- A Co-operative Development Policy for South Africa
- Co-operatives Act 14 of 2005
- CSO Regulatory Framework: Research Report
- CSO Regulatory Framework: Policy Brief
- Integrated Strategy on the Development and Promotion of Co-operatives
- The ERRP

1.3.2.2 Fieldwork Research Undertaken

The following methods were used to collect primary data for the research on the role and contribution of co-operatives towards the ERRP:

- Surveys
- Telephonic Interviews
- Focus groups

The following stakeholder consultations were conducted during the course of the Project.

Table 1-1: Stakeholder Consultations

Stakeholder	Number of Completed Consultations
Interviews	
Co-operatives	11
NPOs	10
NDA	12
Academia, Industry Bodies and Government Representatives	9
Interview Total	42
Focus Groups	
Cooperatives	2 (with 6 participants)
NPOs	1 (with 3 participants)
NDA	1 (with 4 participants)
Focus Group Total	4 (with 13 participants)
Surveys	
Cooperatives	397
NPOs	51
NDA	13
Survey Total	461
Consultation Total	516

Survey links were distributed to the entire database of relevant stakeholders via email and bulk SMSes. Input was received from the various stakeholder types through the interviews, focus groups and surveys. Overall, a total of 516 consultations were conducted.

1.3.3 How to Read and Interpret Survey Results

As explained in Section 1.3.2.2, quantitative results were obtained through surveys. The survey questions were predominantly based on a Likert scale. Likert-type or frequency scales use fixed choice response formats and are designed to measure attitudes or opinions (Bowling, 1997). An example of a Likert scale used in this report is the scale used to measure the extent of a state, ranging from “not at all” to “extensively” (see

below), for instance the extent to which respondents believed that their co-operative was impacted by the restrictions implemented during COVID-19 lockdown.

The extent of a state was measured directly or through assessing agreement/disagreement with statements, as seen below.

Table 1-2: Likert Scale

Likert Scales of Extent				
Not at All	Minimally	Substantially	Significantly	Extensively

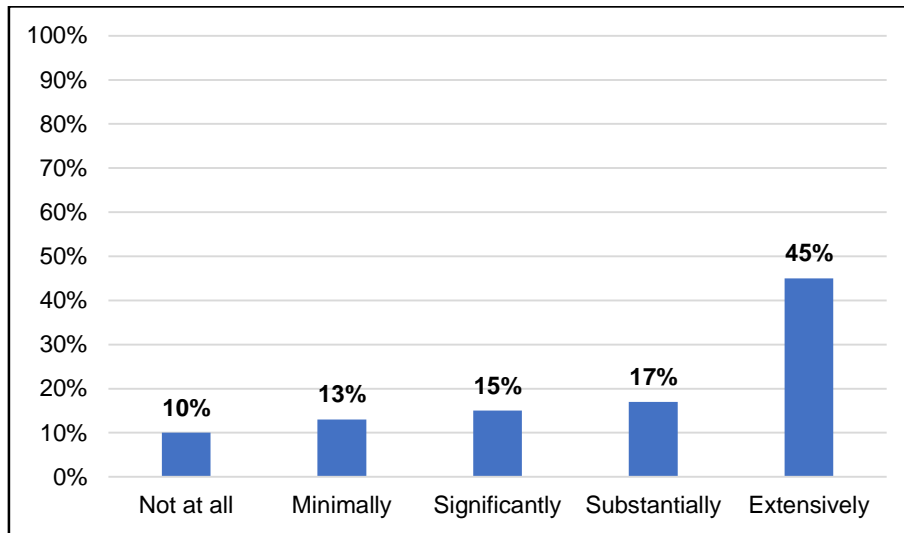
The majority of the graphs presented throughout this report measure the percentage of respondents who selected a specific option over the total number of respondents for that question. The figure below presents an example of how the survey results were analysed:

Figure 1-2: Illustrative Sample Survey Results

To what extent was your co-operative impacted by the restrictions implemented during the COVID-19 National Lockdown		
Not at all	10%	
Minimally	13%	
Significantly	15%	
Substantially	17%	
Extensively	45%	

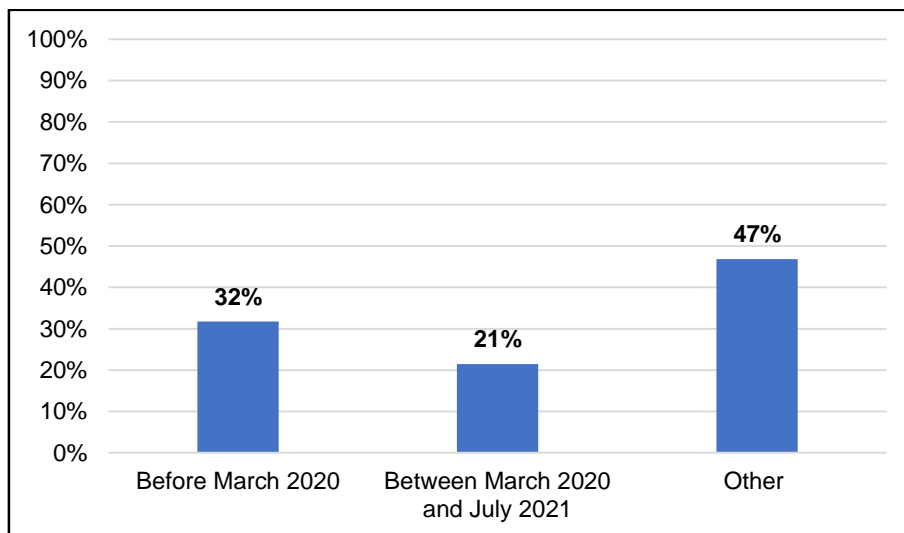
The results above would then be presented graphically as follows:

Figure 1-3: Illustrative Sample Graph



Where “other” was provided as an option to respondents who selected this option were requested to provide further detail. The figure below provides an illustrative example of a question which included “Other” as a response option.

Figure 1-4: Illustrative Sample Graph 2



Specific to the example above, some of the comments noted by respondents who selected “other” as an option were as follows:

“We still need some vital documents such as BBBEE.”

(Co-operative Survey, 2020)

“Never started, due to COVID-19 pandemic”

(Co-operative Survey, 2020)

1.4 Key Findings

The sections below provide a summary of the key findings from this research project.

1.4.1 Stakeholder Demographics

The data collected included representation from co-operatives, NPOs and the NDA across the 9 provinces of South Africa. It was noted that 48% of co-operatives that participated in the survey formed part of the agricultural sector, while 19% were aligned to the manufacturing sector. With regard to NPOs survey, 24% were in the agriculture, forestry and fishing sector, whilst 17% were in the construction sector. 40% of the co-operatives who participated in the survey identified themselves as user-owned co-operatives, while 46% identified themselves as worker owned. In terms of geographical representation, the province with the highest number of respondents was Gauteng, with 24%. This was followed by the Eastern Cape, with 23% of respondents located in the province.

A more detailed breakdown of the stakeholder demographics can be found in Section 5.1.

1.4.2 Role and Contribution of Co-operatives During the COVID-19 Period

Overall, 27% of respondents indicated that co-operatives did not contribute towards economic recovery during the COVID-19 pandemic at all, while only 5% of respondents indicated that co-operatives contributed extensively towards economic recovery and reform during the COVID-19 period. Some respondents indicated that barriers which may have prevented co-operatives from contributing was a lack of finances, as well as a lack of resources. Furthermore, 50% of respondents indicated that their co-operative was negatively affected by the COVID-19 lockdown regulations to an extensive extent. On the other hand, only 8% of respondents indicated that their co-operative was not affected by the COVID-19 lockdown regulations at all.

A more detailed breakdown of the role and contribution of co-operatives during the COVID-19 period is included in Section 5.2.

1.4.3 Impact of COVID-19 on Co-operatives

In order to measure the impact of COVID-19 on co-operatives, respondents were asked about the impact of COVID-19 restrictions on their co-operative. Additionally, factors such as the impact of COVID-19 on their operations, sales and revenue, quality of services and the ability to manage their business was assessed.

With regard to the impact of COVID-19 lockdown restrictions, 77% of respondents indicated that their co-operative was either significantly, substantially or extensively affected by the lockdown restrictions, while only 10% indicated that they were not affected by the lockdown restrictions at all. Some respondents who were negatively affected indicated that the restrictions on movement made it challenging to sell their products to customers, as customers could not physically purchase their products.

The results of the impact of COVID-19 on the operational status of co-operatives revealed that 78% of co-operatives that participated in the survey were still operational, while 22% were no longer operational. Even though the majority of co-operatives who participated in the survey were able to remain operational, respondents indicated that their businesses still faced numerous challenges as a result of COVID-19.

In addition to the above, 73% of co-operatives indicated that they experienced a decrease in revenue during the COVID-19 period and 70% of co-operatives experienced a decrease in sales. Respondents indicated that challenges such as lockdown restrictions and the lack of physical sales impacted their sales and revenue during the COVID-19 period.

With regard to the impact of COVID-19 on co-operatives' ability to provide quality services, 71% of respondents indicated that the quality of services provided was either significantly, substantially or extensively affected by the COVID-19 pandemic. This was largely down to factors such as immobility as well as the loss of key members due to illness or death, which slowed down the provision of services and subsequently impacted the quality of said services.

Finally, with regard to the impact of COVID-19 on the ability of co-operatives to manage their businesses, 73% of respondents indicated that their ability to manage their

businesses was significantly, substantially or extensively affected. Factors such as a lack of access to internet and technology meant that co-operatives struggled to manage their businesses virtually, which subsequently impacted their ability to manage their businesses.

A more detailed breakdown of the impact on co-operatives during the COVID-19 pandemic is included in Section 5.3.

1.4.4 Challenges Faced by Co-operatives During the COVID-19 Period

In order to gain a thorough understanding of the other challenges faced by co-operatives during COVID-19, co-operatives were asked to indicate some of the key challenges that their businesses faced during COVID-19. Overall, 64% of respondents indicated that loss of income was the most significant challenge faced, while 25% indicated that their businesses faced human resource constraints. Additionally, 65% of respondents indicated that these challenges were likely to continue post COVID-19. For example, some respondents indicated that challenges such as the inability to secure funding was a long-standing issue which was merely exacerbated and not caused by COVID-19 pandemic.

A more detailed breakdown of the challenges faced by co-operatives during the COVID-19 period is included in Section 5.4.

1.4.5 Co-operatives' Ability to Adapt to the Challenges Faced During the COVID-19 National Lockdown

Overall, 13% of co-operatives indicated that they were not able to adapt to the challenges caused by the COVID-19 national lockdown at all, while 29% indicated that they were able to adapt to the challenges minimally. 25% of co-operatives indicated that they were able to adapt to the challenges extensively. It is important to note that some co-operatives were able to adapt by producing and selling masks and other personal protective equipment (PPE) items, as well as essential items such as sanitisers.

When asked to indicate the extent to which their co-operatives were able to shift towards remote working during the COVID-19 national lockdown, 31% of respondents indicated that they were not able to shift to remote working at all, while only 15% indicated that they

were able to shift to remote working extensively. It is important to note that shifting to remote working was not possible for certain types of co-operatives, such as certain agricultural co-operatives, due to the nature of their businesses.

In addition to the above, respondents were asked to indicate whether their businesses faced any challenges with regard to accessing and using technology during the COVID-19 period. Overall, 58% of respondents indicated that they could not use technology due to the nature of their work. This was particularly the case for agricultural co-operatives, who require physical interactions in order to conduct key business activities. Other challenges included a lack of access to internet (42%), a lack of computer literacy amongst co-operative members (42%) and general access to technology (29%).

A more detailed breakdown of the ways in which co-operatives adapted to the challenges caused by COVID-19 is included in Section 5.5.

1.4.6 Role of the Government, Private Sector and NDA in Supporting Co-operatives

Overall, 79% of respondents agreed that acquiring government support would enable co-operatives to play a bigger role in South Africa's economic recovery post the COVID-19 period, while only 15% disagreed with this view. Some respondents indicated that they did not agree that government support would help co-operatives due to the fact that there is a lack of collaboration within many co-operatives in South Africa, which is an issue that cannot be addressed by government support.

When asked to specify the form of support required, 65% of respondents selected increased access to funding opportunities. This was followed by 18% of respondents who indicated that the training of co-operatives is required. Only 6% of respondents indicated that reduced timeframes to acquire licenses and permits is required.

Additionally, co-operatives were asked if they had received support from either the government, the private sector, or the NDA. Overall, 77% of respondents indicated that their businesses did not receive any form of support. This was due to a number of reasons, including lack of access to information; lack of awareness regarding the available support or the processes to be followed in order to apply for support, and the

inability to afford the potential third party costs. Furthermore, co-operatives were unable to apply for support due to specific compliance requirements not being met, such as the unavailability of financial statements.

A more detailed breakdown of the role of the government, the private sector and the NDA in supporting co-operatives is included in Section 5.6.

1.4.7 Contribution of Co-operatives Towards Unemployment

Overall, 87% of respondents agreed or strongly agreed that co-operatives could play a meaningful role in reducing unemployment post the COVID-19 pandemic, while only 8% disagreed or strongly disagreed with this view. As such, it can be seen the majority of respondents agreed that co-operatives can play a meaningful role in reducing unemployment post COVID-19, however, respondents stressed that this is only possible if co-operatives receive adequate levels of support.

A more detailed breakdown of the contribution of co-operatives towards unemployment is included in Section 5.7.

1.5 Key Findings and Recommendations

The table below presents a summary of the key findings and recommendations that have presented themselves during this Research Project.

1.5.1 Positive Practices to Continue

Positive practices highlight key positive outcomes across the various areas of focus of the study. For example, a positive practice that was identified for the focus area relating to the 'Impact of COVID-19 on operations' was that some cooperatives were able to receive financial assistance in the form of grants during the COVID-19 pandemic and were therefore able to keep operating. The table below highlights the positive practices across various areas of focus.

Table 1-3: Positive Practices to Continue

Focus Area	Positive Practice
Impact of COVID-19 on Operations of Co-operatives	<ul style="list-style-type: none"> Some co-operatives received financial assistance in the form of grants during the COVID-19 pandemic and were therefore, able keep operating. Institutions should continue making efforts to provide financial assistance to co-operatives to enable them to continue operating.
Co-operatives' Ability to Adapt to the Challenges Faced During the COVID-19 National Lockdown	<ul style="list-style-type: none"> Some co-operatives were able to adapt to the challenges caused by the COVID-19 National Lockdown by producing and selling masks, sanitisers and other PPE items, to their communities Some co-operatives adopted certain measures, such as the pooling of financial resources and the use of digital platforms and virtual approaches in their operations in order to be able to adapt to the challenges posed by the COVID-19 pandemic.
Satisfaction with Support Received	<ul style="list-style-type: none"> The majority of respondents who received support from the NDA and the government indicated that they were satisfied with the form of support received, therefore, these institutions should continue to provide support, such as grants, to co-operatives during and post the COVID-19 pandemic to assist them continue their operations. The NDA should continue providing resources and other forms of support to co-operatives post COVID-19 to facilitate their contribution to economic recovery and reform.
Impact of Support Received	<ul style="list-style-type: none"> Several co-operatives were able to continue operating during the COVID-19 lockdown as a result of the support received from government, private institutions and the NDA.
Role of Co-operatives in Reducing Unemployment Post COVID-19 Pandemic	<ul style="list-style-type: none"> The majority of stakeholders consulted agreed that co-operatives could play a meaningful role in alleviating unemployment post COVID-19. Some stakeholders indicated that co-operatives are considered to be the pillar of small and micro enterprises which have a strong ability to create jobs. Co-operatives have a comparative advantage over other enterprises when it comes to job creation due to their labour-intensive nature which requires vast human resources.
Contribution of Co-operatives Towards Green Economy	<ul style="list-style-type: none"> Stakeholders consulted, as well as the literature review undertaken, informed that co-operatives could contribute meaningfully towards the green economy.

1.5.2 Key Findings and Recommendations

Section 6 provides the recommendations for the project, based on the key findings identified in the research findings section. The key findings and recommendations are categorised according to the following themes, based on key challenges identified and include:

- General Challenges
- Lack of Funding Opportunities
- Access to Markets
- Lack of Skills
- Access to Internet and/or Technology
- Barriers to Co-operative Expansion and Development

It is important to note that certain challenges faced by co-operatives, such as the poor health of individual co-operative members, are internal challenges and therefore, cannot be addressed by the NDA or the government. However, by addressing the challenges that are within the reach of the NDA and the government, the co-operative sector can receive the required support which may enable the sector to contribute to economic recovery in South Africa.

Further detail regarding specific recommendations proposed may be found in Section 6.

2 Introduction

This report presents the findings and recommendations from the research study conducted to understand the role and contribution of co-operatives towards the South African ERRP (“the Project” or “the Study”).

The report begins by providing an overview of the project background and approach. This is followed by a description of the research methodology adopted for the study and a description of the challenges that were encountered during the project.

Primary and secondary data was analysed to offer the insights contained in this report. Data collected and analysed included both quantitative and qualitative data. The qualitative data was sourced through comments made by stakeholders in surveys, interviews and focus groups, whilst the quantitative data was based on survey results.

The following table provides an outline of the sections contained in this document

Table 2-1: Section Outline

Section	Content	Description
Section 2	Introduction	This section provides the background to the project, as well as the context within which it was conducted. Additionally, it describes the scope and objectives of the project.
Section 3	Research Methodology	This section provides a description of how the project was completed, highlighting the research undertaken and key limitations experienced.
Section 4	Literature Review	This section provides an overview of some of the key findings from the desk-based research.
Section 5	Research Findings	This section presents the overall findings from the primary research and the key findings across each focus area.
Section 6	Key Findings and Recommendations	This section highlights the positive practices, key findings, and recommendations that the NDA should consider going forward.

Section	Content	Description
Section 7	Conclusion	This section provides a conclusion to the findings and the report.

2.1 NDA Overview

The NDA is a public entity listed under Schedule 3A of the PFMA. It was established in terms of the NDA Act of 108 of 1998 as amended. The mandate of the NDA is to contribute towards the eradication of poverty and its causes by granting funds to Civil Society Organisations (“CSOs”) (including both co-operatives and NPOs), in order to:

- Implement development projects in poor communities, and
- Strengthen the institutional capacity of other CSOs that provide services to poor communities.

The secondary mandate of the NDA is to conduct research and evaluation studies, which are used as engagement tools between organs of the state, CSOs and the private sector in order to improve and enhance the South African development policy landscape. Additionally, the outputs are used to inform program planning, implementation and management of NDA development programmes.

2.2 Project Background

The Coronavirus (“COVID-19”) outbreak created an unpredictable crisis for South African citizens, businesses and society all over the country, inclusive of co-operatives. The President of South Africa announced the ERRP as the country moved to level 1 of the state of emergency. He stated that “in adversity so often comes opportunity. South Africa is now on the threshold of an important opportunity to imaginatively, and with a unity of purpose, re-shape its economic landscape.” The current conjuncture presents an opportunity to reset the South African economy, with co-operatives playing a key role in creating sustainable opportunities to re-shape the South African economic landscape (NDA, 2021).

The purpose of this research was, therefore, to identify the role, contribution and challenges faced by co-operatives in revitalising effective and sustainable economic

activities in response to the governments' economic reconstruction and recovery plan initiative as a response to the negative effect of COVID-19. The research should also inform government, business and civil society regarding how to frame economic policies that would ignite and increase economic growth through well-structured co-operative efforts post the COVID-19 pandemic period in South Africa.

2.2.1 Project Objectives

As per the Terms of Reference ("ToR"), the aim of this research was to generate empirical knowledge and information from the multiple stakeholders involved in the economic reform and recovery plan in order to inform policy and planning for South Africa. Additionally, this research aimed to encourage debates and discussions between the public, government and private sector on the appropriate operations and sustainable responses for industry to contribute, in order to increase the participation of South Africans in the economic recovery plan.

The research objectives included:

- Understanding the role and contribution of co-operatives towards South Africa's economic recovery and reform during the COVID-19 period
- Exploring the main impediments faced by co-operatives in competing in the South African economy at legislative, policy and strategic approach levels during COVID-19 and during lockdown regulations
- Examining to what extent these impediments have affected the operations/livelihoods of co-operatives and their existence during the COVID-19 period
- Identifying mechanisms which may assist with strengthening the role of co-operatives as one of the main drivers of the economic recovery and reconstruction plan in South Africa
- Documenting and sharing the lessons learned by co-operatives, private sector and government in responding to the COVID-19 pandemic
- Understanding the role of government and private sectors in supporting co-operatives towards restoring the economy

-
- Providing recommendations from the research findings that can build a sustainable, resilient and inclusive economy

2.2.2 Project Scope

As the ToR prescribed, the scope of work included the areas of research below, which were aligned to the aims and objectives of the project:

- A literature review of published and unpublished literature related to skills development legislation, policies and frameworks on the status quo of co-operatives in the civil society sector internationally, and of best practices taken from other countries on how they have responded to the research theme
- Interviews and discussions with key stakeholders in government, the co-operatives sector, and the civil society sector, as well as with relevant academics and experts on how they view the role and contribution of South African co-operatives in providing good quality services and business management during COVID-19
- A research report and a policy brief with deliberations and recommendations on how South Africa can help respond to the needs and requirements of co-operatives in the co-operative sector that assist the sector in addressing economic, social and developmental impediments of the country
- A final research report and presentation thereof to the NDA which will be used for a debate with various stakeholders representing the civil society sector
- Participation in and leading of the national debate in different forums to be organised by the NDA on this research topic

3 Research Methodology

The sections below illustrate the process followed by Redflank whilst collecting, capturing, and analysing data for the research on the role and contribution of co-operatives towards the South African ERRP.

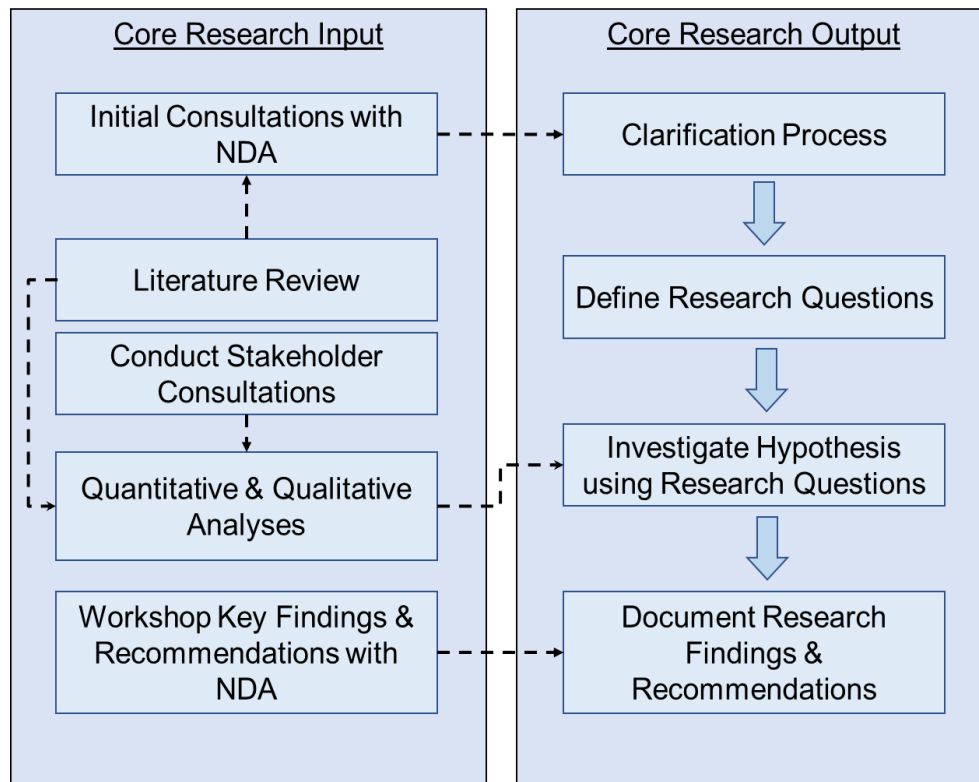
3.1 Conceptual Approach

The approach adopted for the project was a utilisation-focused approach primarily aimed at understanding the role and contribution of the co-operative sector in economic recovery and reform amidst the COVID-19 pandemic. Other focus areas included understanding the factors that have prevented co-operatives from competing in the economy, the challenges co-operatives face in their daily business, as well as providing lessons learned and recommendations to better respond to COVID-19 and the changes it has brought to the economic sphere in South Africa. The research approach was premised on establishing fundamental principles for the research study. The step-by-step approach followed when conducting this research included:

- Undertaking a clarification process to better inform the understanding of the project and design of data collection instruments, through desktop research
- Finalising the specific research questions to be investigated, based on input provided by the NDA
- Investigating the hypothesis using the research questions and input from consultations with the NDA and other key stakeholders such as government, co-operatives structures, the private sector, non-profit organisations (NPOs) and members of co-operative businesses operating in South Africa and experts.
- Developing recommendations related to best practices that can be adopted to build a sustainable, robust and inclusive economy.

These principles allowed us to build on the research problem defined above. The above is summarised by the figure below.

Figure 3-1: Conceptual Approach



Our research approach involved both qualitative and quantitative methods. The study adopted a mixed method approach to overcome the limitations of a single design. The two designs complemented each other well in the research and each was used as relevant to collect data most suited to the design. To ensure a thorough research study with regard to the role and contribution of co-operatives in South Africa's economic reconstruction and recovery plan was delivered, both desk-based and field research was undertaken.

3.2 Summary of Research Undertaken

The research undertaken for this project included desk-based research and field research. Field research undertaken included focus groups, interviews and surveys.

3.2.1 Desk-Based Research

The desk-based research included a review of relevant literature regarding co-operatives, their role in economic recovery during and post the COVID-19 pandemic, legislation and

policies affecting co-operatives and the role of government and the NDA in supporting co-operatives. Additionally, this review included a review of the following documents:

- A Co-operative Development Policy for South Africa
- Co-operatives Act 14 of 2005
- CSO Regulatory Framework: Research Report
- CSO Regulatory Framework: Policy Brief
- Integrated Strategy on the Development and Promotion of Co-operatives
- The ERRP

3.2.2 Fieldwork Research Undertaken

The following methods were used to collect primary data for the research on the role and contribution of co-operatives towards the ERRP:

- Surveys
- Telephonic Interviews
- Focus groups

The following stakeholder consultations were conducted during the course of the Project.

Table 3-1: Stakeholder Consultations

Stakeholder	Number of Completed Consultations
Interviews	
Co-operatives	11
NPOs	10
NDA	12
Academia, Industry Bodies and Government Representatives	9
Interview Total	42
Focus Groups	
Cooperatives	2 (with 6 participants)
NPOs	1 (with 3 participants)
NDA	1 (with 4 participants)
Focus Group Total	4 (with 13 participants)
Surveys	
Cooperatives	397
NPOs	51
NDA	13
Survey Total	461
Consultation Total	516

Survey links were distributed to the entire database of relevant stakeholders via email and bulk SMSes. Input was received from the various stakeholder types through the interviews, focus groups and surveys. Overall, a total of 516 consultations were conducted.

3.2.2.1 Surveys

Quantitative data was obtained through online surveys. This method of survey distribution was chosen as it offers several advantages over telephonic surveys, namely lower costs, convenience for respondents, design flexibility, and automation and real time access to results (Gingery, 2011).

The surveys were designed based on the need to obtain specific information required by the study. The primary goal of the survey was to gain insight into the extent to which relevant stakeholders were of the view that co-operatives can play a meaningful role in South Africa's economic recovery and reconstruction post the COVID-19 period. In addition, the surveys provided a platform for stakeholders to share the challenges encountered by co-operatives throughout the COVID-19 period and make recommendations regarding how the role of co-operatives could be strengthened in the future and how the challenges faced could be alleviated, for example, through adequate support from the government, private sector and the NDA.

Questions in the survey were predominantly based on a 5-point Likert scale (with 5 denoting the most positive response and 1 indicating the most negative response). The Likert Scale was adopted in order to quantify the impact of the COVID-19 pandemic on co-operatives' operations, revenue and ability to provide services, amongst others. A number of open-ended questions were also included within the survey in order to provide further depth and understanding.

Overall, 461 survey responses were received from co-operatives, the NDA and NPOs.

3.2.2.2 Interviews

The purpose of the interviews was to generate qualitative data that would lend depth to the quantitative data generated by the surveys. Interview questions were derived from preliminary research, the Project's ToR and through consultations with the NDA Project Team. The key stakeholder groups identified for interviews were co-operatives, the NDA, NPOs, Industry Bodies, Government Representatives and Academia. Overall, 42 interviews were either conducted telephonically or via Microsoft Teams.

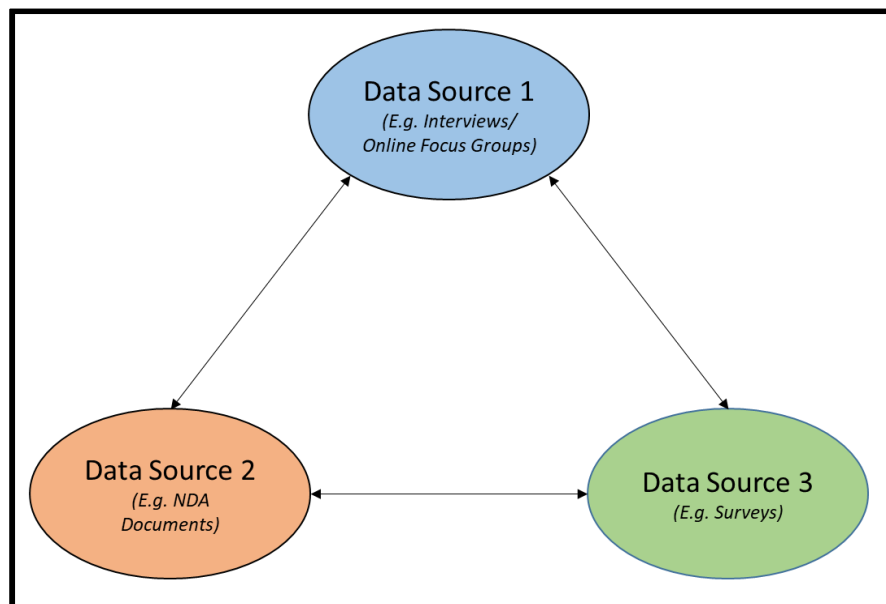
3.2.2.3 Focus Groups

Focus groups were undertaken to source data and information from relevant stakeholders. The purpose of the focus groups was to gain an understanding of the key areas of interest and enhance the qualitative view of the data. Focus groups took the form of a facilitated session focused on key discussion points that allowed for better participation. Overall, 4 focus groups, with a total of 13 participants, were conducted.

3.3 Data Triangulation

A key aspect of the research approach involved the cross validation and triangulation of results, to ensure robust research findings. As can be seen in the figure below, information gathered from a particular data source (e.g., data source 1) was assessed and validated against an alternative data source (e.g., data sources 2 or 3), and vice versa. This triangulation process was used in order to ensure that findings were consistent and valid. Any discrepancies that were identified, such as a finding in an interview contradicting the findings in surveys, were analysed further to determine reasons for the discrepancy. This process ensured that a thorough study was delivered.

Figure 3-2: Data Triangulation



3.4 How to Read and Interpret Survey Results

As explained in Section 3.2, quantitative results were obtained through surveys. The survey questions were predominantly based on a Likert scale. Likert-type or frequency scales use fixed choice response formats and are designed to measure attitudes or opinions (Bowling, 1997). An example of a Likert scale used in this report is the scale used to measure the extent of a state, ranging from “not at all” to “extensively” (see below), for instance, the extent to which respondents believed that their co-operative was impacted by the restrictions implemented during the COVID-19 lockdown.

The extent of a state was measured directly or through assessing agreement/disagreement with statements, as seen below.

Table 3-2: Likert Scale

Likert Scales of Extent				
Not at All	Minimally	Substantially	Significantly	Extensively

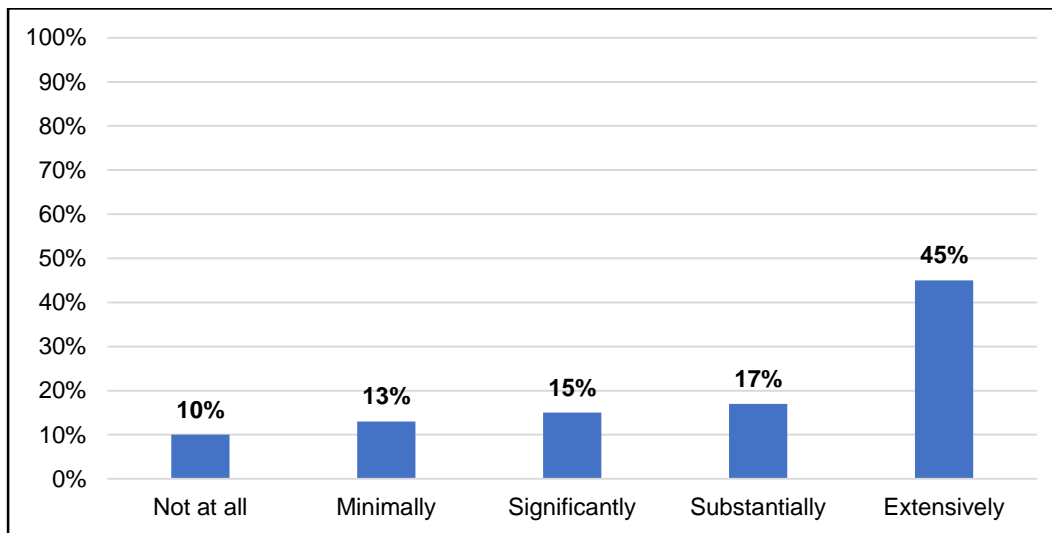
The majority of the graphs presented throughout this report measure the percentage of respondents who selected a specific option over the total number of respondents for that question. The figure below presents an example of how the survey results were analysed:

Figure 3-3: Illustrative Sample Survey Results

To what extent was your co-operative impacted by the restrictions implemented during the COVID-19 National Lockdown		
Not at all	10%	
Minimally	13%	
Significantly	15%	
Substantially	17%	
Extensively	45%	

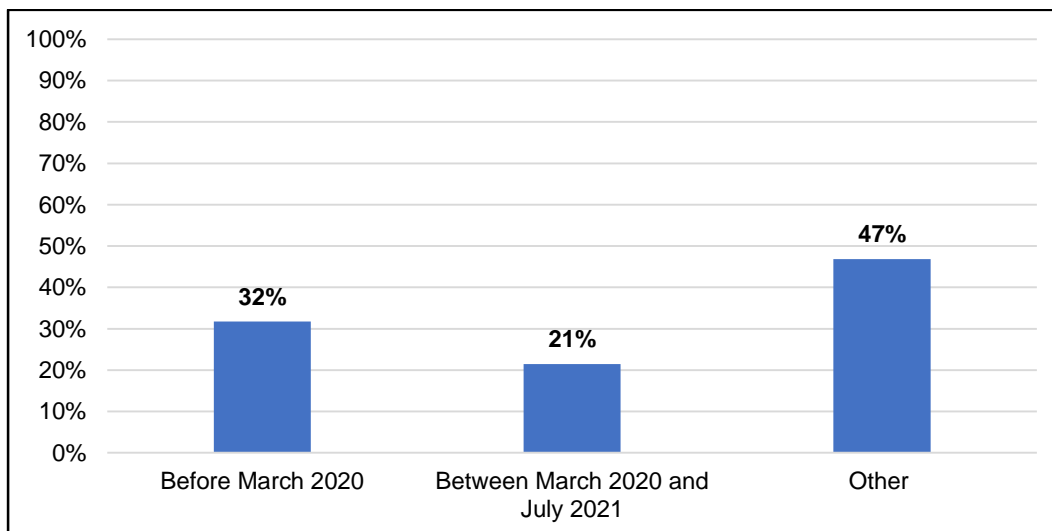
The results above would then be presented graphically as follows:

Figure 3-4: Illustrative Sample Graph



Where “other” was provided as an option to respondents who selected this option were requested to provide further detail. The figure below provides an illustrative example of a question which included “Other” as a response option.

Figure 3-5: Illustrative Sample Graph 2



Specific to the example above, some of the comments noted by respondents who selected “other” as an option were as follows:

“We still need some vital documents such as BBBEE.”

(Co-operative Survey, 2021)

“Never started, due to COVID-19 pandemic”

(Co-operative Survey, 2021)

3.5 Research Limitations

A number of limitations were experienced during the data collection phase of the project. These included:

- 1. Language Barrier:** While attempting to schedule and conduct interviews with stakeholders, some stakeholders expressed that they would prefer to conduct the interview in their native language instead of English. To overcome this challenge, Redflank ensured that team members speaking the relevant native languages were assigned to effectively conduct these interviews.
- 2. COVID-19 Constraints:** It was noted that due to the COVID-19 National Lockdown, some of the stakeholders were working from home. This made it difficult to arrange interviews in instances where the contact details provided were office landline numbers. In order to overcome this, where email addresses were provided, stakeholders were contacted via email to schedule interviews.
- 3. Incorrect Contact Details:** Some stakeholders' contact details were invalid and, consequently, these stakeholders could not be involved in the data collection.
- 4. Low Response Rates:** The survey response rate for NPOs was low and increasing the survey response rates amongst NPO's proved to be a challenge. In order to address this limitation and increase response rates amongst NPO's, Redflank arranged for industry bodies to distribute the NPO survey link to their existing databases.
- 5. Lack of Secondary Research:** It was noted that due to a lack of published literature, there was difficulty in sourcing secondary information on the impact of COVID-19 on co-operatives and how co-operatives have adapted during the pandemic in South Africa.
- 6. Technology Constraints:** It was noted that there was difficulty in scheduling virtual focus groups with co-operatives and NPOs due to numerous co-operatives and NPOs having limited/no access to internet and technology. In order to

overcome this, Redflank conducted telephonic surveys and/or interviews with respondents who could not participate in the virtual focus groups due to a lack of access to internet and/or technology.

- 7. Stakeholder Unavailability to Participate:** Some stakeholders indicated that they would not be able to participate in the interviews due to other commitments.

4 Literature Review

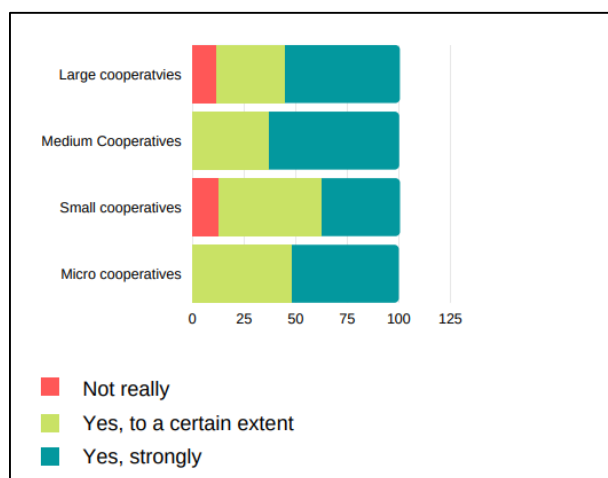
The section below provides key insights from the desk-top research undertaken. This section outlines the impact of COVID-19 on co-operatives, the role and contribution of co-operatives towards economic recovery during and post COVID-19 as well as the role that entities such as the government and the NDA have to play with regard to providing co-operatives with support. Furthermore, this section provides an overview of some of the international responses by co-operatives that allowed their businesses to adapt to the challenges caused by the COVID-19 pandemic.

4.1 The Impact of COVID-19 on Co-operatives

Co-operatives across the world were negatively impacted by the pandemic. Research conducted by Co-operatives Europe (2020) found that the workforce, turnover, and business operations of co-operatives across Europe were impacted by COVID-19. Some of the key impediments faced by co-operatives in Europe included loss of potential customers and contracts and lower turnovers (especially for co-operatives in the tourism, entertainment, sports, and leisure sectors). The research further added that the main impact was felt by employees who suffered due to retrenchments or adjustments to their jobs.

Nonetheless, some co-operatives in some sectors, such as the health and retail sectors, observed a higher rate of activities. Around 12.5% of medium-sized European co-operatives operating in the social and health sectors experienced an increase in their turnover. Moreover, co-operatives in the manufacturing sector were able to seize new production opportunities and establish a market for their new products such as sanitising gels, disinfectants, and alcohol (Cooperatives Europe, 2020). The figure below depicts the extent to which co-operatives believed that the pandemic negatively impacted their business activities.

Figure 4-1: Impact of COVID-19 on Business Activities of Co-operatives



Source: Co-operatives Europe (2020)

It can be seen from the above that the majority of co-operatives surveyed believed that their business activities were largely impacted by the COVID-19 pandemic. The research further found that only a small segment of co-operatives had the opportunity to increase their business activities and turnover during the pandemic period (Cooperatives Europe, 2020).

In the Asia Pacific region, the World Co-operative Monitor (2020), citing Dongre & Paranjothi (2020), explained that many co-operatives had to request a moratoria on loans, encountered a decrease in the sale of both services and products, faced cash flow issues, had a significant reduction of activities due to the restrictions on movement put in place under the lockdowns and had a loss of income in line with these restrictions. The World Co-operative Monitor (2020) further found that in the African region, co-operatives are mainly established in the agriculture industry. These co-operatives experienced substantial reductions in revenue due to multiple factors, including reduced deliveries, loss of buyers, lower prices, higher operational costs, and loss of members. Similar trends were discovered in Columbia and Argentina (Coop Monitor, 2020). In some countries, producer and consumer co-operatives shortened their supply chains in order to introduce direct purchase options amongst them. This allowed for the alleviation of the risk of increasing food prices being supplied to consumers (World Cooperative Monitor, 2020).

According to the World Co-operative Monitor (2020), although faced with numerous economic changes, co-operatives across the world have continued to contribute to their country's economy and have been able to adapt to the implications of the pandemic. The research conducted by the organisation further indicated that co-operatives across the world have introduced several preventive measures so as to continue operating sustainably during the pandemic. Some of these measures included implementing hygienic measures such as temperature controls before entering establishments (factories and warehouses) or ensuring social distancing is maintained through the installation of floor markers. Other measures include providing work from home opportunities to employees and increasing the salary for on-site workers during lockdowns. Furthermore, in Italy, several co-operatives have collaborated with Fintech organisations to provide financial support to SMEs in distress (OECD, 2020). It was also found that several co-operatives in Europe, whose business was boosted during the pandemic due to the production of sanitisers, disinfectants, and alcohol, had arranged to deliver the new manufactured products for free to regional health agencies (Cooperatives Europe, 2020).

The abovementioned opportunities and measures adopted by co-operatives worldwide indicate that, although faced with tremendous challenges, co-operatives upheld their core values of ensuring stakeholder interests are met and cooperation during the COVID-19 pandemic.

4.2 Role and Contribution of Co-operatives in Economic Recovery During and Post the COVID-19 Period

In addition to the challenges mentioned above, a significant barrier to business' ability to contribute to economic recovery post COVID-19 was the restrictions on movement. These restrictions on movement, such as lockdowns, brought economic activity to a halt in most of the sectors globally. This had devastating economic and social impacts on society, affecting household incomes and businesses of all types and sizes. Co-operatives, as business entities, were also affected. Given the impact on businesses across all sectors, there was a need to identify measures that may be implemented in order to stimulate economic recovery. An approach worth exploring was the role that co-operatives can play in economic recovery, given the benefits that such organisations usually bring. Co-

operatives encourage the achievement of economies of scale and scope. Furthermore, co-operatives promote stability, which is made possible through risk-sharing between members. Co-operatives also allow for collaboration between members, which often results in innovative outcomes. These benefits indicate that co-operatives can play a critical role in economic recovery post COVID-19. As such, for economic recovery to be possible, it must be determined how co-operatives can not only adapt to the impacts of the COVID-19 pandemic but also contribute to economic sustainability and growth post COVID-19.

The section below shows how co-operatives have adapted to the prevailing COVID-19 pandemic. Through identified measures targeting areas such as workplace safety and working conditions, and supply chain stabilisation amongst others, co-operatives have ensured that they remain operational through the pandemic and, in the process, ensured that they can continue to contribute to the economic landscape post-COVID-19. The section also identifies areas that are key to building a sustainable, resilient and inclusive economy. The argument put forth is that in order for co-operatives to significantly contribute to the economy, factors such as transitioning to greener processes, digitalisation, an enabling legislative or policy framework and access to finance must first be addressed and implemented to enhance co-operative development.

As mentioned above, due to the negative impact of COVID-19 on the operational capacity of co-operatives, co-operatives across the globe have had to adapt to the prevailing circumstances. According to the International Labour Organisation (2020), these co-operatives have adapted to the pandemic in the following ways:

- **Workplace safety and working conditions**

Co-operatives have introduced body temperature controls at entrances of warehouses and factories to restrict entrance to people with excessively high body temperatures, as this is considered one of the symptoms of COVID-19. Floor markers have also been put in place to show where to stand when clocking in and out to ensure social distancing between employees. In addition to social distancing requirements at the workplace, many employers have introduced measures that serve to ensure that all workers wear personal protective equipment. Furthermore, in an attempt to avoid the

COVID-19 transmission risks associated with commuting to and from work, certain co-operatives have scheduled extra buses to ensure that workers can also practice social distancing on their daily commute to and from the workplace.

- **Internal operation management**

With the enforced lockdowns meaning certain workers are not able to physically report to their places of work, enterprises globally have had to adapt to ensure operations continue. In response to these lockdowns, co-operatives are expanding remote working arrangements and either cancelling or postponing contact-based events and adopting virtual approaches, where possible. In addition, certain co-operatives in New Zealand have introduced special allowances during periods of lockdown which increases pay for those working through the lockdown, given the risk of infection. Furthermore, vulnerable workers were encouraged to stay at home on paid special leave.

- **Worker protection**

To increase worker protection, co-operatives are modifying paid time-off policies to accommodate workers who may be absent due to illness or to care for sick family members. This is to ensure that they do not suffer a loss of income or other benefits. In some instances, higher paid workers have taken pay cuts to ensure that the lower-paid workers could get full pay and are protected from being laid off during the closures, with a case in point being Football Club Barcelona in Spain. Additionally, in an effort to ensure that front-line workers have uninterrupted access to childcare services throughout the pandemic, the fees associated with childcare services were waived in some countries. The waived fees were financed through alternative means such as donations and/or contributions from community members, with the Midcounties Coop in the UK being an example.

- **Supply chain stabilisation**

Regarding the stabilisation of the food supply chain, co-operatives have established direct purchasing lines between producer and consumer co-operatives to shorten supply chains, which, in turn, reduced the risk of inflated food prices. An example of co-operatives which have introduced this include Fairtrade producer and consumer

co-operatives. Co-operatives are also protecting smallholder farmers' food production and keeping the food value chain alive given the increasing demands from consumers spending more time at home.

- **Production innovation and adaptation**

The pandemic has increased the demand for protective items such as masks and hygiene items such as sanitisers, as people are looking to avoid catching the virus. As a result, industrial co-operatives such as the Co-op Couturières Pop Canada are diverting production efforts towards those much-needed supplies and distributing them to high-risk populations including front line workers of Co-op Couturières Pop Canada.

- **Broadening access to relevant information**

Co-operatives, enterprises and their secondary and tertiary organisations and networks are surveying member organisations on the impact of the pandemic in Australia and Japan. They are also preparing video messages, WhatsApp groups, questions and answers, guidance notes, establishing online resource platforms and organising webinars to advise on a range of issues relating to governance and legal issues, as well as providing risk management advice to member co-operatives on possible mitigation measures in response to the pandemic.

- **Support for customers and communities**

Agricultural and retail co-operatives, and SSE organisations involved in the production and distribution of food and other necessities, are partnering with municipalities, local CSOs and volunteers to assist vulnerable people who cannot go shopping themselves. This is especially prevalent in the United Kingdom ("UK") and Denmark.

In the health sector, co-operatives are establishing support funds and distributing protective gear to their members, workers in essential enterprises and frontline health care workers. In addition, the education and cultural service sectors are putting in place e-learning courses on topics such as stress, anxiety, and depression in interactive and easy to understand segments designed to help people cope with the mental stress of the pandemic and lockdown. Examples of co-operatives

implementing this include the Co-operative College in the UK and Erk Mead in Ethiopia.

- **Advocating for government emergency measures**

In the Philippines, the Aurora Integrated Multipurpose (“AIM”) co-operative is urging the government to relook and redesign the existing co-operative development models, while also advocating to stabilise the supply chains in certain sectors such as the pharmaceutical and medical.

- **Creation of fund-raising campaigns and realigning already existing funds for recovery**

In their quest to raise funds for vulnerable individuals affected by COVID-19, co-operatives are realigning the funds devoted to supporting Social and Solidarity Economy (“SSE”) organisations during and post COVID-19. The funds are channelled to the most vulnerable communities who require various forms of support. They are also creating fundraising campaigns for COVID-19 relief efforts and support to SSE organisations.

It is important to note that while there are many international examples detailing the ways in which co-operatives have responded to the impacts of the COVID-19 pandemic on their operations, there is a lack of published information with regard to how co-operatives in South Africa have responded to the pandemic. This lack of information represented a research limitation. As such, this report outlines findings from the primary research which was undertaken in order to gain a thorough understanding of the current state of co-operatives in South Africa and how they have responded to the COVID-19 pandemic.

4.3 Role of the NDA and Government

Given the potential contribution that co-operatives can make to economic recovery post COVID-19, it is important to understand how organisations can contribute to co-operative development and support in order to allow co-operatives to realise this potential.

This section, therefore, investigates the two existing support structures for co-operatives in South Africa, namely the NDA and the South African Government, in order to understand how these support structures can contribute to co-operative development and

support. This section also outlines how international co-operatives have responded to the COVID-19 pandemic through collaboration with their respective governments, as well as other co-operatives.

4.3.1 Support Available to Co-operatives

The following sections outline the various forms of support which exist for co-operatives in South Africa. The discussion focuses on the role of the NDA in supporting co-operatives, as well as the role that other government organisations can play in supporting co-operatives.

4.3.2 NDA Support

The NDA recognises the critical role that co-operatives can play with regard to the eradication of poverty. As such, the NDA provides specific support to co-operatives aimed at improving their financial and non-financial capacity to assist in the eradication of societal ills such as poverty and unemployment. The NDA assists co-operatives with access to markets through the South African Social Security Agency (“SASSA”) and the Department of Social Development (“DSD”). In the 2017/18 financial year, 556 co-operatives benefitted from SASSA procurement through linkages created by the NDA which amounted to R 105 020 771 (NDA, 2019). The assistance offered to co-operatives is seen as an instrument to facilitate job creation, and as a way to promote sustainable livelihoods in marginalised and disadvantaged communities. However, it is noted that the lack of effective monitoring systems limits the NDA’s ability to measure the extent of the impact created and of the overall growth of co-operatives (NDA, 2019).

In addition to the NDA providing co-operatives with linkages to procurement opportunities, the NDA also supports co-operatives through an initiative called the CSO Development Programme. The CSO Development Programme is the overarching programme through which the NDA strives to strengthen the capacity of CSOs to provide services effectively and efficiently to the disadvantaged and marginalised communities that they serve (NDA, 2019).

The NDA acknowledges the critical role that the broader CSO sector plays in economic, social and democratic development. The NDA recognises that CSO’s are development

actors that provide key contributions to the achievement of the shared goals regarding the eradication of poverty and improving the lives of beneficiary communities. Thus, the NDA serves as a catalyst to harness the efforts of CSOs through the CSO Development Programme. The CSO Development Programme is anchored on the following four interventions (NDA, 2021):

- **CSO Formalisation Processes**

Through the NDA CSO Development Framework, the NDA facilitates and supports CSO formalisation processes to ensure that organisations are formalised and compliant with the relevant registration acts. This ensures that organisations, including co-operatives, are properly formed, in accordance with the applicable legislation (NDA, 2021).

- **CSO Capacity Building**

The CSO's institutional strengthening and capacity building intervention is aimed at developing and institutionalising the organisational capabilities of CSOs to equip these organisations with the skills to respond to their programme-specific needs and to ensure compliance with registration requirements as well as reporting requirements to funders. The programme focuses on strengthening the institutional capacity of CSOs to ensure that their abilities and capabilities to manage their organisations and its programmes efficiently are enhanced. The NDA provides accredited and non-accredited training on relevant topics ranging from financial management, project management, governance and resource mobilisation to community development practice and networking. Furthermore, mentoring is provided to support the NDA's efforts in strengthening the organisational management activities of CSOs (NDA, 2021).

- **CSO's Grant Funding and Resource Mobilisation**

Grant funding is provided to CSOs which contribute towards the improvement of the quality of life in communities through programmes or projects that assist the poor. Financial and non-financial resources are identified and mobilised to support NPOs and CSOs. With regard to providing funding for CSO projects, the NDA assesses projects against specific project funding criteria. The NDA supports projects that demonstrate an

integrated, holistic, comprehensive and sustainable approach to poverty eradication based on the following criteria (NDA, 2021):

- Effectiveness: The extent to which a project may achieve its stated objectives and other socially desirable outcomes.
- Poverty Impact: The potential demonstrable impact of the project in improving the quality of life of poorer communities and individuals, such as jobs created, and income generated.
- Sustainability: The effectiveness, efficiency, ownership, viability and productivity of the project within the constraints it faces such as funding, staffing and other operational issues.
- Replicability: The potential value of the project in informing new ideas and good practices or other poverty eradication programmes.
- Partnership: The potential that the project has with regard to leveraging funds from other sources to optimise NDA funds, extend capacity, enhance image and improve impact.
- Model of best practice: The extent to which a methodology is tried and tested to deliver results in the best possible way.
- Potential to become a centre of development in a community.
- Institutional capacity to execute the projects.

Furthermore, the NDA provides grants to CSOs through two methods, namely, Request for Proposals (“RFP”) and Programme Formulation. The RFP is a competitive grant funding approach that targets well established CSOs, NGOs and co-operatives in organised communities. CSOs submit proposals based on pre-set criteria and processes. Proposals are then submitted by provincial offices and recommended by management based on policy, criteria and budget approved by the NDA board (NDA, 2021).

Programme Formulation, which is the NDA’s preferred method of committing grants, is a grant making approach whereby the NDA engages less organised communities in social facilitation with the view of creating grassroots structures that will ultimately be the mechanism for implementation of projects. This approach targets specific areas and sectors based on primary research on priority poverty pockets. The NDA plays an active

project oversight role in which NDA Development Managers assume an active role in the conceptualisation and planning of projects. Given the nature of the Programme Formulation funding approach, this form of funding is aimed at less established organisations in identified communities (NDA, 2021).

Beyond the two abovementioned grant funding approaches, the NDA also leverages other sources of funding for identified special projects. The NDA may partner with relevant institutions to co-finance, provide technical support and implement specific projects with credible private and public sector institutions specifically in the areas of job creation and sustainable economic enterprises. The NDA may also provide grant funding to national strategic projects that have the potential to yield best practice in enabling the poor to participate in the formal economy of South Africa.

- **Creating Linkages to Enhance Sustainability**

A sustainable CSO is one that can continue to fulfil its mandate over time and in doing so, continue to meet the needs of its key beneficiaries and supporters. As such, sustainability should be seen as an ongoing process. In an effort to strengthen the sustainability of CSOs, the NDA offers various services such as identifying sustainability opportunities for funding, as well as facilitating linkages for sustainability opportunities locally, provincially, nationally and internationally (NDA, 2021).

- **Leveraging the CSO Development Model**

The NDA has increased the support provided to CSOs through the implementation of the CSO Development Model, particularly in the areas of mobilisation, formalisation and capacity building of CSOs. Given the effectiveness of the model in providing support to CSOs, it can be argued that the model can be adapted to ensure that co-operatives in particular are given adequate support, which will have a positive effect on co-operatives' contribution to the recovery of the South African economy post COVID-19.

In the 2019/20 financial year, the NDA assessed a total of 9 504 CSOs to identify their need for support. The needs identified included registration, compliance to registration requirements, capacity on governance, funding, and access to markets for goods produced. The NDA, based on the results of the assessment, was successful in

supporting CSOs by providing relevant capacity building, training, grant funding, linking CSOs to other funders and markets, and assisting with registration of unregistered CSOs with the relevant authorities (NDA, 2020).

A total number of 1 008 CSOs have been assisted to formalise their structures by way of implementing governance mechanisms and financial processes. The formalisation work done by the NDA is particularly relevant given that there are many CSOs who operate without structure or a governance system, despite implementing good poverty eradication initiatives in various communities across South Africa. Through the formalisation process, the NDA attempts to equip such organisations with the adequate tools for them to qualify for support. The CSOs are assisted to develop constitutions and set up governance structures in order to meet registration requirements. For example, NDA Development Practitioners have incubated several organisations through processes such as the opening of bank accounts, making representations to local municipalities and traditional leaders to obtain land or premises from which to operate, and linking them to funding resources (NDA, 2020).

The NDA has assisted 5011 CSOs in registering with the appropriate legislative authorities. The formal registration of these CSOs marked an important step towards access to resources and participation in the economy. CSOs are assisted to comply with registration provisions, either as NPOs or co-operatives. The work done by the NDA regarding the registration of CSOs is critical, as statistics show that 73% of NPOs registered with the DSD do not comply with their registration requirements such as the submission of annual performance and financial reports (South African Government News Agency , 2020).

Subsequent to the mobilisation and formalisation processes, the NDA has equipped various CSOs with adequate skills via capacity building initiatives of the agency. More than 5000 CSOs have been trained in all aspects of CSO management related programmes such as governance, financial management, community development practice and conflict management. These interventions ensure the acquisition of comprehensive systems and skills to deliver quality poverty eradication services to disadvantaged and marginalised communities (NDA, 2020).

In fulfilling its mandate of mobilising resources and serving as a conduit for the disbursement of funds to CSOs, the agency raised R55.7 million worth of financial and non-financial resources in the 2019/20 financial year (NDA, 2020). These resources have benefitted CSOs in strengthening their ability to manage their organisations more effectively and to comply with legislative authorities. Furthermore, the NDA provided grant-funding to 153 CSOs in the 2019/20 financial year, which enabled these organisations to implement poverty relief programmes. The grant-funding focused on assisting CSOs with seed funding that enabled these organisations to provide services to communities. The funding specifically targets CSOs that do not meet funding requirements of most funding institutions. The NDA provides seed funding to unlock the potential of the CSOs in order to access more funding and increase their sustainability.

The CSO Development Model provides a solid foundation through which the NDA can support CSOs. As such, the model can provide guidance for the manner in which the NDA can support co-operatives post COVID-19. Given that the CSO Development Model focuses on aspects such as registration, compliance with registration requirements, adequate governance, funding and access to markets, it can be argued that the NDA needs to place more emphasis on providing support to co-operatives in particular. This emphasis is particularly important when considering that the issues that the CSO Development Model seeks to address corresponds to the barriers facing co-operative development in South Africa. Placing emphasis on the provision of support to co-operatives in particular can serve to ensure that co-operatives are equipped with the adequate tools to apply for funding and support from other sources to supplement the support received from the NDA, thereby enabling co-operatives to contribute to the upliftment of the economy post COVID-19.

4.3.3 Government Support

While the NDA is mandated to contribute towards the eradication of poverty through provision of support to CSOs, the government and the private sector provide support to the many co-operatives in the civil society sector through various initiatives such as providing platforms to access funding via financing institutions, a variety of business development and support services and corporate social responsibility initiatives by the

private sector. Furthermore, as a response to the COVID-19 pandemic, the South African government implemented various policy and legislative measures which aimed to alleviate some of the financial pressures faced by SMEs in the country. These interventions included the cutting of the repo rate, the establishment of a debt relief fund for SMEs as well as the establishment of a solidarity fund. These interventions are discussed in more detail below.

The government supports co-operatives through policy and legislative measures that foster co-operative development and build resilience for organisations that are part of the CSO sector. This is evident in the policy responses to the COVID-19 pandemic, implemented by the South African government. On the 19th of March 2020, the South African Reserve Bank cut the repo rate by 100 base points from 6.25% to 5.25%. On the 14th of April 2020, the Reserve Bank further cut the repo rate to 4.25%. On the 21st of May 2020, the rate was further cut to 3.75% (OECD, 2020). In addition to the cutting of the repo rate, the Prudential Authority of the Reserve Bank issued a proposal on March 26, 2020, which included dropping minimum capital requirements and compulsory reserve funds for lenders, reducing the liquidity coverage ratio to 80% from 100% and relaxing accounting standards when determining potential losses (OECD, 2020).

Furthermore, the South African government announced a package to support SMEs. A debt relief fund was established with the aim of providing relief on existing debts and repayments to assist SMEs during the period of the COVID-19 state of disaster (OECD, 2020). The Business Growth or Resilience Facility was also established with an aim of enabling continued participation of SMEs in supply value chains and, in particular, those who manufacture locally or supply various products that are in demand, emanating from the current shortages due to the COVID-19 pandemic. The facility offers working capital, stock, bridging finance, order finance and equipment finance (OECD, 2020).

In addition, the South African government has set up a Solidarity Fund to which South African businesses, organisations and individuals can contribute. A safety net is being developed to support individuals in the informal sector. There are also ongoing consultations to develop a proposal that aims to provide special dispensation for companies that are in distress as a result of COVID-19. Other measures included a tax

subsidy for a certain period of time for private sector employees earning below R6 500, under the Employment Tax Incentive. This measure aimed to help over 4 million workers. Commercial banks have also been exempted from certain provisions of the Competition Act to enable them to develop common approaches to debt relief and other necessary measures. For example, these exemptions meant that there were limitations set on the ability of the commercial bank to repossess assets of businesses or individuals subject to financial stress (OECD, 2020).

With regard to co-operative specific measures, it is useful to look at some of the steps taken by international governments in addressing the needs of co-operatives. Some governments have integrated co-operatives into their emergency response strategies by including them in their measures and establishing partnerships in order to combat the pandemic and its devastating impacts. For instance, in Kenya, government agencies responsible for co-operatives have already started establishing co-operative response committees consisting of co-operative leaders to work alongside government agencies in implementing measures to combat COVID-19 (ILO, 2020). Such committees are expected to continue playing a role post-pandemic reconstruction including in the provision of relief to co-operatives and their members. In Finland and South Korea, government agencies have been providing business grants, affordable loans and guarantees as well as temporary tax exemptions (ILO, 2020).

As co-operatives are already actively involved in providing relief for their members and communities through extended services, it is important for governments to establish specific co-operative funds that can allow these organisations to be more effective partners in the delivery of services, especially for the most vulnerable. Some governments have provided support for and established partnerships with co-operatives to temporarily convert products and services linked to COVID-19 related needs. These conversions range from support for producing masks, hand sanitisers, gloves, and respirators to converting spaces to hospitalise patients. Other governments, such as India, have given special permits for co-operatives to distribute produce while traditional markets stay closed (ILO, 2020).

By adopting a partnership approach, in which there is collaboration with government and public sector organisations, co-operatives have attempted to build the resilience of their communities. For example, in Australia, the Business Council of Co-operatives and Mutuals is recording and archiving the activities of Australian co-operatives in response to the COVID-19 pandemic. In addition, Australasia's largest automotive co-operative, Capricorn, has implemented a detailed COVID-19 communications plan to assist over 20 000 members, along with preferred suppliers and staff located across Australia and New Zealand. Furthermore, along with direct communication, Capricorn also continuously updates 'The Workshop', which is the co-operatives member community platform that provides business support and resources to help members stay resilient through the COVID-19 pandemic (Mohit, 2021).

4.4 Legislations and Policies

The international consensus on the development of co-operatives is that in order to establish the right environment for growth and prosperity of co-operatives, supportive legislation has to be in place to create this enabling environment (United Nations, 2021). To ensure that this environment is adequate, legislation needs to consider the complex, multipurpose and heterogenous nature of co-operatives (United Nations, 2021). While it is important to acknowledge the social and cultural functions of co-operatives, greater emphasis needs to be placed on the evolving economic and business elements of co-operatives. As such, recommendations from the United Nations (2021) include that governments across the globe should review their existing legislation and make amendments as required to make these regulations more conducive to the growth of co-operatives.

Knowledge of the legislative context that co-operatives exist in, as well as an understanding of the effects of these regulatory frameworks on co-operatives is critical in understanding the role that co-operatives can play in economic development. The following paragraphs, thus, provide insight into the impact that the existing legislations have on co-operatives in South Africa.

4.4.1 The Impact of Legislations on Co-operatives

Nationally, as of 2019, there were 140 000 registered co-operatives on government records, as explained by Co-operatives 4 Development (2019). While this number seems significant, it cannot be assumed that this growth is due to the enabling environment created by the Act. In the absence of alternative data on co-operatives in South Africa, it can be assumed that a large amount of these co-operatives exists on paper only. Many co-operatives in South Africa are registered for opportunistic reasons, mainly in an attempt to access government grants. Others are registered as a response to de-industrialisation and rising unemployment. In essence, there is a discrepancy between the number of registered co-operatives and the impact that these co-operatives have had on economic development. Additionally, many of the registered co-operatives have not formed secondary co-operatives, without which a coherent co-operative movement cannot begin to form.

In light of this, the government adopted several amendments to the Act in 2013 in an attempt to address the weaknesses identified in the Act (Cooperatives 4 Development, 2019). However, the amendments did not adequately address the issue of co-operatives being registered for the wrong reasons. The amendments did attempt to address other concerns such as the introduction of provisions that sought to ease the burden on small co-operatives with regard to having audited financial statements (Cooperatives Act, 2005). However, critics noted that the provision introduced a level of complexity which was unsuitable for a relatively unsophisticated co-operative movement. Furthermore, the provision regarding the financial statements of small co-operatives is premised on a controversial categorisation of primary co-operatives according to size that is likely to be difficult to apply in practice.

In many countries, co-operatives are given treatment that does not consider their peculiar nature, which serves to hinder co-operative development. Cracogna (2013) notes that even in instances where co-operatives do enjoy special tax exemptions, these exemptions are regarded as being subject to the will of the legislator and not because of the recognition of the distinct, unique characteristics of co-operatives. The international view is that the law does not always appropriately categorise and define co-operatives in

relation to other legal entities. This often leads to co-operatives being seen as quasi-public institutions implementing public policies, and not as enterprises in their own right (United Nations, 2021). This often results in issues such as tax implications.

It is worth noting that the definition of ‘co-operative’ in the Act conforms with the internationally accepted definition of a co-operative. The Act defines a co-operative as “an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles” (Cooperatives Act, 2005). Nonetheless, while the definition is in accordance with the internationally accepted definition of a co-operative, for the purposes of legal certainty - there are many aspects of the definition which are deemed to be unspecific and as a result, several constraints, including the inability to distinguish between genuine co-operatives from pseudo-co-operatives can be observed. Some of these constraints are detailed below.

Firstly, the Act offers little assistance with regard to differentiating between genuine and pseudo-co-operatives, or co-operatives from other legal entities such as a for-profit company. Secondly, the Act allows co-operatives to define their own objectives as well as the nature of their business. The Act also provides co-operatives the flexibility as to how they constitute themselves. Since co-operatives often lack the required resources to frame an appropriate constitution, many co-operatives rely on draft constitutions drafted by government. However, the generic nature of these clauses may cause problems as they do not always apply to particular co-operatives. (Cooperatives 4 Development, 2019).

Thirdly, as Co-operatives 4 Development (2019) adds, while the Act does define the different types of co-operatives with reference to objectives relating to the sector in which they operate, there is no distinction between user-owned and worker-owned co-operatives, which may result in issues that include, for example, the co-operative being taxed incorrectly. As a consequence, the distinction between co-operatives can be deemed as arbitrary.

Furthermore, the lack of clear categorisation of different types of co-operatives and the lack of regulations with regard to the governance of co-operatives represent legal

obstacles to their development in South Africa. This has resulted in a landscape whereby government is unable to prevent registrations being made to solely have access to government grants and divide the money amongst the registered members (Cooperatives 4 Development, 2019). The lack of adequate support from the legislation, as well as the lack of coherent co-operative movements, has made this exploitation easy. This has also resulted in a distorted understanding regarding the number of co-operatives in South Africa and has implications on how co-operatives can influence economic development, as in many cases, funds are being granted to co-operatives which only exist on paper.

4.4.2 International View on Co-operative Legislation

In countries where strong co-operative movements exist, the legislation and policy frameworks regulating the movement contributed significantly to the success of the co-operatives. As such, international recommendations with regard to the improvement of co-operative legislation is largely focused on ensuring that co-operatives are given sufficient legal standing when compared to other legal entities. In other words, while legislation should recognise co-operatives as being distinct from other entities, this distinction should not result in co-operatives being seen as 'lesser' entities. A repeated proposition is that legislation should recognise the peculiar and unique nature of co-operatives, while ensuring that this recognition does not impact how co-operatives are viewed as organisations in relation to other entities. Such recognition would involve clearly defining and differentiating co-operatives from other legal entities given that co-operatives have a defined purpose of service, without profit (Dante Cracogna , 2013) (United Nations, 2021).

4.5 International Best Practices

This section provides examples from other countries demonstrating the positive impact that co-operatives can have on vulnerable communities, particularly in response to a pandemic, but also in response to financial struggles as a result of other types of crises. The examples demonstrate the importance of collaboration and partnership between co-operative entities and the government. While these co-operatives can be commended for their efforts, these would not be possible without support from the relevant government and non-governmental institutions. As such, in the South African context, it should be

noted that while co-operatives can potentially play a critical role in stimulating economic development, particularly in response to the COVID-19 pandemic, co-operatives cannot provide adequate and sustainable assistance to their communities without support from the government.

4.5.1 Responses to COVID-19

The following are some of the initiatives implemented internationally in response to the current COVID-19 pandemic. These initiatives by co-operatives show that the role of co-operatives during and post COVID-19, goes beyond economic recovery, and can also include humanitarian efforts as needed.

- **Belgium**

The cultural and creative sector is one of the worst affected by the pandemic, especially in Europe. Smart is a co-operative of freelancers active in different sectors in Belgium, which consists of around 35 000 members. Although the members work in different sectors, approximately half of them operate in the cultural and creative sectors. Due to various safety measures and restrictions, such as enforced lockdowns, these workers were amongst the first ones to lose their source of income. By the end of 2020, the co-operative had observed a decrease in member activity equivalent to 90 000 working days since the crisis began (World Cooperative Monitor, 2020).

In response to this, Smart launched a solidarity plan called Plan Corona aimed at providing support measures to artists affected by show cancellations, as well as a stimulus packages to boost growth post the COVID-19 period. The plan had an initial budget of 5 million Euros. The proposed support measures included a compensation plan for all affected artists and temporary unemployment programmes for salaried workers. Also included in the plan was the intent to financially invest in areas such as marketing, for artists intending to reopen activities. In addition to continuously monitoring the impact of the COVID-19 pandemic on workers, as well as keeping them informed regarding available support measures, the co-operative established a COVID-19 information exchange platform for sharing information. Furthermore, Smart announced additional measures in September 2020 which included an economically focused training program. These were aimed at increasing the economic activity of workers. Although no figures

have yet been published, an analysis of this plan by the World Co-operative Monitor concluded that these measures would contribute to alleviating the economic and psychological toll on members (World Cooperative Monitor, 2020).

- **Japan**

In Japan, the Japanese Consumers Co-operative Union (“JCCU”) has been striving to make essentials such as food and hygiene products available to all members. Consumer co-operatives that support food banks and children’s cafeterias provide food for children and people in need as well as livelihood support centres. The JCCU has also conducted a survey of co-operative members to clarify the impacts of COVID-19 on their lives and purchasing behaviours (Mohit, 2021).

In addition to the above, the Japanese Health and Welfare Co-operative Federation (“HeW”) has set up a task force that disseminates critical information on prevention techniques, such as hand washing and social distancing. The HeW also collects information on member co-operatives by phone or email, responds to requests from member co-operatives and submits requests to the national government and political parties through JCCU regarding the difficulties and challenges in the healthcare and welfare industries (Mohit, 2021).

Furthermore, the Central Union of Agricultural Co-operatives (known as JA-Zenchu) conducted an emergency survey for the agricultural sector in Japan. Using the information obtained from the survey, JA-Zenchu summarised the impact of COVID-19 on agriculture in rural areas and, together with the government and other co-operatives under the JA Group and in response to this provided 4.3 tons of potatoes and cabbages bought from the School Lunch Office to locals for free. They also ran a big beef promotion campaign that involved residents winning lottery tickets for free meat to lower stocks of beef in producing areas. The Ie-no-Hikari Association, a publishing organisation established by JA-Zenchu, has created videos of handicrafts for children staying at home which spans topics such as how to make masks, as well as tips on how to maintain a healthy diet during the lockdown. JA-Zenchu has also set up an emergency task force and have been collecting critical information from their members, communicating with other co-operatives and the government in an effort to secure necessary and adequate supplies.

In 2020, JA-Zenchu submitted an urgent request to the Japanese Minister of Health, Labour and Welfare for a stable supply of medical masks, disinfectants, and protective equipment (Japan Co-Operative Alliance, 2020).

With regard to private sector support for co-operatives, due to the prevailing circumstances, the Norinchukin Bank, JF Marine Bank (Bank of the Fisheries Co-operative Group) and Rokin Banks are providing low-interest loans and consultations on loans and repayments in order to support the lives of their members and the local economy. The abovementioned banking associations have also established an emergency fund to combat COVID-19 for low-interest loans and reduced guarantee fees. The banking associations have also started accepting applications for special unsecured loans to support the livelihood of workers affected by COVID-19, as well as for special emergency small loans based on the situation caused by COVID-19 (Mohit, 2021).

- **India**

In India, the National Co-operative Union of India offered its hostel as a coronavirus isolation ward. All employees have also donated one-day's salary to the Prime Minister CARES Fund, which is a fund aimed at strengthening the fight against COVID-19 through the provision of quality treatment to the citizens of India (Prime Ministers Citizen Assistance and Relief in Emergency Situations Fund, 2020). The co-operative sector in India is estimated to have contributed approximately 6 million dollars to the Prime Minister CARES Fund, along with contributions to the state-level relief funds. Furthermore, The National Federation of Urban Co-operative Bank and Credit Societies have asked all urban co-operative banks to contribute 2% of their net profits to relief funds. Many of the National Co-operative Union of India Education Field Projects across India have distributed masks, educated people on precautionary measures and arranged for food distribution through community kitchens (Mohit, 2021).

- **Indonesia**

In Indonesia, the Indonesian Co-operative Council ("DEKOPIN"), a government assisted co-operatives body has formed three task forces in key areas. The first task force is focused on the provision of medical equipment for hospitals that are at the frontline in the fight against COVID-19. The second task force has the responsibility to identify and

collect data for co-operatives that are affected by COVID-19. The third task force is focused on mobilising social solidarity funding to assist vulnerable communities (DEKOPIN: Dewan Koperasi Indonesia , 2020) (Mohit, 2021).

- **Iran**

In Iran, the country's co-operative entities such as Tehran's Handicraft Co-operative Union, Iranian Chamber of Co-operatives, the Iranian Co-operators Association and Rah-e-Roshd co-operative school have been closely cooperating with the Women Co-operators Think Tank in fighting the disaster. In the Golestan province, Gonbad-e-Kavus Welfare Co-operative in collaboration with the local medical university started a project of producing one million masks and isolation gowns for medical personnel. The Rah-e-Roshd co-operative school has been collecting, organising and distributing the essentials that are needed by hospitals and healthcare centres. However, as far as the co-operative schools' own challenges are concerned, they are facing the big challenge of sustaining their human resources. Despite these challenges, the co-operative school has also joined the nationwide Dastyar campaign, announcing their willingness to provide their comprehensive online education service to all schools across Iran to help learners 'make up' for the delay faced by schools due to the COVID-19 lockdowns. Furthermore, in Tehran, the Handicraft Co-operative Union has taken steps to cleanse and disinfect pavements and ATMs across the district (Mohit, 2021).

4.5.2 Response to Previous Crises

The following paragraph provides an example of an initiative implemented internationally in response to a previous financial crisis. This example illustrates the role co-operatives can play in economic reconstruction and recovery in times of crisis.

- **Argentina**

In December 2001 Argentina experienced a severe economic crisis which significantly impacted the country's economy. Statistics from Rabobank (2013) show that the economy contracted by 12% the following year and unemployment rates rose to 22.5%. Consequently, the proportion of people living below the poverty line also increased sharply, peaking at 57.2% in 2002.

However, according to the International Labour Organisation (2014), it was around the same period that the 'Empresas recuperadas' movement emerged in the country which involved thousands of factory workers who had lost their jobs as a result of factory closures. These workers worked collectively to form worker co-operatives and revived production activities in 40 factories that had filed for bankruptcy. To assist with this, the International Labour Organisation (2013) adds that the government amended their bankruptcy law in 2002 to delay the foreclosure date of bankrupt companies to allow these worker co-operatives more time for legal occupation of factories. Today, there are over 400 factories run by worker co-operatives, with about 18 000 employees (Ministry of Social Development of Argentina, 2020). Thus, through collective effort by the workers as well as the government's intervention, workers were able to get factories operating again and not only maintain theirs but create more jobs in the process.

5 Research Findings

As mentioned in Section 3.2.2, data was collected through telephonic interviews and electronic surveys. This section presents the research findings of the study as follows:

- Stakeholder Demographics (Section 5.1)
- Role and Contribution of Co-operatives during the COVID-19 Period (Section 5.2)
- Impact of COVID-19 on Co-operatives (Section 5.3)
- Challenges Faced by Co-operatives During the COVID-19 Period (Section 5.4)
- Co-operatives' Ability to Adapt to the Challenges Faced During the COVID-19 National Lockdown (Section 5.5)
- Role of Government, Private Sector and NDA in Supporting Co-operatives (Section 5.6)
- Role and Contribution of Co-operatives post COVID-19 Period (Section 5.7)

5.1 Stakeholder Demographics

This section outlines the demographics of the stakeholders that participated in the survey. Stakeholders surveyed included co-operatives and NPOs.

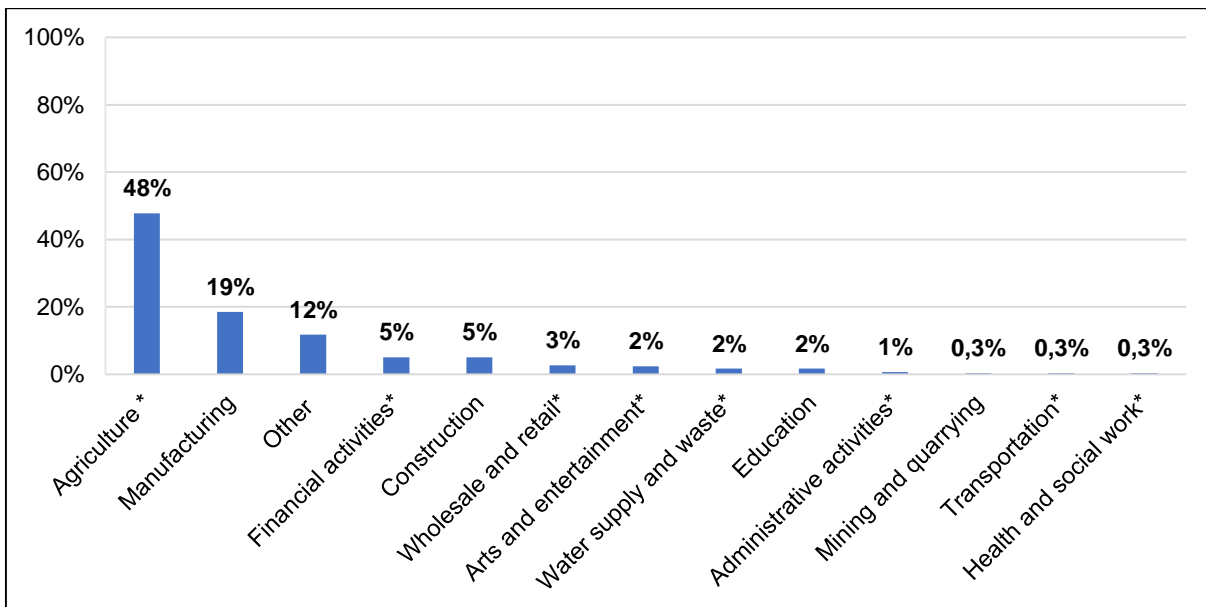
5.1.1 Sector

The section below outlines the sectoral representation of co-operatives and NPOs that participated in the survey.

5.1.1.1 Co-operatives

The figure below outlines the sectoral representation of the co-operatives that participated in the survey.

Figure 5-1: Sector Representation ¹



Note: Numbers in the above graph may not add up to 100% due to rounding off

As seen in the figure above, 48% of surveyed respondents indicated that their co-operatives were in the Agriculture, Forestry and Fishing sector, whilst 19% of respondents indicated that their co-operatives were in the Manufacturing sector. 5% of respondents indicated that their co-operatives were in the Financial and Insurance sector, whilst another 5% of respondents identified their co-operatives as part of the Construction sector. The remaining respondents indicated that their co-operatives were in the Wholesale and Retail trade sector (3%), Arts, Entertainment and Recreation sector (2%), Water supply, Sewage and Waste management sector (2%), Education sector (2%), Administrative and Support activities sector (1%), Mining and Quarrying sector (0.3%), Transportation and Storage sector (0.3%) and Human health and Social Work activities sector (0.3%).

¹ Sectors with an asterisk (*) were shortened for legibility. The full form of these sectors are as follows:

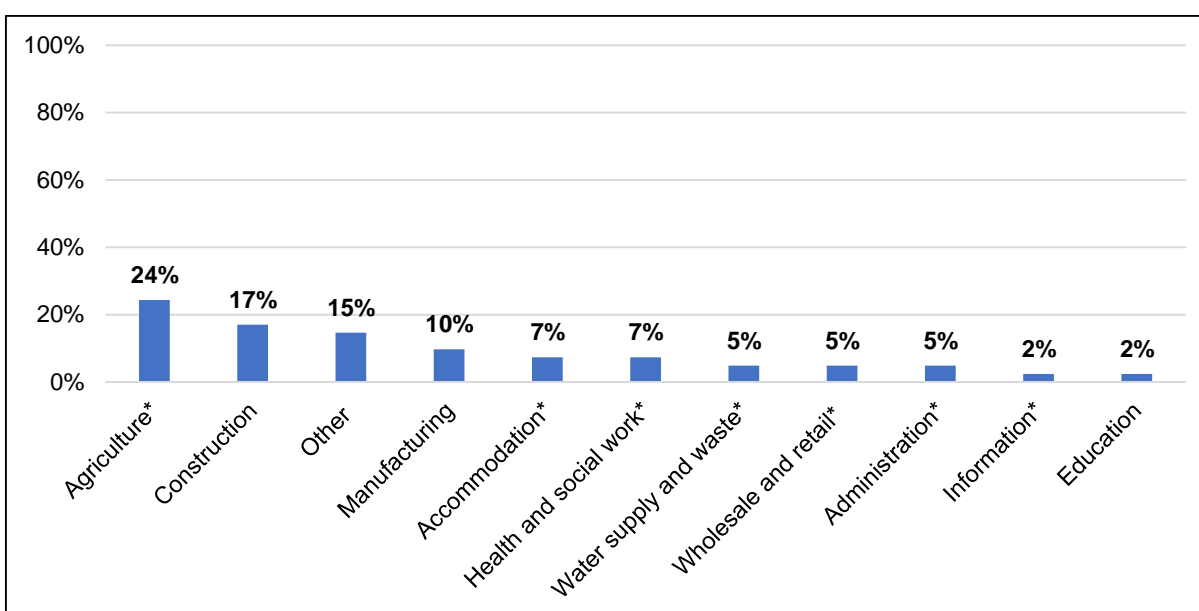
Agriculture - Agriculture, forestry, and fishing, Financial activities - Financial and insurance activities, Wholesale and retail - Wholesale and retail trade, repair of motor vehicles, Arts and entertainment – Arts, entertainment and recreation, Administrative activities – Administrative and support activities, Transportation – Transportation and storage, Health and social work – Human health and social work activities.

It is worth noting that 12% of respondents identified their co-operatives as part of other sectors. When asked to specify the sector that best described their co-operative, some respondents indicated that their co-operatives were aligned to sectors ranging from the environmental sector to the arts and craft sector.

5.1.1.2 NPOs

The figure below outlines the sectoral representation of the NPOs that participated in the survey.

Figure 5-2: NPO Sector Representation²



Note: Numbers in the above graph may not add up to 100% due to rounding off

As seen in the figure above, 24% of NPOs surveyed were in the Agriculture, Forestry and Fishing sector, whilst 17% of NPOs surveyed were in the Construction sector. 10% of respondents identified their NPOs as part of the Manufacturing sector. The remaining respondents indicated that their NPOs were in the Accommodation and Food service activities sector (7%), Human Health and Social Work activities sector (7%), Water Supply, Sewage and Waste Management sector (5%), Wholesale and Retail trade sector

² Note: Sectors having an asterisk (*) were shortened for legibility. The full form of these sectors are as follows: Agriculture - Agriculture, Forestry and Fishing, Accommodation – Accommodation and Food Service Activities, Wholesale and Retail – Wholesale and Retail Trade, Repair of Motor Vehicles, Administration – Administrative and Support Activities, Information – Information and Communication, Health and Social Work – Human Health and Social Work Activities, Water Supply and Waste – Water Supply, Sewage and Waste Management

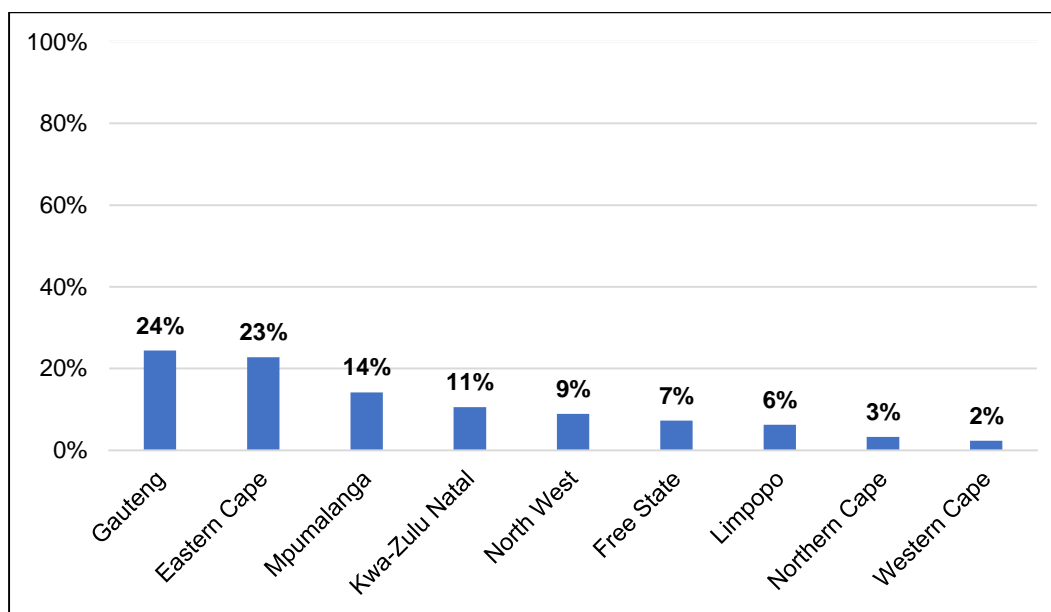
(5%), Administrative and Support activities sector (5%), Information and Communication sector (2%) and the Education sector (2%).

It is worth noting that 15% of respondents identified their NPOs as part of other sectors. When asked to specify the sector the best described their NPO, some respondents indicated that their NPOs were aligned to sectors ranging from the media and publishing sector to the environmental management sector.

5.1.2 Province

The figure below provides a provincial breakdown of the co-operatives that participated in the survey.

Figure 5-3: Provincial Representation: Co-operatives



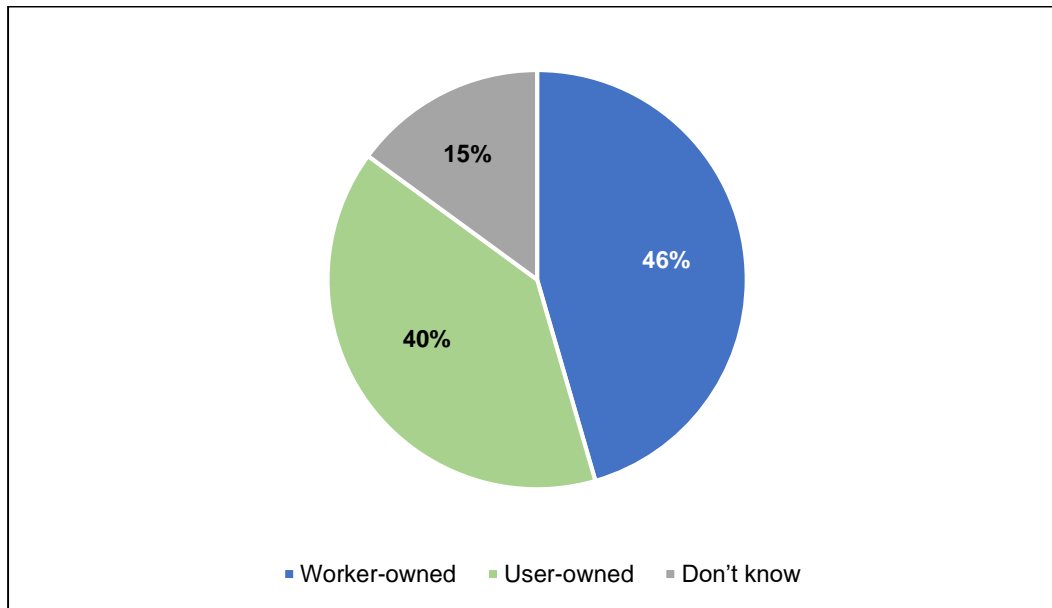
Note: Numbers in the above graph may not add up to 100% due to rounding off

As demonstrated in the figure above, the province with the highest number of respondents (24%) was Gauteng, followed by the Eastern Cape, with a representation of 23%. Mpumalanga represented the third highest number of survey participants with 14%, followed by KwaZulu-Natal with 11%. North West, the Free State and Limpopo had 9%, 7% and 6% of co-operatives participating in the survey, respectively. The provinces with the least number of surveyed co-operatives were the Northern Cape and Western Cape, which received 3% and 2% of respondents respectively.

5.1.3 Stakeholder Type

The figure below provides a breakdown of the various types of co-operatives that participated in the survey.

Figure 5-4: Co-operative Types



Note: Numbers in the above graph may add up to more than 100% due to rounding off

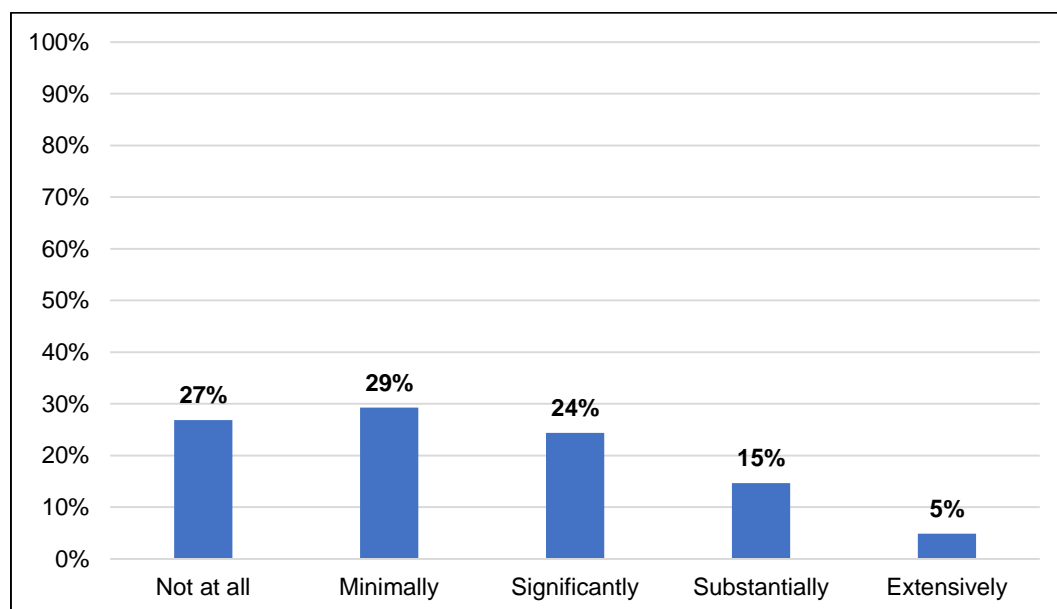
As illustrated by the figure above, 46% of respondents indicated that their co-operatives were worker-owned. A worker-owned co-operative is one that is owned and managed by its workers. Additionally, a worker owned co-operative promotes democratic principles as all workers have the ability to participate in decision making. On the other hand, 40% of respondents indicated that their co-operatives were user-owned. A user-owned co-operative is one where the owners of the co-operative are the key users of the services provided by the co-operative. 15% of co-operatives surveyed indicated that they were not aware of the category which best define their co-operatives.

5.2 Role and Contribution of Co-operatives during the COVID-19 period

The following section provides an overview of the extent to which co-operatives were able to contribute towards Economic Recovery and Reform during the COVID-19 National Lockdown. Additionally, it provides insight regarding how regulations imposed during the National Lockdown negatively impacted this ability to contribute.

The SA Government (2020) identified cooperatives as key participants in the economic reconstruction and recovery plan. It was found that cooperatives promote stability through risk-sharing between members; allow for collaboration between members which often results in innovative outcomes; and they encourage the achievement of economies of scale and scope. As such, not only is it important to the role and contribution they can make towards economic sustainability and growth post COVID-19. The figure below illustrates the extent to which respondents believed that the co-operative sector contributed towards the South African economic recovery and reform during the COVID-19 period.

Figure 5-5: Co-operatives' Contribution Towards the Economy During COVID-19



As illustrated in the figure above, only 5% of the respondents believed that the co-operative sector contributed extensively towards economic recovery and reform during the COVID-19 period. This was followed by 15% of the respondents who believed the co-operative sector's contribution was substantial and 24% who believed that the contribution was significant.

To support the findings, stakeholders were requested to indicate how they believed co-operatives had contributed to the economic recovery and reform during the National

Lockdown. Some stakeholders indicated that some co-operatives were aided in order to allow them to contribute to economic activity, through the production of masks.

“Yes, the co-operatives we have been working with have been assisted in term[s] of making sure they produce masks. That’s one way where they have been involved.”

(Industry Body Interview, 2021)

Stakeholders also mentioned that co-operative banks and financial institutions offered loans to small business and members of co-operatives loans to keep their operations active.

“Well, with the co-operative banking sector, some of the co-operative banks or co-operative financial institution[s] have managed to offer loans to small businesses and their members. So, they have contributed to the economy, even though I do not have the specific figures.”

(Government Representative Interview, 2021)

Furthermore, respondents stated that some co-operatives were able to provide services such as online shopping and delivery services during the pandemic period.

“From information on the social media, it looks like businesses have been trying their best to assist during the course of the lockdown. They were providing employment. [This was done through the establishment of] mobile coffee shops, online shopping, delivery services.”

(NDA Interview, 2021)

On the other hand, 29% of the respondents believed that the co-operative sector contributed minimally towards economic recovery and reform during the COVID-19 period, while 27% of the respondents were of the view that the co-operative sector did not contribute reform at all.

“In my opinion, no [they have not contributed to economic recovery].”

(Academia Interview, 2021)

“They have somehow played a role in the textile industry. During Covid-19, masks were in demand, so they played a big role to help in mass production. But overall, they have had minimum influence.”

(Industry Body Interview, 2021)

Stakeholders were of the view that a key factor hindering co-operatives’ ability to contribute towards economic recovery is co-operative members not sharing a common vision, thus not all members are fully invested in the success of the co-operative.

“People in co-operatives do not share the same vision. In a group of 15 people, you might find that only 3 people share the same vision and want success whereas the rest are just after the monetary gains.”

(NPO Interview, 2021)

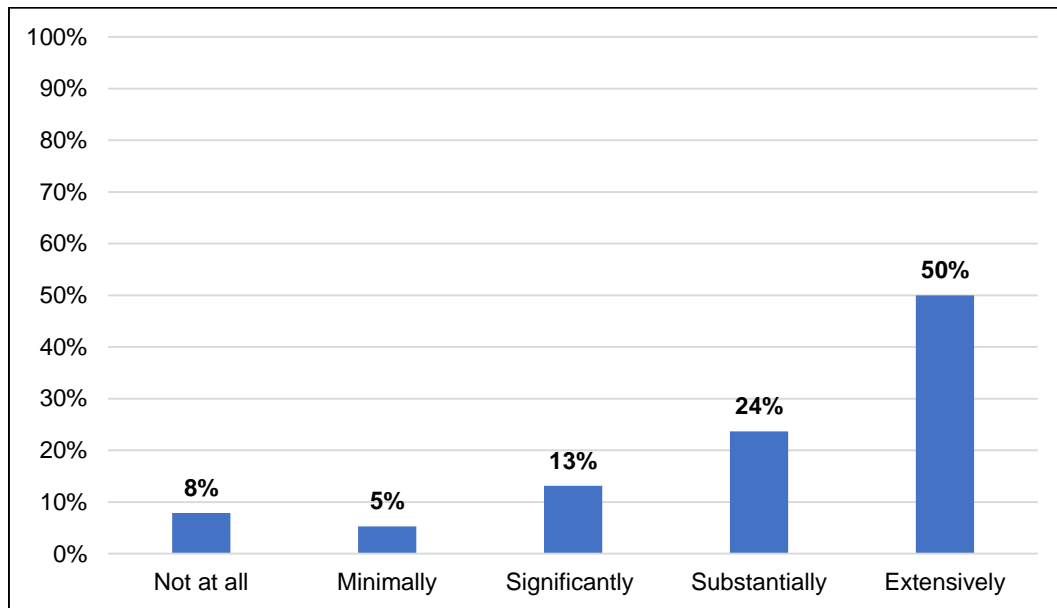
Stakeholders further indicated that individuals appear to join co-operatives for monetary gains and are therefore, not interested in ensuring the success of the co-operative. As a result, these co-operatives are not able to contribute significantly to the economy.

“Some of them don’t have passion for helping people, they are just there for money. Some get funding and get corrupt.”

(NPO Interview, 2021)

In order to further understand the limitations co-operatives have faced in contributing to the economic recovery and reform, research was conducted to investigate the extent to which regulations imposed during the COVID-19 National Lockdown negatively affected co-operatives’ ability to contribute to economic recovery and reform. The results are illustrated in the figure below.

Figure 5-6: Extent to which the COVID-19 National Lockdown Regulations Have Negatively Affected Co-operatives' Ability to Contribute Towards the Economy



As can be seen in the figure above, 87% of the respondents believed that the COVID-19 National Lockdown regulations affected the ability of co-operatives to contribute towards economic recovery and reform to a significant, substantial, or significant extent. Only 13% of respondents believed that the co-operatives' ability to contribute was affected minimally or not at all.

Respondents indicated that they were negatively impacted by the COVID-19 lockdown regulations in a number of ways, citing that due to the restrictions on movement, members could not get together and work.

"Our co-operative [sic] has been affected in that we couldn't even get together because people weren't able to move around."

(Co-operative Interview, 2021)

Other respondents added that they were not able to reach their customers to sell their products due to the restrictions on movement.

“People were afraid of coming to buy our products. [We also had] no access to houses due to covid-19.”

(Co-operative Interview, 2021)

Respondents also indicated that they had also lost their clientele, either due to businesses closing as a result of the pandemic, or restrictions imposed.

“Most businesses we used to supply closed down during lockdown and didn’t open again, so we don’t have clientele anymore.”

(Co-operative Interview, 2021)

“We had corn that we needed to sell. The problem is that we sell [to] bakkies that go to Durban or Pietermaritzburg. The bakkies, we call them to come, and when we call them, they say they can’t come to buy our corn because the police would not allow the vendors to sell in the city. Our products are not selling.”

(Co-operative Interview, 2021)

Despite all the challenges that co-operatives have faced during the COVID-19 period, some respondents believed that co-operatives could still contribute towards economic recovery and reform. However, respondents noted that government support, in the form of grants and training, would be a key dependency to co-operatives being able to contribute.

“They can contribute much more if they can get grants from government.”

(Academia Interview, 2021)

“We need to get people that will mentor them. They should not operate in silence like most of them in the rural areas do. They should also try by all means to be sustainable; you can’t get funds and fail. However, they also need the necessary support from the different departments.”

(NDA Interview, 2021)

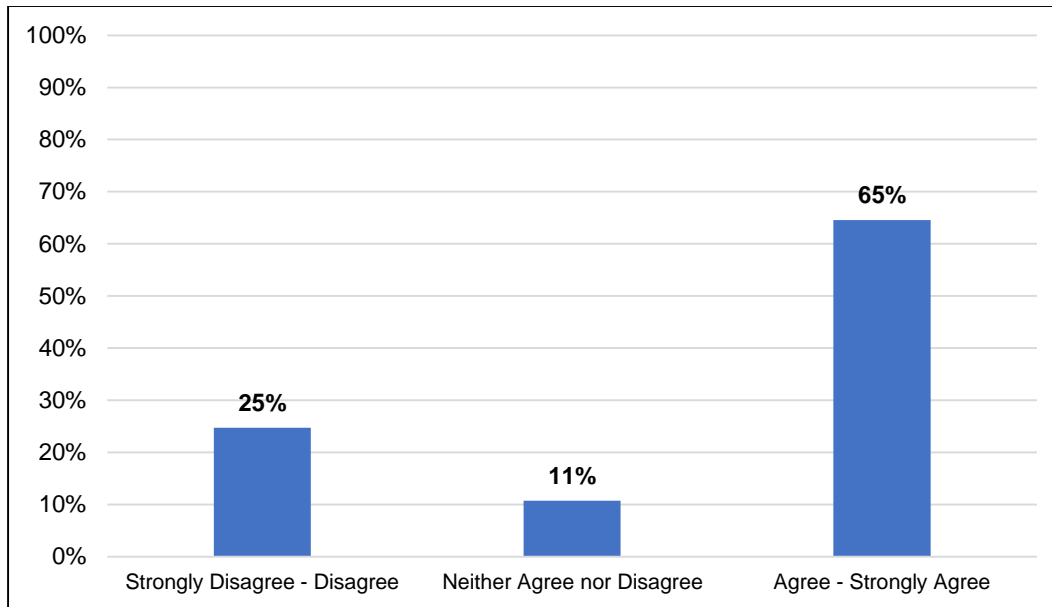
Key Findings

- Challenges faced by co-operatives which impacted their ability to contribute towards the economy included the lack of a shared vision amongst members of the co-operative, the loss of clients due to restrictions on movement and the inability to reach their customers
- It was noted that in order for co-operatives to contribute towards economic recovery and reform, government support will be key
- Several respondents were of the view that access to markets is a challenge to some co-operatives. Whilst some co-operatives are unable to sell their produce, others are unable to meet the demands that come with access to new markets because they lack the necessary resources to produce on a larger scale

5.2.1 Opportunities for Expansion

In order to gain a more thorough understanding of the potential contribution that co-operatives can make to economic recovery and reform, it is important to assess the factors that affect their ability to do so. One of these factors is the opportunities that are available for expansion into other provinces. Co-operatives who have the ability to expand to other provinces will, most likely, have the ability to make substantial contributions towards economic recovery and reform. As such, the following figure illustrates the extent to which stakeholders agreed that co-operatives have opportunities to expand their operations into other provinces.

Figure 5-7: Extent to which Stakeholders Agree that Opportunities for Expansion into Other Provinces are Available to Co-operatives



As can be seen in the figure above, 65% of respondents either agreed or strongly agreed that co-operatives have opportunities to expand into other provinces. The qualitative research conducted confirmed this finding, with stakeholders indicating that there are opportunities to expand into other provinces.

“We are trying to [expand to] other provinces, we have seen that there are other opportunities.”

(Co-operative Interview, 2021)

Other stakeholders indicated that they believed that other provinces offered better locations and more access to potential customers.

“A better location and large number of people. I am serving a small number of villagers, but I am willing to do better if I can get funding.”

(Co-operative Interview, 2021)

Stakeholders further indicated that in order for them to be able to expand into other provinces, government support was key.

“If we could get help from the government we can expand to other provinces.”

(Co-operative Interview, 2021)

Other stakeholders indicated that while there are opportunities for expansion into other provinces, the lack of capacity and resources were limitations preventing co-operatives from expanding into other provinces. Stakeholders were of the view that opportunities for expansion would be possible only if these resources were made available.

“There are opportunities but [we cannot expand into other provinces due to] lack of resources. We are willing to do the work but it’s not working out because we don’t have the capacity to grow into other provinces.”

(Co-operative Interview, 2021)

Contrastingly, 25% of the respondents strongly disagreed or disagreed that there are opportunities for expansion into other provinces. This view was corroborated in certain qualitative consultations with co-operatives stating that political concerns play a vital role in inhibiting co-operatives to expand their regional footprint.

“Difficulty in accessing other provinces [is] due to political issues.”

(Co-operative Survey, 2021)

“[There is] too much red tape and political interference.”

(Co-operative Survey, 2021)

Additionally, some stakeholders highlighted how COVID-19 National Lockdown regulations have created barriers to expanding into other provinces.

“Opportunities to sell to other provinces were available when everything worked as normal. Now, we can’t because markets are closed. At month end, we were able to sell to Johannesburg [from KZN].”

(Co-operative Interview, 2021)

Furthermore, co-operatives indicated that due to a lack of access to technology, expansion into other provinces may impact the collaborative decision-making process of their co-operative.

“Participation in the decision-making process is limited if the co-operative is in all provinces. Remember that access to technology is an issue for us, [so] the shift from physical to virtual meetings limits participation.”

(Co-operative Survey, 2021)

Other stakeholders indicated that their expansion into other provinces is limited due to their common bond. A common bond can be defined as a chain of trust among members of a co-operative, which involves the pooling of resources or small amounts of share capital that can be substituted for collateral. In the South African landscape, common bond institutions include Savings Groups, Stokvels, Savings and Credit Co-operatives, and Co-operative Banks (Co-operative Banks Development Agency, 2013). In certain instances, a co-operative may be formed according to the requirements of a common bond, which may stipulate that a particular co-operative is formed for the benefit of a particular community or for the residents in a specific geographical location. In these cases, it is not possible for co-operatives to expand their operations to other provinces, given the limitations of the common bond. This was corroborated in qualitative consultations, with some co-operatives indicating that their common bonds are limited to residents of particular provinces, limiting their ability to expand to other provinces.

“Our co-operative cannot expand because our common bond is only for the residents of our town in the Northern Cape.”

(Co-operative Survey, 2021)

“The issue of common bond [restricts] the growth of co-operatives. There are processes to follow before you qualify to have members in another province.”

(Co-operative Survey, 2021)

Stakeholders also indicated that issues such as a lack of market access, a lack of innovation and financial constraints are challenges that may be preventing co-operatives from scaling up and expanding to other provinces.

“There are issues around market access. I don't know if there is enough innovation or technology in the co-operative space. Co-operatives suffer financially [when trying to] to scale up businesses or increase their diversification.”

(NDA Interview, 2021)

They further stated that some co-operatives are not aware of the forms of registrations that are available to them which could assist them expand into other provinces and that co-operatives might find it challenging to expand to other provinces when similar co-operatives already exist in those provinces and have already accessed those markets.

“Firstly, most co-operatives are not registered as National Apex Co-operatives nor registered as tertiary co-operatives. They are primary co-operatives operating at local level. Secondly, there are similar co-operatives in other provinces that have taken the market already, therefore it will be very difficult for another co-operative from outside to secure markets. Lastly, local co-operatives are not even aware of the other forms of registrations like Tertiary and National Apex Co-operatives and might not even have interest on that. So, it becomes impossible for them to expand based on the aforementioned points.”

(NDA Survey, 2021)

Although opportunities may exist, some stakeholders indicated that their co-operative needs to focus on growing their business in their current province before considering expanding their operations.

“We [need to] focus on [the] financial growth of [our] existing co-operative. It needs to grow first [before considering] expanding to other provinces.

(Co-operative Survey, 2021)

Key Findings

- It was found that some co-operatives might not be aware of the available channels facilitating expansion to other provinces
- Some stakeholders were of the view that co-operatives cannot expand into other provinces due to the lack of necessary skills and/or resources required to expand, the lack of access to technology limiting members’ participation, the common bond, a lack of access to markets, and political interference.

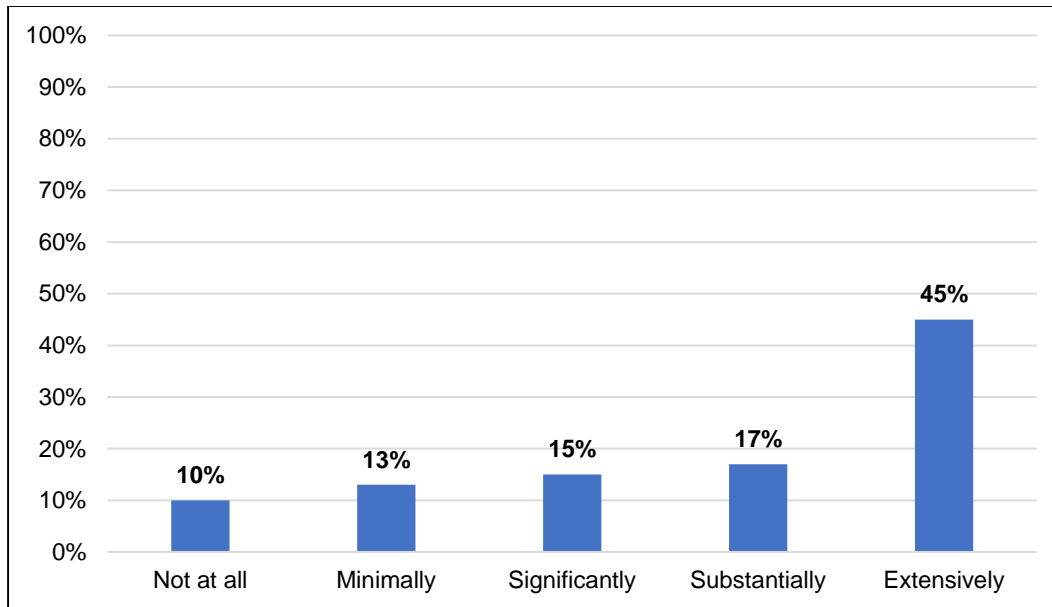
5.3 Impact of COVID-19 on Co-operatives

The following section details the impact of COVID-19 and the COVID-19 National Lockdown restrictions on co-operatives’ operations, sales and revenue, quality of services provided, and business management.

5.3.1 Impact of Restrictions Imposed by COVID-19 National Lockdown

The figure below illustrates the extent to which co-operatives were impacted by the COVID-19 National Lockdown.

Figure 5-8: Extent to which Co-operatives were Impacted by COVID-19 National Lockdown Restrictions



As seen above, 77% of co-operatives were either significantly, substantially, or extensively affected by the COVID-19 National Lockdown restrictions. Only 10% of co-operatives were not affected at all, whilst 13% were minimally impacted by the restrictions.

Some respondents stated that the COVID-19 National Lockdown, along with its restrictions, made it difficult for their co-operatives to supply their products to customers.

“It was not easy for us to supply our products because of COVID-19 National Lockdown”

(Co-operatives Survey, 2021)

Furthermore, respondents reported that they lost customers as a result of the COVID-19 National Lockdown restrictions.

“The business was hard hit by the COVID-19 National Lockdown. We lost customers during the pandemic. We need input and working capital”

(Co-operatives Survey, 2021)

Additionally, respondents noted that they saw a decrease in their profits as a result of the restrictions that came with the COVID-19 National Lockdown.

“With the courier and shuttle business, we faced many challenges because the restrictions prohibited us to have full load of passengers. This meant we made less profit, but the cost of business never changed”

(NPO Focus group, 2021)

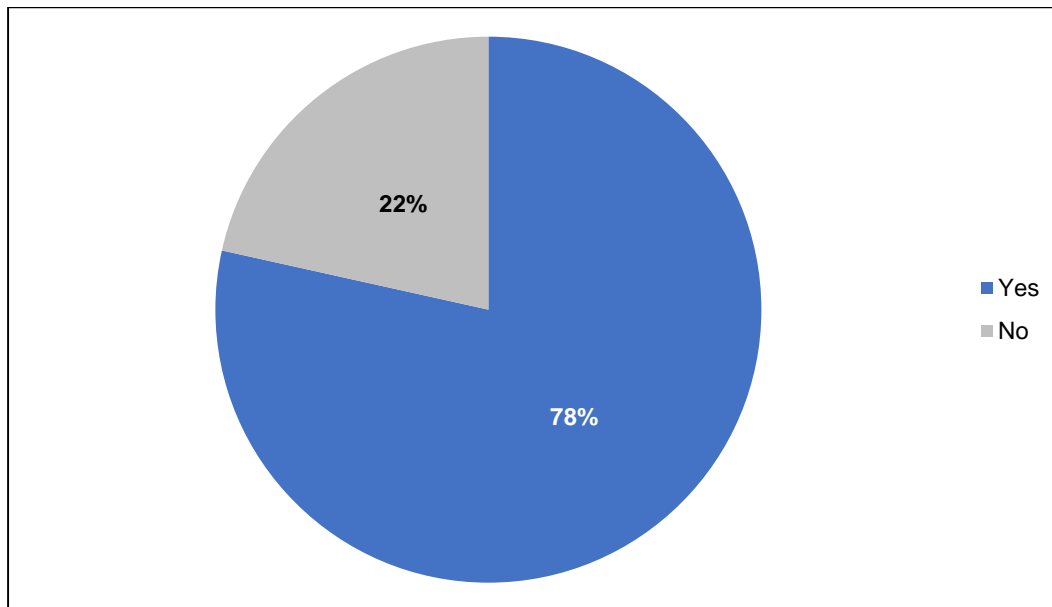
Key Findings

Co-operatives appear to have faced several challenges as a result of the restrictions imposed by the COVID-19 National Lockdown. Co-operatives indicated that some of these challenges included difficulties in supplying products to their customers. Additionally, other co-operatives indicated that they faced a loss of customers during the National Lockdown, which subsequently led to a decrease in profits in the business.

5.3.2 Impact of COVID-19 on Operations of Co-operatives

The following section outlines the operational status of co-operatives as well as the extent to which the COVID-19 pandemic affected the operations of co-operatives. Co-operatives that participated in the survey were asked to indicate whether or not their co-operative was still operational. The figure below illustrates these results.

Figure 5-9: Operational Status of Co-operatives



As seen in the figure above, 78% of respondents indicated that their co-operatives were still operational at the time of participating in the survey.

“Yes, [our co-operative] is operational.”

(Co-operative Interview, 2021)

Respondents indicated that while their co-operatives were still operational, they had encountered numerous issues, including the loss of members, and having to halt their operations due to COVID-19.

“Yes, it is operational. Unfortunately, one of the members passed away last year. But it is working.”

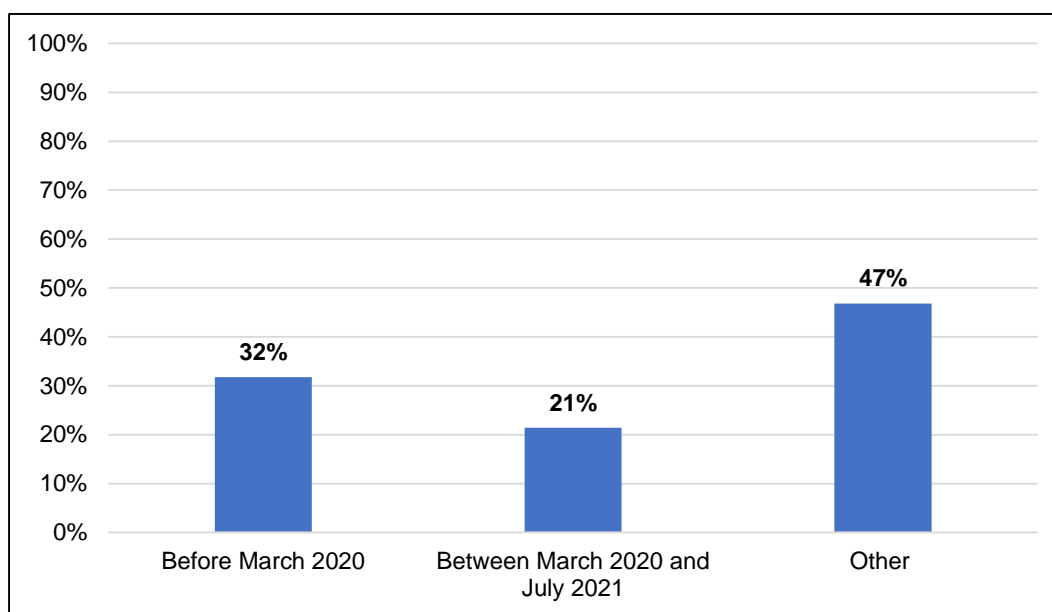
(Co-operatives Interview, 2021)

“Yes, it is [operational] but we can’t sell anything. We can’t do anything because of COVID-19.”

(Co-operatives Interview, 2021)

Despite the majority of respondents indicating that their co-operatives were still operational, 22% of respondents indicated that they were no longer operational. In order to gain a more thorough understanding of the impact of COVID-19 on the operational status of co-operatives, the specific time that co-operatives stopped being operational was assessed in order to determine whether co-operatives ceased operating during the COVID-19 period or before the COVID-19 pandemic started. These results are illustrated in the figure below.

Figure 5-10: Periods When Co-operatives Stopped Being Operational



It can be seen from the graph above that 21% of co-operatives indicated that they stopped being operational between March 2020 and July 2021. Qualitative consultations highlighted that some co-operatives ceased operations during this time period due to the restrictions on movement imposed by the COVID-19 lockdown regulations.

“We [had to] stop operating because people were afraid of coming to buy our products. There was no access to [buyers] due to COVID-19.”

(Co-operative Interview, 2021)

Other stakeholders indicated that they ceased operations as their co-operatives no longer had access to the premises from which their business operated due to the financial constraints caused by COVID-19.

“We lost our site due to financial issues [caused] by COVID-19. Our crops died, and now are not involved in any co-operative activities.”

(Co-operative Interview, 2021)

Other stakeholders indicated that due to the nature of the products that certain co-operatives’ sell, such as raw materials, these co-operatives had to cease operations due to a lack of demand for their products.

“The bigger co-operatives had challenges, especially the ones in the raw material sector because they had to close down. Some of their products were not seen as essential.”

(NDA Interview, 2021)

In addition to the above, 32% of co-operatives indicated that their business ceased operations before March 2020. This indicates that there were other issues that affected the operational status of co-operatives prior to the COVID-19 pandemic, with some co-operatives indicating that their co-operative was never operational due to a lack of funding.

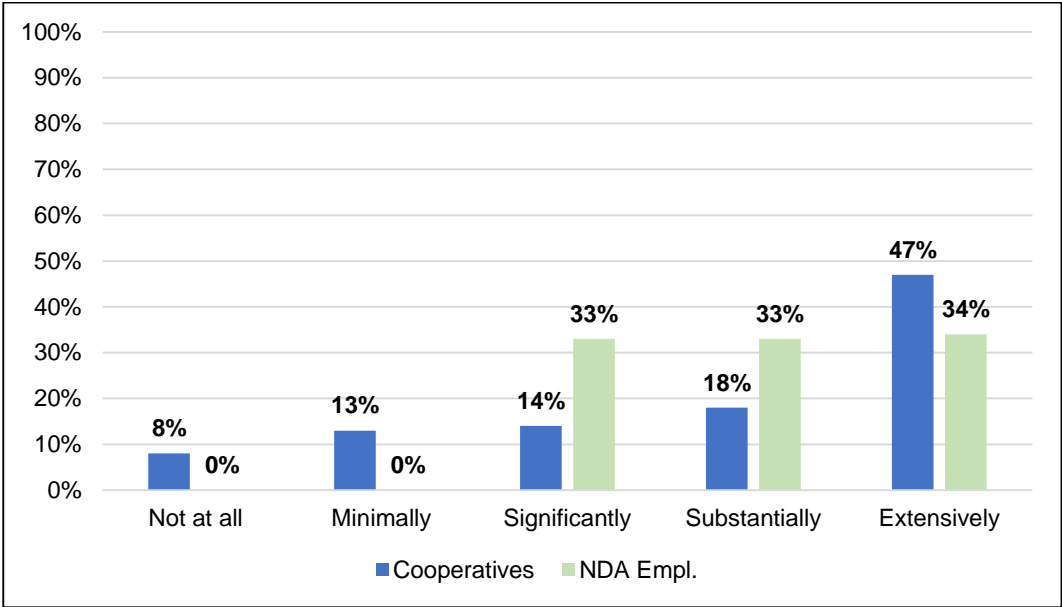
“We never started [operating] due to [a lack of] funding.”

(Co-operative Survey, 2021)

The remaining 47% of respondents indicated that their co-operatives stopped being operational during a different time period, with respondents noting that they had ceased operations in March 2010, July 2017 or after July 2021.

In order to further understand the impact of COVID-19 on co-operative’s operations, respondents were requested to indicate the extent to which they believed the COVID-19 pandemic affected their operations. The results are illustrated in the figure below.

Figure 5-11: Extent to which the Covid-19 Pandemic Affected Operations



As can be seen in the figure above, 79% of respondents from co-operatives indicated that their co-operatives’ operations were either extensively, substantially or significantly affected by the COVID-19 pandemic. This is compared to 100% of the respondents from the NDA who also believed that co-operatives’ operations were either extensively, substantially or significantly affected.

These results above show that the majority of respondents from both co-operatives and the NDA believed that the COVID-19 National Lockdown affected the co-operatives’ operations.

Respondents stated that they had to close due to the negative impact of COVID-19 on their operations.

“[We] closed down after losing a site due to [the] COVID-19 Lockdown.”
(Co-operative Interview, 2021)

Respondents further stated that they had to cease operations, which resulted in them having to temporarily close the co-operative.

“Our operations were disturbed because our place of work had to be closed because of COVID-19. We saw that we had to pause operations because of regulations.”

(Co-operative Interview, 2021)

Other respondents indicated that the restrictions on movement affected their operations as the number of clients that were acquiring their services had decreased.

“It affected [operations] because people are now afraid to move around so we don’t get a lot of clientele. Our customers are also used to us going to them, but we can’t do that anymore.”

(Co-operative Interview, 2021)

On the other hand, 13% of the respondents representing co-operatives reported that their co-operatives’ operations were minimally affected, whilst 8% indicated that they were not affected at all. Some respondents indicated that they received financial assistance through grants and were, therefore, able to keep their co-operatives operating during the COVID-19 pandemic.

“During the COVID-19 [pandemic], we received grants and were able to keep operating.”

(Co-operative Interview, 2021)

Positive Practice

- Some co-operatives received financial assistance in the form of grants during the COVID-19 pandemic and were therefore, able keep operating. Institutions should continue making efforts to provide financial assistance to co-operatives to enable them to continue operating.

Key Findings

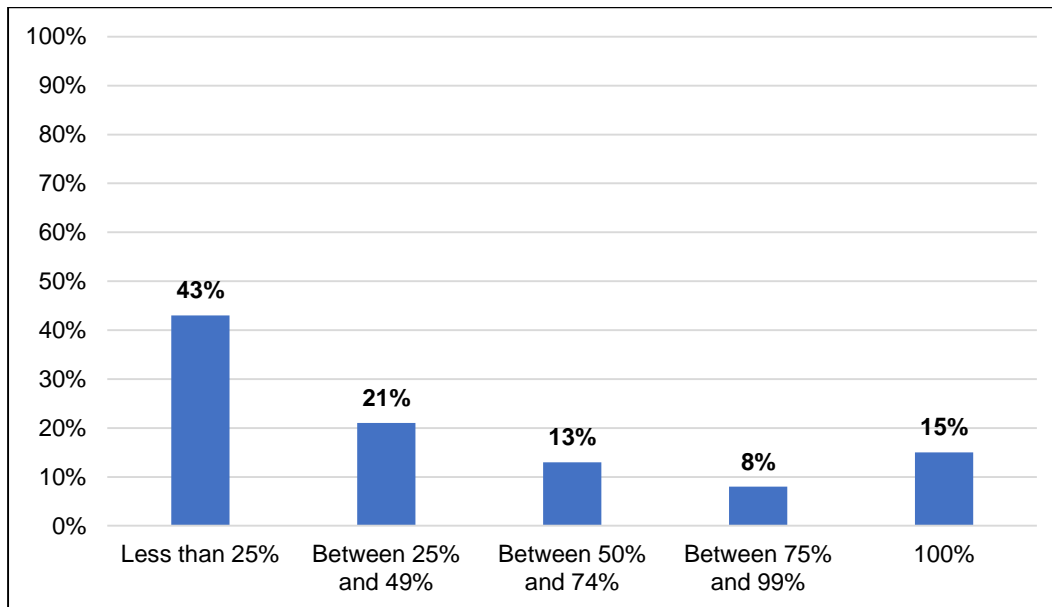
- The majority of co-operatives appeared to have been impacted by the COVID-19 pandemic, with stakeholders indicating that they encountered numerous issues, including the loss of key members and having to halt their operations due to a lack of demand for their products during the COVID-19 National Lockdown. Furthermore, some co-operatives indicated that due to the restrictions on movement under the lockdown, they were unable to travel to their customers, while others mentioned that customers were afraid to travel to the co-operatives to buy products which resulted in a decrease in clientele.
- Co-operatives appear to have been facing challenges which impacted their operational capacity prior to the COVID-19 pandemic, as can be seen through the percentage of respondents who indicated that their co-operative stopped operating prior to the pandemic.

5.3.3 Impact of COVID-19 on Sales and Revenue of Co-operatives

The following section outlines the impact that the COVID-19 pandemic had on the sales and revenue of co-operatives.

In order to obtain an understanding of the impact of the COVID-19 pandemic on member's income, respondents were asked to indicate what percentage of their income was made up of revenue from their co-operatives. The results are illustrated in the figure below.

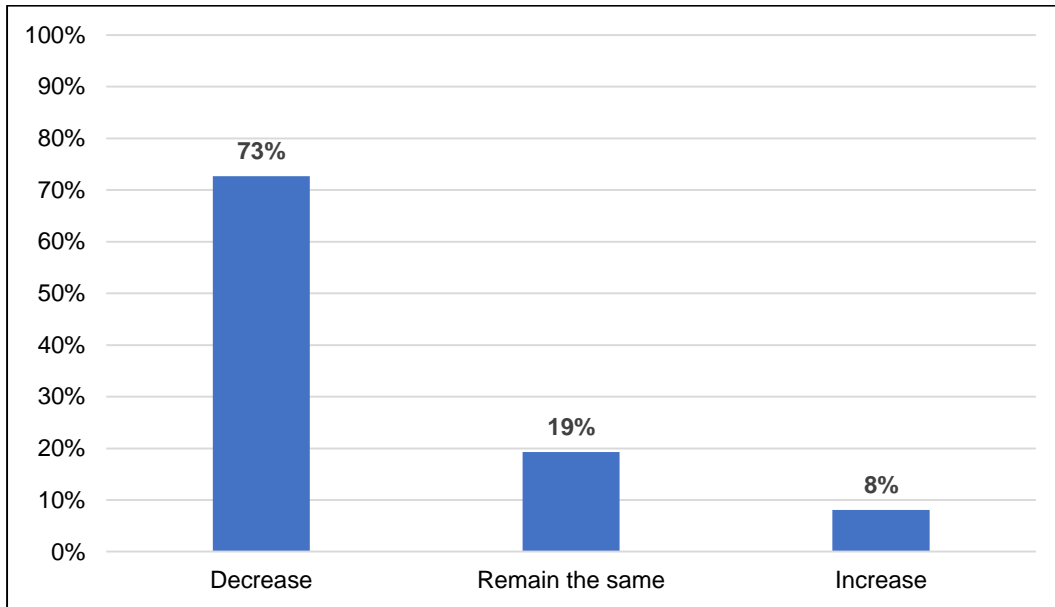
Figure 5-12: Percentage of Income Made Up of Revenue from Co-operatives



As can be seen in the figure above, 43% of respondents indicated that the percentage of income made up of revenue from their co-operative is less than 25%, while 21% of respondents indicated that the percentage of income is between 25% and 49%. 13% of respondents indicated that the percentage of income is between 50% and 74%. Only 8% of respondents indicated that the percentage of income made up of revenue from their co-operative is between 75% and 99%, while 15% of respondents indicated that 100% of their income is made up of revenue from their co-operative.

Additionally, respondents were asked to compare their co-operative's revenue during the COVID-19 period with their revenue before the COVID-19 pandemic started and indicate whether their revenue had increased, decreased, or remained the same. The figure below illustrates these results.

Figure 5-13: Co-operatives' Revenue Before and During the Covid-19 Period



As can be seen in the figure above, 73% of the respondents indicated that their co-operatives' revenue decreased during the COVID-19 period when compared to before. 19% of the respondents indicated that their co-operatives' revenue remained the same, whilst only 8% of the respondents indicated that their co-operatives experienced an increase in revenue during the COVID-19 period.

The International Labour Organisation (2020) found that the negative impacts of the pandemic necessitated product innovation and adaptation. This included co-operatives diverting production efforts to items with increased demand when necessary, such as the production of masks and other personal protection equipment (PPE). Some respondents indicated that they began producing masks during the COVID-19 pandemic in order to generate revenue. Respondents further explained that although the introduction of face-shields in the market affected their face mask sales, they were able to overcome this by selling other products such as personalised embroidered aprons.

“Because the schools were closed and our business core is school uniforms, we started sewing face masks and that also did not go far because of the face-shields that came along. So now we got an embroidery machine, and we are sewing personalised embroidered aprons and they are going well for now.”

(Co-operative Survey, 2021)

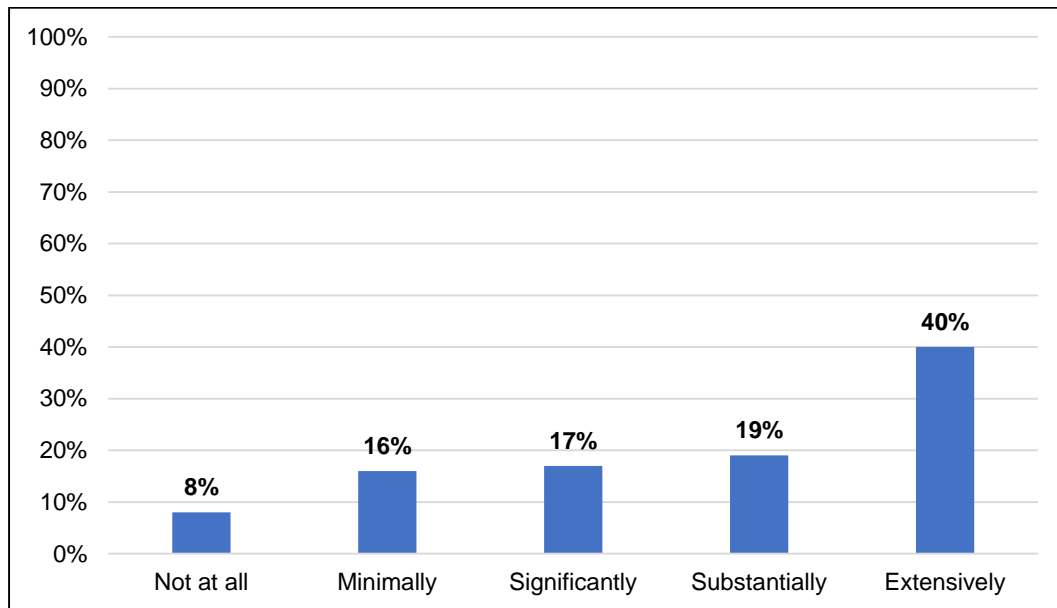
Furthermore, it was noted that some co-operatives were involved in the production of food and PPE in order to generate revenue during the COVID-19 pandemic.

“Most of co-operatives especially those we are funding, were mostly engaged in food and clothing production. The food security one was providing food to the local community, the clothing one we asked them to compete in tenders so they could produce PPEs and masks.”

(NDA Interview, 2021)

In addition to the above, respondents were further requested to indicate the extent to which the challenges faced during the COVID-19 period negatively affected their co-operative’s revenue. The results are illustrated in the figure below.

Figure 5-14: Extent to which the Challenges Faced During the Covid-19 Period Negatively Affected Co-operatives Revenue



As can be seen in the figure above, 40% of the respondents indicated that the challenges their co-operatives faced during COVID-19 period affected the organisations' revenue extensively. This was followed by 19% of the respondents who stated that their revenue was substantially affected and 17% of the respondents whose co-operatives' revenue was significantly affected.

The above results indicate that the revenue of the majority of co-operatives' were negatively affected by the challenges they faced during the COVID-19 period. This was supported by co-operatives who stated that their revenues decreased during the COVID-19 National Lockdown, with some respondents stating that they were not receiving any income and were therefore unable to make contributions towards the co-operative.

"[The challenges faced during the COVID-19 period] decreased our revenue a lot. We can't even contribute to our co-operative because we are not making any money."

(Co-operative Interview, 2021)

In addition, as a result of the pandemic, several co-operatives observed a significant loss of income. One stakeholder indicated that their co-operative incurred further losses as

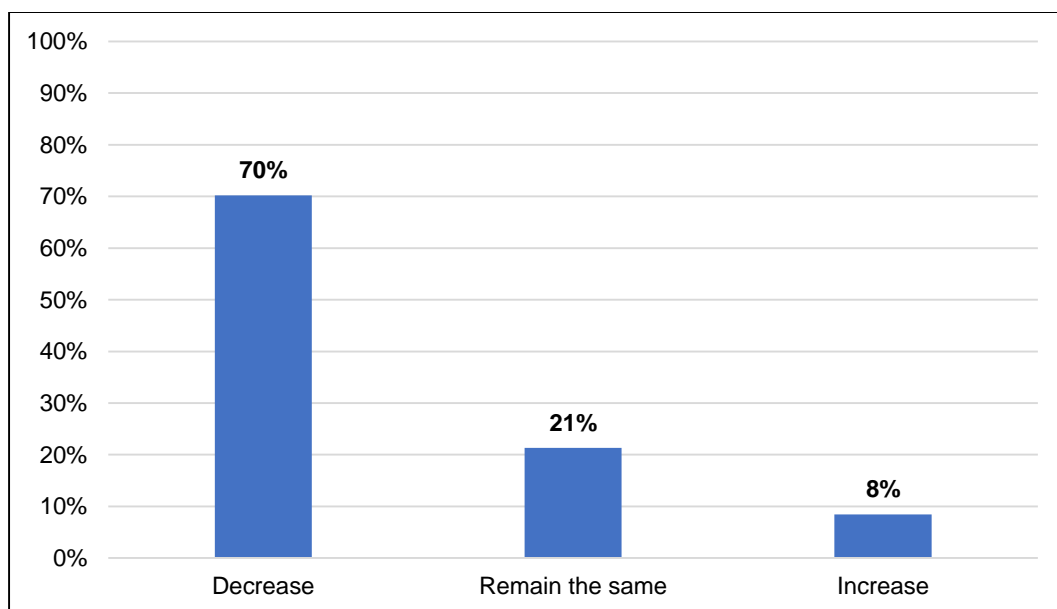
their revenue decreased whilst their fixed costs remained the same, resulting in reduced profits.

“Now we can’t even work, we are always lazing around because there is nothing to do. Our books even tell a sad story. There is no money coming in. Most of our money goes to fixed costs and we have close to nothing left for other things.”

(Co-operative Interview, 2021)

To further investigate the impact of COVID-19 on co-operatives, respondents were requested to compare their co-operatives’ sales during the COVID-19 period with their sales before the COVID-19 pandemic. These results are illustrated in the figure below.

Figure 5-15: Co-operatives’ Sales Before and During the Covid-19 Period



As can be seen in the figure above, 70% of the respondents indicated that there was a decrease in their co-operatives’ sales during the COVID-19 period. Additionally, 21% of the respondents indicated that their co-operatives’ sales remained the same, whilst only 8% of the respondents saw an increase in sales increase.

Some respondents indicated that their clients had stopped operating as a result of the COVID-19 pandemic, which meant that they no longer had clients to supply their goods to, which ultimately caused their sales to decrease.

“Most businesses we used to supply closed down during lockdown and didn’t open again, so we don’t have clientele anymore.”

(Co-operative Interview, 2021)

Other stakeholders noted that the lockdown restrictions prevented them from being able to sell their products, resulting in their products needing to be discarded.

“There have been too many restrictions. You can’t go to the market and sell [products]. Some of the products must be thrown away because we cannot sell.”

(NPO Interview, 2021)

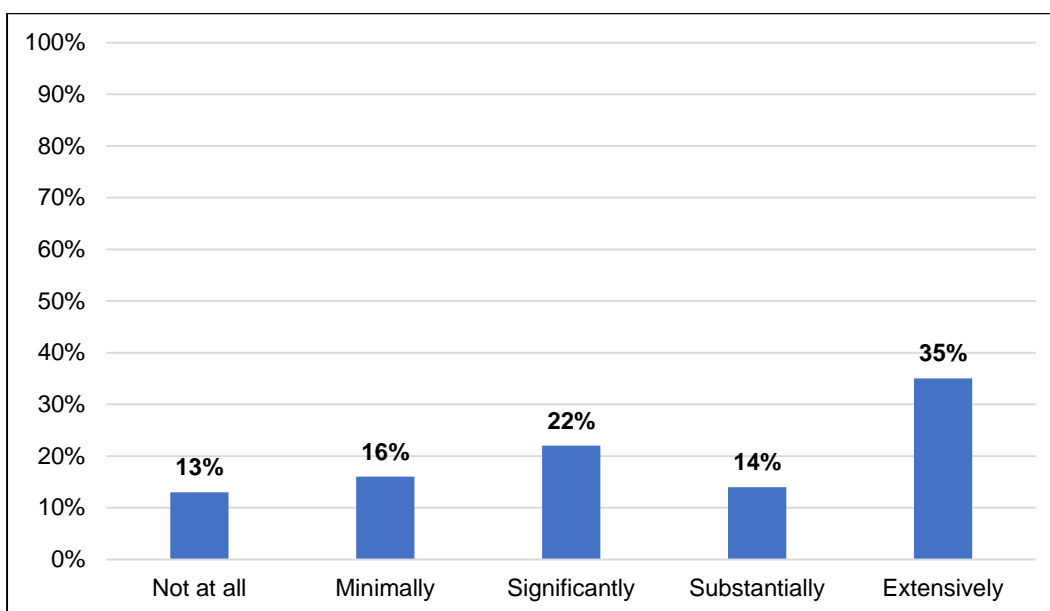
Key Findings

It was found that the revenues and sales for the majority of the co-operatives decreased as a result of the COVID-19 National Lockdown. Some of the factors that led to this decrease included the inability to sell products due to restrictions on movement during the COVID-19 National Lockdown and the loss of customers.

5.3.4 Impact of COVID-19 on Quality of Services Provided by Co-operatives

The figure below illustrates the extent to which co-operatives consulted believed the COVID-19 pandemic impacted the quality of services they provide.

Figure 5-16: Extent to which Co-operatives' Quality of Services was Affected by Covid-19



As seen in the figure above, 71% of co-operatives that participated in the survey believed that the quality of their services provided were affected by the COVID-19 pandemic to a significant (22%), substantial (14%) or extensive (35%) extent. 16% of co-operatives indicated that they were minimally affected by COVID-19, while only 13% of co-operatives were not affected at all affected by COVID-19.

It was noted that the restrictions on movement made it difficult for co-operative members to travel to work. This resulted in shortages of skilled personnel, which in turn affected the quality of their services.

“During COVID, not everyone in the farm was a skilled worker so it was tough. I had to go [and] get a certificate to upskill myself. We had to travel to go to the farm during the COVID-19 [pandemic], so it was a big problem for us since there were restrictions. And sometimes instead of ten employees coming to work, only two made it.”

(Co-operative Interview, 2021)

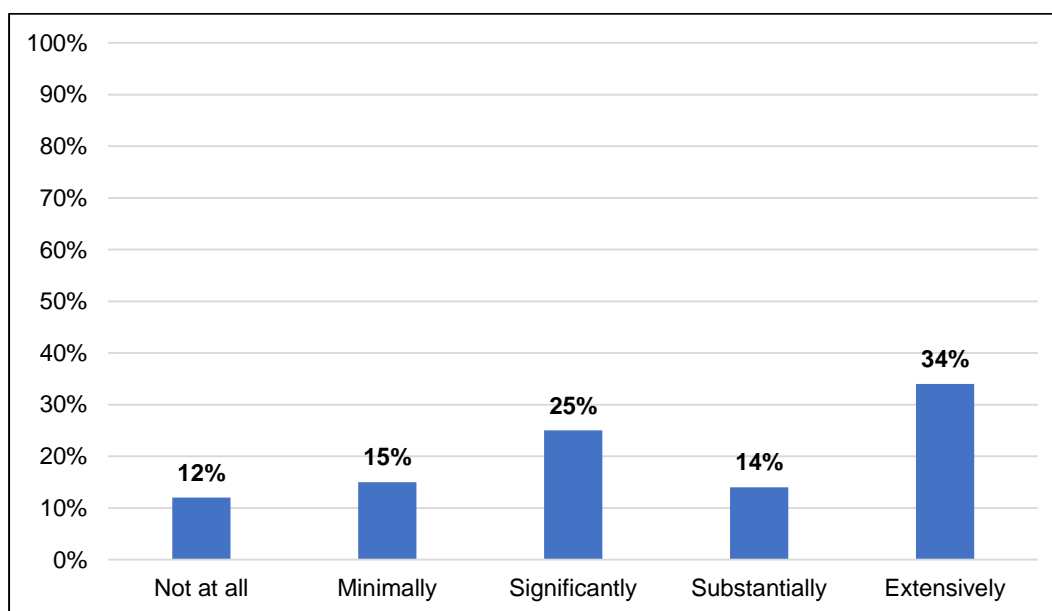
Key Findings

- The majority of co-operatives surveyed believed that the quality of their services was negatively affected by COVID-19.
- It was noted that the restrictions on movement that were in place during the COVID-19 National Lockdown made it difficult for co-operative members to travel to work which resulted in shortages of skilled personnel.

5.3.5 Impact of COVID-19 on Co-operatives' Ability to Manage Their Businesses

The figure below depicts the extent to which COVID-19 negatively affected co-operatives' ability to manage their business.

Figure 5-17: Extent to which Covid-19 Negatively Affected Co-operatives Ability to Manage their Business



As per the figure above, 73% of surveyed co-operatives believed that their ability to manage their business was significantly (25%), substantially (14%) or extensively (34%) affected by the COVID-19 pandemic.

Several stakeholders indicated that the restrictions imposed by the COVID-19 National Lockdown, such as, lack of movement, negatively affected the ability to manage their businesses.

“Lack of movement made it difficult to run a business.”

(NPO Interview, 2021)

In addition, it was indicated that as a result of stress and poor health of individuals, some owners were unable to efficiently manage their businesses.

“Because of stress and sickness, some people were not in the right mind to manage their businesses.”

(NPO Interview, 2021)

Furthermore, one stakeholder indicated that their co-operative was impacted by the inability to access the licenses required to operate during the COVID-19 period.

“Required licenses could not be accessed because most co-operatives had no access to information on where to get them.”

(NPO Interview, 2021)

Only 12% of co-operatives believed that their ability to manage their business was not negatively affected by COVID-19, while 15% of co-operatives believed that their ability to manage their business was minimally impacted by COVID-19.

Key Findings

- Stakeholders highlighted that the lack of movement due to the COVID-19 lockdown travel restrictions, made it difficult for co-operatives to run their businesses.
- It was found that as a result of stress and poor health of individuals, some owners were unable to efficiently manage their businesses.

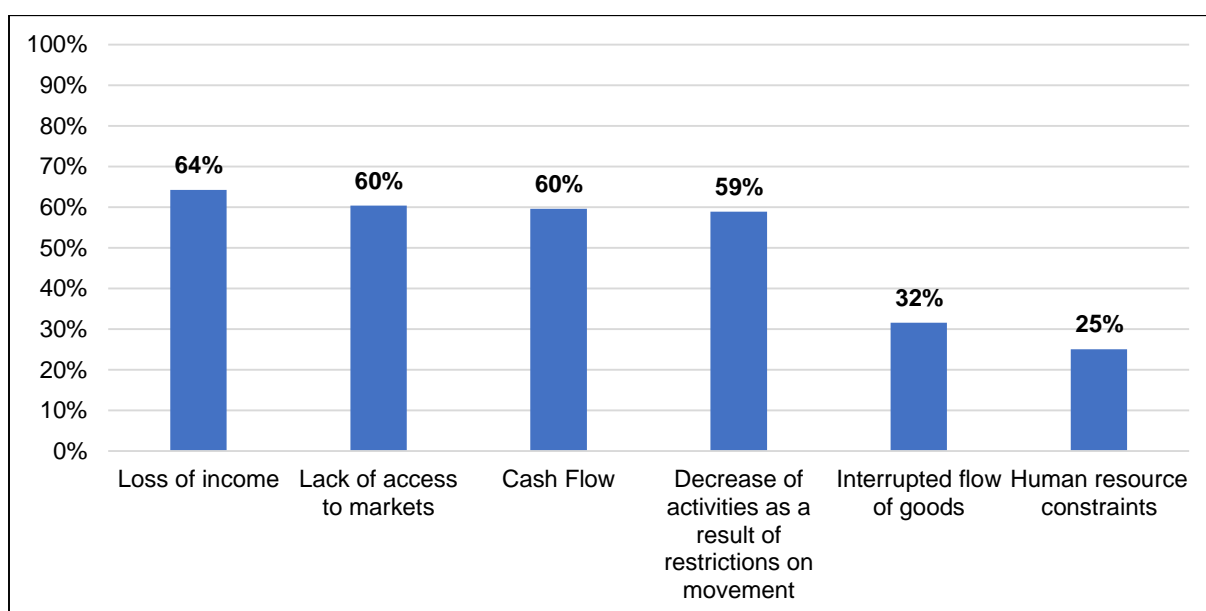
5.4 Challenges Faced by Co-operatives during the COVID-19 period

As discussed in the sections above, co-operatives have faced numerous challenges as a result of the COVID-19 pandemic. According to Co-operatives Europe (2020), some of

the challenges that co-operatives faced during the COVID-19 period included loss of customers and lower turnovers. Additionally, the World Co-operative Monitor (2020), citing Dongre & Paranjothi, established that many co-operatives in the Asia Pacific region reported facing cash flow challenges, a decrease of activities due to the restriction on movement imposed by lockdown regulations, and ultimately, the loss of income. This section explores specific key challenges encountered by co-operatives during the COVID-19 pandemic further and outlines the challenges which might persist post the COVID-19 period.

The figure shown below outlines the additional key challenges that co-operatives have faced during the COVID-19 period.

Figure 5-18: Challenges Faced by Co-operatives During the Covid-19 Period



Note: Percentages in the above graph may add up to more than 100% because respondents were allowed to select more than 1 option

As can be seen in the figure above, the challenge faced by the largest number of respondents was the loss of income, with 64% of the respondents selecting this. Furthermore, it can be seen from the above graph that, 60% of survey respondents selected lack of access to markets and cash flow as some of the challenges that their co-operatives faced during this period.

In previous sections, respondents cited that the restrictions on movement imposed by the national lockdown presented challenges such decreased operations and the inability to sell their products. As can be seen in the figure above, this was corroborated by 59% of the respondents who reported that their co-operatives experienced a decrease of activities as a result of these restrictions.

“We are suffering because there are no people on the street. A lot of people stay at home because of lockdown restrictions, so there is no one to sell our goods to. We only make money by selling baked goods and if there are no customers we suffer.”

(Co-operative Interview, 2021)

Other respondents stated that co-operatives had to retrench employees due to decreased activities as well as the inability to generate income during the COVID-19 period.

“Most co-operatives had to let go of employees because they couldn’t make money.”

(NDA Interview, 2021)

Additionally, 25% of respondents indicated that they faced human resource constraints, with some respondents indicated that the restrictions on movement resulted in fewer employees attending work.

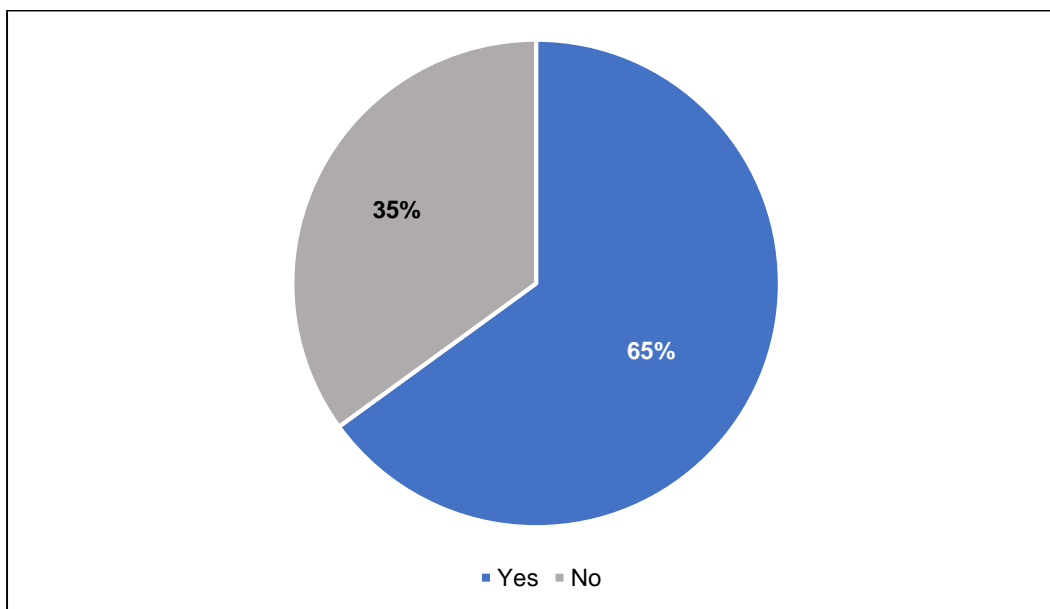
“Travelling was a big problem for us since there were restrictions. Sometimes, instead of 10 employees coming to work, only 2 made it.”

(Co-operative Interview, 2021)

In order to obtain a more nuanced understanding of the challenges facing co-operatives, it is important to understand whether the above-mentioned challenges are likely to persist beyond the COVID-19 period. Understanding whether the challenges will persist or not allows for the identification of key issues that were not necessarily caused by COVID-19, which need to be addressed to assist co-operatives play a role in economic recovery and reform. As such, the figure below illustrates the percentage of co-operatives who agreed

that the challenges faced by their co-operatives were likely to continue post the COVID-19 period.

Figure 5-19: Will Challenges Faced Continue Post the COVID-19 Period



As can be seen in the figure above, 65% of respondents believed that the challenges faced are likely to continue post the COVID-19 period. This was supported by respondents who indicated that their co-operative had faced certain challenges, such as access to finance, prior to COVID-19, and therefore, these challenges were likely to continue post the COVID-19 period.

“There are challenges that will remain even after lockdowns, or after COVID-19. In fact, many were experienced before the lockdown. Challenges like securing funding for example, we were facing challenges like securing funding to help with resources needed.”

(NDA Focus Group, 2021)

Another respondent was of the view that co-operatives in certain sectors, such as the sewing sector, will likely face the challenge of being unable to afford material for production post the COVID-19 period. The respondent further highlighted that companies

that supply these co-operatives with material had shut down during the COVID-19 period, resulting in a decrease in supply and an increase in prices.

“It will take time for things to get back to normal. Other companies were closed. Sewing co-operatives buy material from some of these companies, and now if there’s less supply, the price will go up and the co-operatives cannot afford it compared to how they were affording back then.”

(NDA Focus Group, 2021)

Furthermore, it was noted that an increase in prices may affect the amount of income generated by co-operatives, which is a challenge that existed before COVID-19, and is therefore, likely to continue post COVID-19.

“Cash inflow challenge has always been there. It was hardened by the COVID-19 pandemic. Going forward things are still going to be difficult with higher prices, that will still affect the inflow of cash.”

(NDA Focus Group, 2021)

Only 35% of the respondents believed that the challenges faced by co-operatives would not persist post the COVID-19 period.

“Once the COVID-19 pandemic is over, [co-operatives] will not experience such challenges as people will enjoy freedom of movement.”

(NDA Focus Group, 2021)

“I think things will get better. [Co-operatives] were fine before, [co-operatives] were working hard and had customers but now they can’t buy because they either lost jobs or don’t have events to attend. So, I think after this, things will improve.”

(NDA Focus Group, 2021)

Other respondents believed that they would be able to extensively market their co-operatives after the COVID-19 period and recruit more members, which may allow them to overcome the challenges that were faced during COVID-19.

“We will be able to extensively market our co-operative and recruit more members post COVID-19.”

(Co-operatives Survey, 2021)

Furthermore, some respondents provided suggestions regarding how the challenges that are faced by co-operatives could be mitigated, with one respondent indicating that co-operatives should make greater use of technology and should consider revising their current operating model.

“Change our operating model and use technology more.”

(Co-operative Survey, 2021)

Key Findings

- Some co-operatives stated that the restrictions on movement implemented as a result of the COVID-19 National Lockdown negatively impacted their ability to sell their products.
- Key challenges experienced by co-operatives included a lack of resources, access to markets and a loss of employees due to the inability to generate income.
- The majority of respondents were of the view that the challenges faced by co-operatives are likely to persist post the COVID-19 period. These included challenges such as a lack of financial resources.
- It was noted that co-operatives in certain sectors, such as the sewing sector, will likely face the challenge of being unable to afford material for production post the COVID-19 period, given that the companies that supply these co-operatives with material have shut down during the COVID-19 period. This will most likely result in a decrease in supply and an increase in prices.

5.5 Co-operatives' Ability to Adapt to the Challenges Faced During the COVID-19 National Lockdown

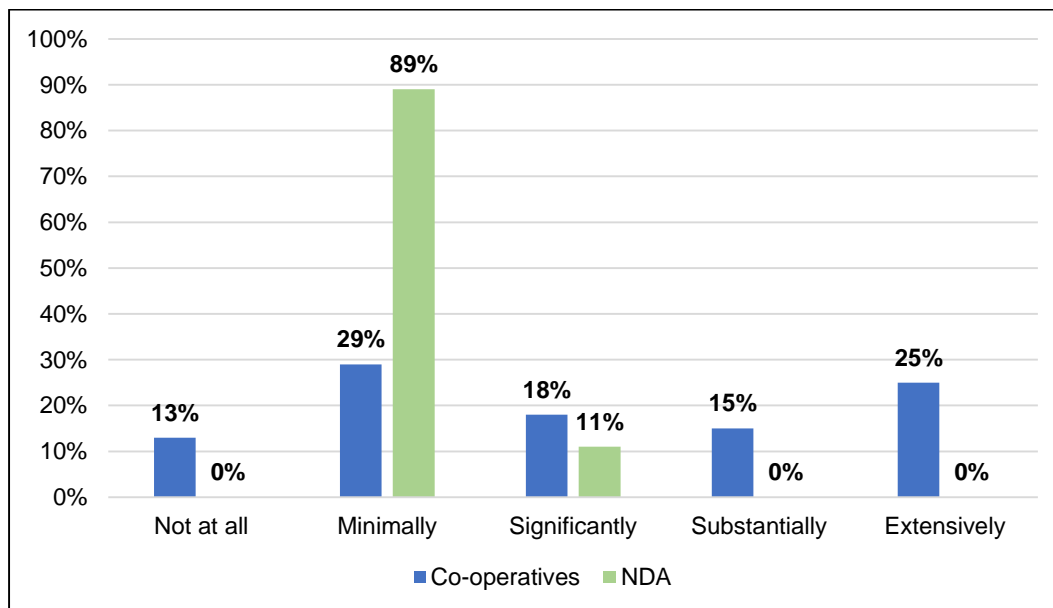
Desk-based research found that co-operatives had to adapt to the challenges brought by the COVID-19 pandemic in several ways. This section provides insight from the primary research regarding the extent to which co-operatives were able to adapt to the challenges caused by the COVID-19 National Lockdown and the ways in which they adapted to these challenges.

The International Labour Organisation (2020) found that in response to the COVID-19 pandemic, co-operatives began putting measures in place such as body temperature controls at entrances of warehouses to detect people with excessively high body temperatures; placing floor markers to encourage social distancing; and providing PPE to protect employees and customers from COVID-19. Furthermore, it was found that some co-operatives were able to shorten the supply chain by establishing direct

purchasing lines between producers and consumer co-operatives. This enabled producer and consumer co-operatives to reduce the risk of inflated food prices.

In this study, respondents were requested to indicate the extent to which they believed that co-operatives were able to adapt to the challenges caused by the COVID-19 National Lockdown. The results are illustrated in the figure below.

Figure 5-20: Extent to which Co-operatives were able to Adapt to Challenges Faced During the COVID-19 Pandemic



As can be seen in the figure above, there were significant differences in opinions between co-operatives and the NDA which may be attributed to the limited interactions between the NDA and co-operatives during the COVID-19 National Lockdown.

“It is still difficult [to understand whether co-operatives have been able to adapt to the COVID-19 pandemic] because we have been working from home most of the time and using telephonic contact to speak to co-operatives is not efficient. We don’t get the real information; we just rely on what we are told.”

(NDA Interview, 2021)

25% of the surveyed co-operatives indicated that their co-operatives were able to adapt extensively to the challenges caused by the COVID-19 National Lockdown, while 15% of

them indicated that their co-operatives were able to substantially adapt. Contrastingly, none of the respondents from the NDA were of the view that co-operatives were either extensively or substantially able to adapt to the challenges. Only 11% of respondents from the NDA believed that co-operatives were able to adapt significantly to the challenges caused by the national lockdown, with some stakeholders indicating that in their experience, some co-operatives were given opportunities to manufacture masks and other forms of PPE.

“[Some] co-operatives were able [to adapt]. They produced PPEs and masks. They were able to supply much needed equipment.”

(NDA Interview, 2021)

Co-operatives that were consulted also indicated that they had resorted to producing PPE items, such as masks and sanitisers, during the COVID-19 period, due to the increase in demand for these items.

“We moved from being purely administrative and started to produce masks and negotiate on behalf of co-operatives in the various provinces to get work.”

(Co-operative Survey, 2021)

“We obtained permission to operate as an essential service [provider] and started making masks.”

(Co-operative Survey, 2021)

Other co-operatives stated that their co-operatives adapted to these challenges by adopting the use of digital approaches and virtual platforms.

“[We adapted through] the use of social media platforms, online banking and virtual meetings”

(Co-operative Survey, 2021)

The above was followed by 18% of the surveyed co-operatives and 11% of NDA representatives, who indicated that co-operatives were able to significantly adapt to these challenges. Surveyed co-operatives indicated that they had to use their personal finances in order to overcome the financial challenges brought on by the pandemic.

“We brought our heads together to try and meet our expenses at the end of the month – use[d] pension money, from family and friends.”

(Co-operative Interview, 2021)

The findings further indicated that of the co-operatives that were surveyed, 29% reported that they were only able to minimally adapt to the challenges caused by the COVID-19 National Lockdown. In contrast to this, 89% of the NDA respondents believed that co-operatives were minimally able to adapt to the challenges. The findings also indicated that 13% of surveyed co-operatives stated that their co-operatives were not able to adapt to these challenges at all. Some co-operatives stated that had to close down as a result of not being to adapt to the challenges brought about by the pandemic.

“It was [the] first time [we were] experiencing COVID-19 so we were not prepared but we tried to adapt even though it was a rough patch. We eventually had to close around May 2021.”

(Co-operative Interview, 2021)

“We [were] forced to close the business due to lack of funds to operate and not having enough knowledge to apply for [the] COVID-19 relief fund in the Department of Labour.”

(Co-operative Survey, 2021)

Positive Practices

- Some co-operatives were able to adapt to the challenges caused by the COVID-19 National Lockdown by producing and selling masks, sanitisers and other PPE items, to their communities
- Some co-operatives adopted certain measures, such as the pooling of financial resources and the use of digital platforms and virtual approaches in their operations in order to be able to adapt to the challenges posed by the COVID-19 pandemic

Key Findings

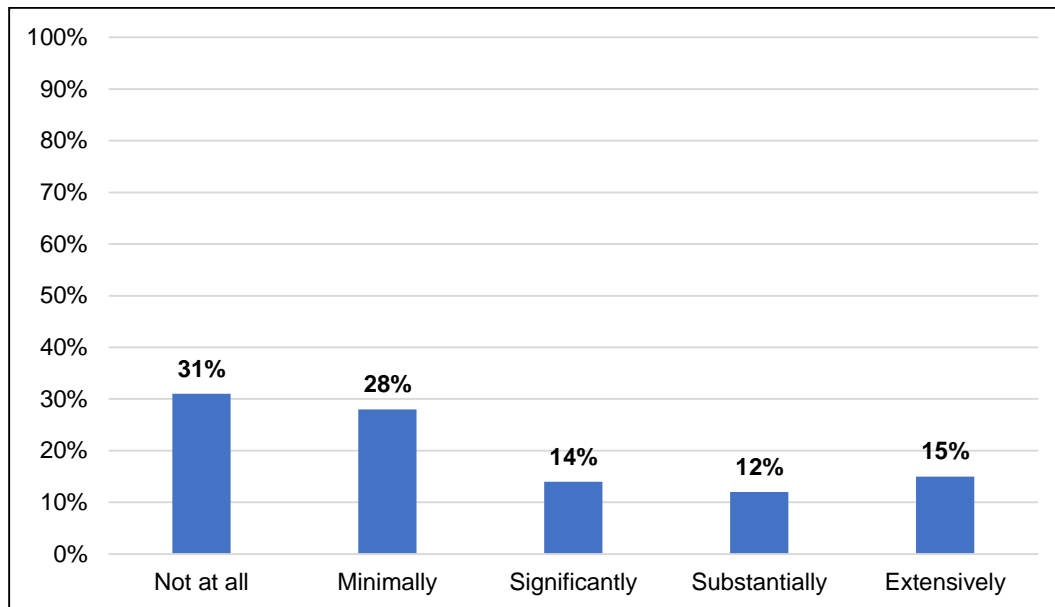
Other co-operatives were unable to adapt to the challenges brought by the COVID-19 National Lockdown, and were, therefore, forced to close their business due to a lack of finances and a lack of knowledge regarding how to apply for financial assistance.

5.5.1 Ability to Work Remotely or Operate Digitally during the Lockdown

According to the International Labour Organisation (2020), co-operatives shifted to remote working arrangements by either cancelling or postponing contact-based events and adopting virtual approaches where possible.

As part of this study, respondents were requested to indicate the extent to which their co-operatives were able to shift towards working remotely or operating digitally during the COVID-19 national lockdown. These results are illustrated in the figure below.

Figure 5-21: Extent to which Co-operatives were Able to Shift to Working Remotely During the COVID-19 National Lockdown



As can be seen in the figure above, 31% of respondents indicated that their co-operatives were not able to shift to working remotely or operating digitally, whilst 28% of respondents indicated that the shift was minimal.

Some respondents indicated that they were not able to adapt to working remotely and operating digitally as they are not as advanced as their bigger competitors and therefore, require face-to-face engagements with their customers.

“No, we are not as advanced as the big farmers. We always do things face to face with our customers.”

(Co-operative Interview, 2021)

Other respondents, whose co-operatives primarily comprised of senior citizens, indicated that they could not adopt digital operations due to a lack of relevant skills and know-how. They further indicated that they do not have access to technological tools such as smartphones.

“No, we are old people. We do not have the skills, we [also] do not have smart phones.”

(Co-operative Interview, 2021)

Other stakeholders highlighted that managing businesses virtually proved to be a challenge to many co-operatives, given that the nature of their businesses requires them to be onsite.

“COVID-19 has stopped many things because the digital world is slowly but surely taking over, and they will say you must do things online. Like farmers, it’s not easy to do things online. Imagine buying animals online. [I am] not sure of its health. COVID-19 came with a big blow, we can’t go to office, nor can we see our suppliers. Everything is online.”

(NPO Interview, 2021)

On the other hand, 41% of respondents indicated that their co-operatives were able to shift to remote working significantly, substantially or extensively, with some respondents indicating that they were able to do so because of their small co-operative size.

“We are still very small and communicating very easily through cell phones.”

(Co-operative Survey, 2021)

Other co-operatives supported this by indicating that they were able to adapt to these challenges due to their workers being able to work remotely, which allowed them to ensure that they did not experience any interruptions to their business operations.

“Our co-operative already has online platforms where members can interact with the co-operative. The administration and management team of the co-operative could work remotely so no disruptions took place in operations.”

(Co-operative Survey, 2021)

Key Findings

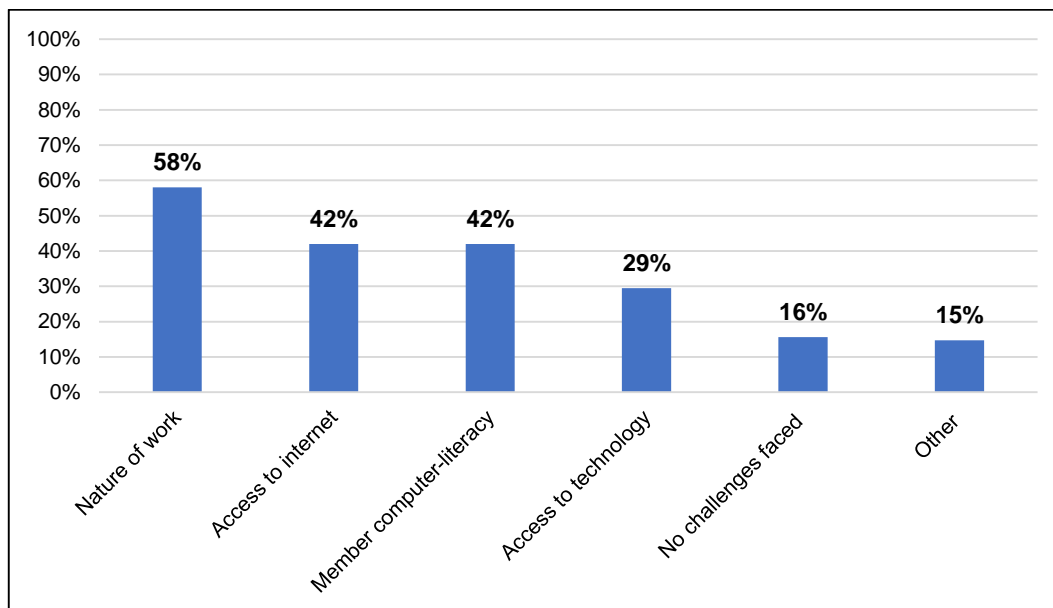
While some co-operatives were able to transition to remote working, the majority of co-operatives were not able to shift to working remotely or operating digitally during the COVID-19 national lockdown. This was due to multiple factors, such as the nature of the co-operative and a lack of skills with regard to technology.

5.5.2 Challenges in Accessing and Using Technology

According to the International Labour Organisation (2020), due to the COVID-19 pandemic and the restrictions that were enforced, co-operatives across the globe have had to explore remote working arrangements. This involved the use of technology and virtual platforms in cases where members of co-operatives were unable to physically report to their workplaces.

As part of this study, co-operatives were requested to identify the biggest challenges that they faced with regard to accessing and using technology in order to operate remotely during the COVID-19 period. These results are illustrated in the figure below.

Figure 5-22: Challenges Faced in Accessing and Using Technology During the COVID-19 Period



Note: Percentages in the above graph may add up to more than 100% because respondents were allowed to select more than 1 option

As can be seen in the figure above, 58% of co-operatives that responded to the survey indicated that they were unable to work from home due to the nature of their work.

Stakeholders indicated that some co-operatives, especially those in the Agriculture and Farming sector, were unable to shift to operating digitally given that their business is one that requires physical engagements and often involves the use of industrial machinery.

“The lack of physical contact was a big blow, especially in the Farming sector.”

(NPO Interview, 2021)

“We [would] have to take industrial machines home [sic].”

(Co-operative Survey, 2021)

Additionally, 42% of surveyed co-operatives indicated that the limited/no access to internet was a key challenge faced while trying to access and use technology during the pandemic. Some respondents stated that during the COVID-19 period, their co-operatives made efforts to move operations to online platforms. However, despite these efforts, they faced challenges such as members not having smartphones or data.

“We moved our operations online, but the bulk of our members do not have smart phones or data.”

(Co-operative Survey, 2021)

Furthermore, limited/no access to the required technology was also considered as a challenge by 29% of the surveyed co-operatives. The issue of limited or no access to technology resulted in co-operatives experiencing difficulties with regard to expanding to digital platforms and automated services, with one of the respondents stating that this has limited these co-operatives’ ability to operate during the COVID-19 period.

“From my knowledge, challenges include the issues of digital services, automated services, and network connection. With some of these co-operatives in the banking sector, their members can only access services at their offices, but [with] COVID-19 in the picture along with the restrictions, they cannot go to their institutions to withdraw money. All their operations are manual which limits them in helping their members.

(Academia Interview, 2021)

It can also be seen from the above graph that 42% of surveyed co-operatives indicated that computer illiteracy of members was a key challenge faced while trying to access technology during the pandemic. This was supported by consulted co-operatives who indicated that they do not have the knowledge regarding how to use online platforms.

“We are old people so we can’t do things online. We also don’t have smartphones to try do things.”

(Co-operative Interview, 2021)

15% of the surveyed co-operatives indicated that they experienced ‘Other’ challenges while trying to access and utilise technology during the COVID-19 period. Other challenges cited included not being able to afford the technology required to operate remotely.

“The difficulty about digitisation is the expense around that. Some problems they had were networking and data costs.”

(Academia Interview, 2021)

“Still waiting for assistance with technology funding.”

(Co-operative Survey, 2021)

Key Findings

- Some co-operatives indicated that they were unable to move to digital platforms due to a lack of resources such as smartphones and network infrastructure. Other reasons identified included high data costs, as well as a lack of funding.
- Additionally, some co-operatives were unable to shift to remote working due to the nature of their work.

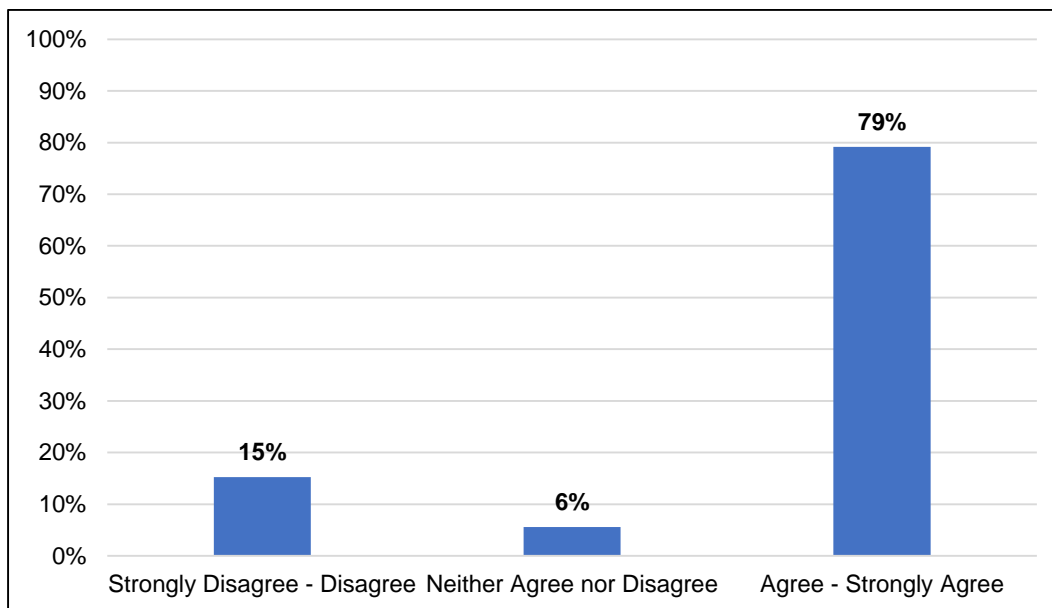
5.6 Role of Government, Private Sector and NDA in Supporting Co-operatives

The section below provides an overview on the role of the government, the private sector and the NDA can play in supporting co-operatives.

5.6.1 Key Government Support Required by Co-operatives and Non-Profit Organisations

The graph below illustrates the extent to which co-operatives, the NDA and NPOs agreed that acquiring government support would enable co-operatives to play a bigger role in South Africa's economic recovery post the COVID-19 period.

Figure 5-23: Extent to which Respondents Agree that Government Support would Enable Co-operatives to Contribute towards the Economy Post the COVID-19 Period



As can be seen in the figure above, 79% of respondents agreed or strongly agreed that acquiring government support would enable co-operatives to play a bigger role in South Africa's economic recovery post the COVID-19 period. This sentiment was echoed in stakeholder consultations, with respondents indicating that government support is a crucial factor in the survival of co-operatives.

"If the government can provide us with [support], then our co-operatives can survive."

(Co-operative Interview, 2021)

Other stakeholders indicated that increased government support is required, specifically with regard to the provision of grants and the creation of an enabling environment for co-operatives through training and mentoring.

"More government support is required. [In addition to] grants, [government] needs to create an enabling environment for co-operatives through coaching and mentoring."

(Co-operative Survey, 2021)

Additionally, some stakeholders indicated that financial assistance from the government could contribute significantly to the upliftment of the co-operative sector.

"Government support is key to [the] upliftment of co-operatives. There is a need for financial assistance from government and other institutions."

(Co-operative Survey, 2021)

Respondents further stated that in addition to financial support, co-operatives need assistance with acquiring equipment for agricultural activities and the production of goods.

"[Co-operatives need] assistance with tools of production. [The government should] avail land for working [and] avail cash flow to start work."

(Co-operative Survey, 2021)

Stakeholders also mentioned that if government assisted co-operatives with the provision of resources, co-operatives would be able to continue operating and subsequently contribute to the economy.

“We [are] hoping for assistance from [the] government concerning resources, this will allow [our co-operative] to continue operating and then [we] can contribute to the community.”

(Co-operative Survey, 2021)

On the other hand, 15% of respondents were of the view that acquiring government support would not enable co-operatives to play a bigger role in South Africa’s economic recovery post-pandemic. This sentiment was echoed in certain qualitative consultations, with stakeholders indicating that there are certain issues that they are facing, such as conflict between the members, which will not be addressed through government support.

“The problem is us as the co-operatives, there’s jealousy in the sector because people do not want to work together. The government has been trying to help but that won’t make a difference if there’s still conflict within co-operatives.”

(Co-operative Interview, 2021)

Other stakeholders were of a similar view, indicating that even though the government attempted to provide support, the support was not entirely beneficial to the co-operatives due to differences in the vision shared by the members.

“[The government] tried to mentor us and [tried to] link us with people from [the] department of agriculture but somehow it did not work out. I really do not know how government would have helped. Government [has] tried, but [the issue is that] the people [who make up the co-operatives] just don’t share the same vision.”

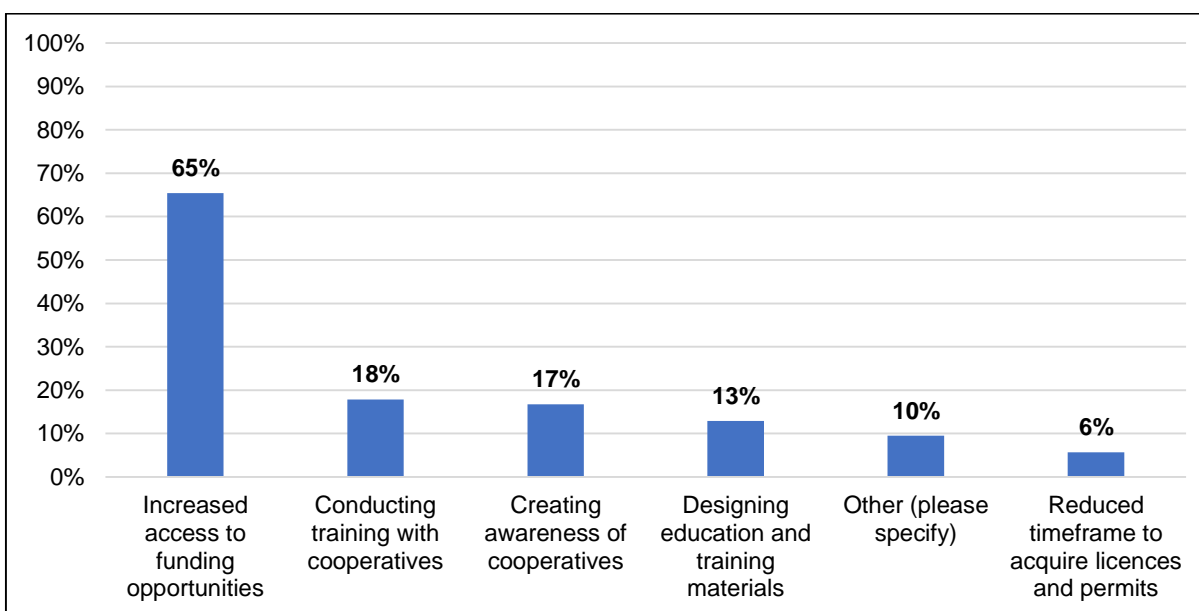
(Co-operative Interview, 2021)

It is important to note that some of the issues identified by stakeholders in qualitative consultations corroborated the findings of the literature review. One of the key issues that

co-operatives faced pre COVID-19 was a lack of organisational structure, which impacted the survival rates of co-operatives in South Africa. Initial research indicated that many co-operatives in South Africa lacked the discipline required to sustain the organisation due to a lack of cooperation between members (Mohlala, 2020). Initial research also indicated that there is a general lack of interaction and trust between co-operative members, which results in a situation whereby co-operatives are disorganised (Mohlala, 2020).

While the figure shown above provides an overview of the extent to which respondents believed that government support would enable their co-operatives to play a bigger role in the economy, it is also important to understand the specific type of support required by co-operatives. As such, the figure below shows respondents' views regarding the specific types of government support required in order to enable co-operatives to play a more significant role in South Africa's economic recovery post COVID-19.

Figure 5-24: Type of Government Support Required



Note: Percentages in the above graph may add up to more than 100% because respondents were allowed to select more than one option.

As can be seen in the figure above, 65% of respondents indicated that the type of government support required by their co-operatives was increased access to funding opportunities. This sentiment was echoed in qualitative consultations, with certain co-

operatives indicating that funding is required in order to address issues such as unemployment.

“I think if I can get finance to start off then we can do a lot, we have a lot of youth who are not employed but cannot help because we can’t afford to pay them. For example, if I get finance for fencing or erecting a structure then they can be involved.”

(Co-operative Interview, 2021)

The need for increased access to funding was identified in the literature review, with the findings indicating that a lack of financial resources is one of the key challenges faced by co-operatives in South Africa. The desk-based research also indicated that these financial concerns were mainly due to a lack of funding initiatives from the government. Furthermore, the findings from the desktop research noted that the lack of funding initiatives may be due to an inadequate understanding of the nature of support required by co-operatives. This lack of understanding of the type of support required may be primarily due to the lack of published statistics on the social and economic impact of the co-operatives sector in South Africa.

17% of respondents indicated that creating awareness of co-operatives was another type of support required from the government.

“[The government needs to] conduct training sessions or information sessions. There is lack of information [on co-operatives].

(Co-operative Interview, 2021)

Furthermore, 18% of respondents indicated that they believed conducting training was the key support required by co-operatives, while another 13% indicated that there was a need for the designing of educational and training material related to co-operatives. This view was echoed in qualitative consultations, with certain co-operatives indicating that there is a need for workshops and training initiatives aimed at equipping co-operatives with the necessary skills.

“[The government] needs [to] organise workshops and equip [co-operatives] with skills.”

(Co-operative Interview, 2021)

Some stakeholders also indicated that government officials need to play a more active role in educating and guiding co-operatives.

“[There is a need for] positive participation of government officials in giving education and guidance to cooperatives.”

(Co-operative Survey, 2021)

Other stakeholders also highlighted the need for training, indicating that co-operatives need to be upskilled in order to contribute to South Africa’s economic recovery post COVID-19.

“Training should be provided to upskill co-operatives. This will allow [co-operatives] to contribute to economic recovery.”

(Co-operative Interview, 2021)

“I think the [Department of] Agriculture should delegate representatives to help and guide us. We need people to always come help and instruct us on what needs to be done especially on the admin [side]. A lot of training is also needed because we have passion and skills, but a little bit of professionalism is needed.”

(Co-operative Survey, 2021)

In addition to the above, 10% of respondents indicated that ‘other’ forms of government support were required. When asked to expand on this, some respondents highlighted that access to equipment, such as laptops, and access to data is vital.

“For me all the [listed forms of support are required] including investing more time and energy to [co-operatives] in the rural areas. For example, we still don't have a laptop [and even if we did] it's so difficult to even purchase data [as it is] so expensive.”

(Co-operative Interview, 2021)

Furthermore, according to Co-operatives Europe (2020), co-operatives in some countries have been unable to operate effectively due to a lack of supporting policies and programmes or adequate legal frameworks. Some of the respondents in this study were of the view that the effective implementation of the current legislation and policies have proved to be a challenge for some co-operatives, as they have hindered local government from supporting co-operatives.

“[The challenge is] the legislation and policies. The actual implementation is an issue. Look at the local government, we expect them to help cooperatives with very simple things but because of the policies, they are failing.”

(Academia Interview, 2021)

“Policies are there. The effective implementation is what is lacking from the departments and agencies of government. There's no coordination and means of working together.”

(NDA Interview, 2021)

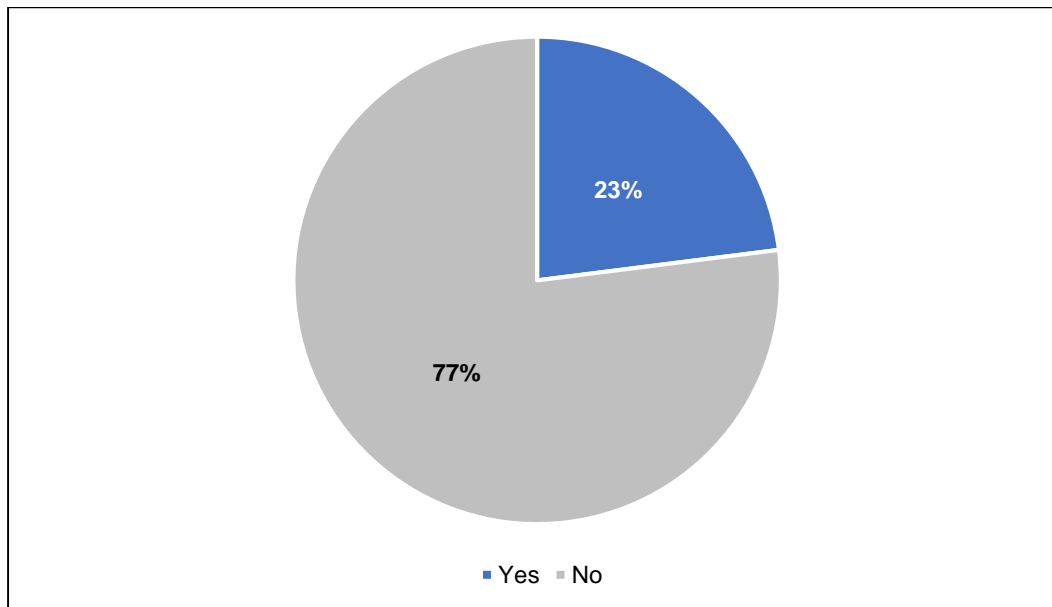
Key Findings

- The majority of respondents seemed to be of the view that increased access to funding was the key form of support required for co-operatives.
- Some co-operatives stated that both financial and non-financial assistance would be required from government in order to address the challenges encountered.
- It was found that government support may not be beneficial to some co-operatives, with some stakeholders highlighting that in certain instances there appears to be a lack of collaboration, trust and a shared vision amongst co-operative members. The stakeholders added that the government has been trying to assist co-operatives but that this support has not been able to resolve these internal issues.
- There appears to be a need for training aimed at upskilling co-operatives to allow them to effectively contribute to the economy.
- The ineffective implementation of the current legislation and policies appears to have prevented the local government from providing adequate support to co-operatives.

5.6.2 Support Received by Co-operatives during COVID-19

The section below provides an overview of the support received by co-operatives from the government, the private sector and the NDA during the COVID-19 pandemic.

Figure 5-25: Support Received During COVID-19 Period



As can be seen above, only 23% of respondents indicated that their co-operative received support from the government, the private sector or the NDA during the COVID-19 pandemic. Stakeholders indicated that they received funding from private organisations which was used to enhance the security of their premises.

“[Yes] we received support from the private [sector]. They helped us put up fencing, a gate and burglar proof bars.”

(Co-operative Interview, 2021)

Other stakeholders indicated that they received grants which allowed their co-operative to partially sustain its operations during COVID-19.

“We received grants during the lockdown, so we were able to sustain operations [to an extent].”

(Co-operative Interview, 2021)

On the other hand, 77% of respondents indicated that their co-operatives did not receive any support from the government, the private sector or the NDA during the COVID-19 pandemic.

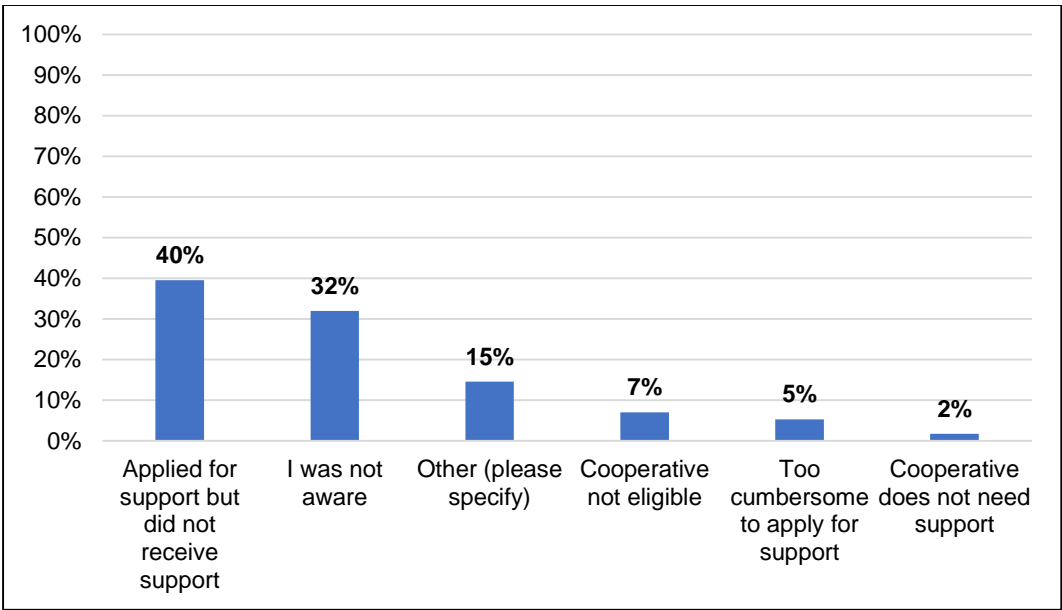
Some respondents stated that despite applying for funding from several government organisations and complying with the necessary application procedures they did not receive any support.

“We applied to a few government organisations for funding, but they gave us the run-around, we were told to submit documents and we followed the correct procedure to acquire funding. However, they never came back to us. We also went to their buildings but were denied access, we also tried calling with no success.”

(Co-operative Focus Group, 2021)

In order to understand the rationale behind these co-operatives not receiving any form of support, the reasons why the co-operatives did not receive support during COVID-19 were considered. The results of this are shown in the figure below.

Figure 5-26: Reason for Lack of Support Received (Co-operatives)



As can be seen above, 40% of respondents indicated that although they applied for support, they did not receive any. One respondent expressed their concerns with regard to the government’s response time to their applications. It was also noted that, at times, applicants do not receive feedback from the government bodies.

“[Co-operatives] did not receive support. My worry is that every time an application is made, [the government] takes time to respond and [most times] we do not even hear from them.”

(NPO Interview, 2021)

Additionally, 32% of respondents indicated that they did not receive support as they were not aware of the forms of support available. This was corroborated in qualitative consultations, with certain stakeholders indicating that they did not receive support from the government, the private sector, or the NDA due to a lack of awareness and access to required information.

“We did not apply for support [because] we did not know about any available support. We do not have access to that information.”

(Co-operative Interview, 2021)

Furthermore, some stakeholders indicated that they were not aware of the application process and therefore could not benefit from available support.

“We did not know how to apply [for support].”

(Co-operative Interview, 2021)

Similarly, 5% of respondents indicated that they did not receive support given that the application process was too cumbersome. This concern was echoed in qualitative consultations, with some stakeholders indicating that they did not have the knowledge regarding how to apply for support, highlighting that there is often a third-party cost attached to the application process, should assistance be required.

“We are a small cooperative. We don’t even know how to write to funders to request [for] support. If we try get someone to draft proposals for us, they want to be paid.”

(Co-operative Interview, 2021)

15% of respondents indicated that they did not receive support due to ‘other’ reasons. When asked to expand on the reasons which prohibited their access to support, some stakeholders mentioned that institutions which would ordinarily provide support to co-operatives (e.g. NDA or government bodies) were also negatively impacted by the pandemic. Consequently, they were unable to provide assistance.

“We did not get support because the government and NDA claimed that the pandemic affected their operations [as well].”

(Co-operative Survey, 2021)

7% of respondents indicated that they did not receive support because their co-operatives were not eligible. During the study, it was noted that several co-operatives experienced challenges with meeting compliance requirements, with some stakeholders citing issues such as a lack of required financial records.

“We [tried] to apply for support but the [issue] was that we did not have the 3 years financial report.”

(Co-operative Survey, 2021)

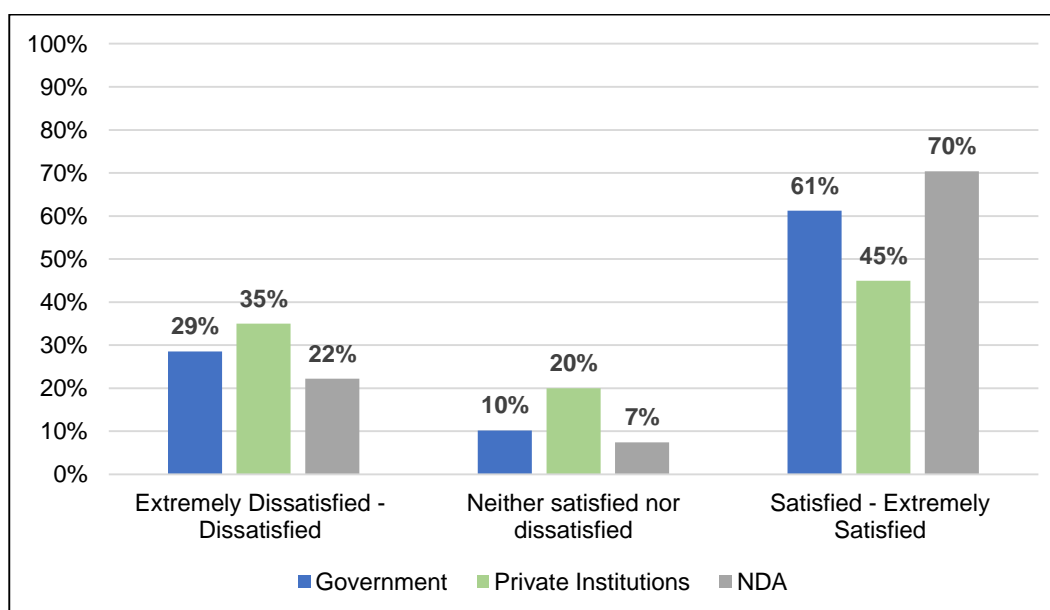
Key Findings

It was found that several co-operatives did not receive any form of support from the government, private sector and the NDA during the COVID-19 pandemic. This was due to a number of reasons, including a lack of access to information; a lack of awareness regarding the types of support available as well as a lack of awareness regarding how to apply for the available support. Other barriers cited included the third-party costs associated with applying for support and compliance requirements not being met.

5.6.3 Satisfaction with Support Received

The graph below provides a detailed analysis of the levels of satisfaction amongst co-operatives with the support received from either the government, the private sector, or the NDA.

Figure 5-27: Co-operatives Satisfaction with Support Received



As can be seen above, 29% of respondents who received support from the government were dissatisfied with the support received, while 35% and 22% of respondents were dissatisfied with the support received from private institutions and the NDA, respectively. The dissatisfaction with the support received was echoed in certain qualitative consultations, with some stakeholders indicating that the support received was not sustained.

“We received support but not entirely, they taught us how to operate but the support was not sustained.”

(Co-operative Interview, 2021)

Other stakeholders indicated that due to a lack of regular monitoring of the support provided by institutions, issues such as a lack of accountability and the misuse of money hindered the progress of co-operatives.

“It is not [only] about receiving support. For instance, if [an organisation providing support] says we [will provide] funding to this co-operative, they don’t go and check-up on them - they just give them funds and never come back. Then, the businesses fail. There’s no accountability, there’s misuse of money. They must hire qualified people, people who will monitor every single cent spent. That way, we’ll go forward.”

(Co-operative Interview, 2021)

Some stakeholders suggested that consideration be given to the type of support offered, highlighting that in addition to the traditional forms of support such as financing, training and mentorship, the provision of internet services in remote areas is of critical importance.

“[Co-operatives need] funding to be able to employ more people. [However] it is not the only thing [cooperatives] need, [cooperatives] also [need] access to information. If they give Wi-Fi to rural areas, people will have access to information and technology.”

(NPO Interview, 2021)

On the other hand, 61% of respondents who received support from the government were satisfied with the support received, while 45% and 70% were satisfied with the support received from private institutions and the NDA, respectively. This indicates that respondents who received support from the NDA were more satisfied with this support, as opposed to support received from other institutions.

Some stakeholders indicated that the grants they received allowed their co-operatives to continue operating and generate an income.

“We did receive grants during the lockdown [period]. This allowed us to continue operations and we were also able to have food in our houses.”

(Co-operative Interview, 2021)

Another stakeholder indicated that support provided by the NDA, in the form of resources, allowed their co-operative to continue operating during COVID-19.

“The NDA gave [our co-operative] two sewing machines and two laptops, which allowed [our co-operative] to continue operating.”

(Co-operative Survey, 2021)

Positive Practices

- The majority of respondents who received support from the NDA and the government indicated that they were satisfied with the form of support received, therefore, these institutions should continue to provide support, such as grants, to co-operatives during and post the COVID-19 pandemic to assist them continue their operations.
- The NDA should continue providing resources and other forms of support to co-operatives post COVID-19 to facilitate their contribution to economic recovery and reform.

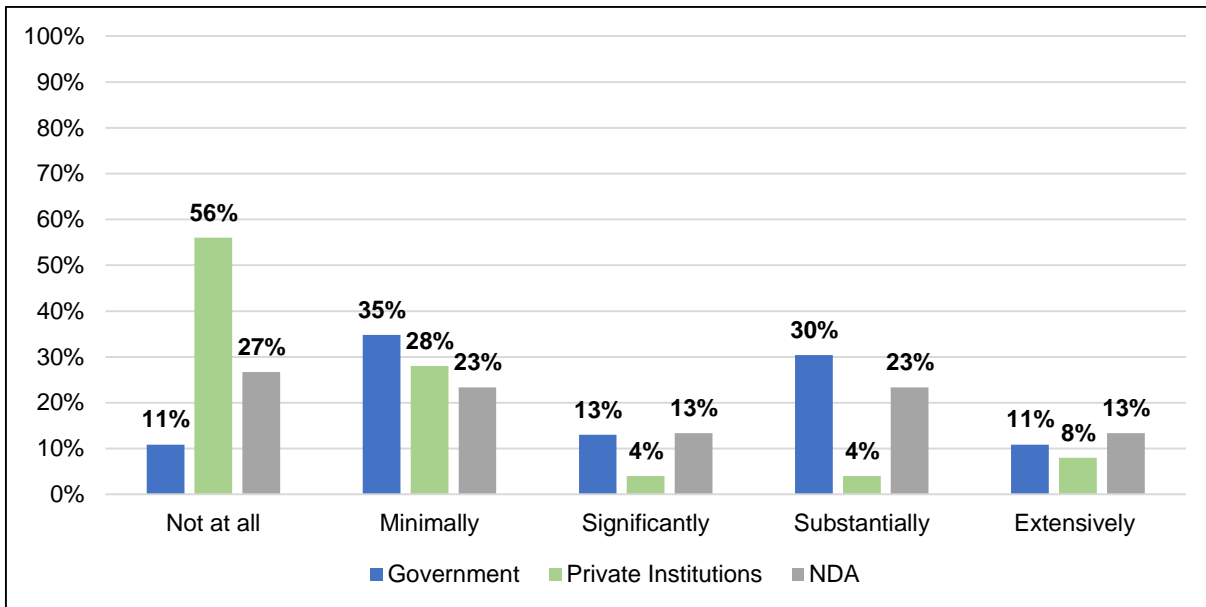
Key Findings

- There appears to be a lack of sustainability in the support provided to co-operatives in certain instances.
- Certain stakeholders were of the view that the lack of monitoring once support has been allocated to co-operatives, appears to result in issues such as a lack of accountability and the misuse of funds.
- There appears to be a need for support aimed at increasing access to information for co-operatives, specifically through the provision of internet services in remote areas.

5.6.4 Impact of Support Received

The section below provides an overview of the impact the support co-operatives' received had on their ability to provide quality services and continue their operations.

Figure 5-28: Extent to which Support Received Allowed Co-operatives to Provide Quality Services and Continue Operations



As can be seen above, the majority of respondents (84%) who received support from private institutions indicated that the support had a minimal effect or did not allow their co-operatives to provide quality services and continue operations during the COVID-19 period. This is compared to 50% of respondents who received support from the NDA, and 46% of respondents who received support from the government. Among the respondents who received support from private institutions, only 16% indicated that the support received allowed them to provide quality services and continue operations during the COVID-19 period. Some stakeholders indicated that despite receiving support, the lockdown regulations meant that their co-operatives could not continue operating.

“We did receive support. However, [our co-operative] is suffering because there are no people on the street. A lot of people stay at home because of lockdown restrictions so there is no one to sell our goods to. We only make money by selling baked goods and if there are no customers, we suffer.”

(Co-operative Interview, 2021)

Other stakeholders who received support echoed these sentiments, indicating that there were no clients to supply goods to, and as a result, their co-operative could not operate during the COVID-19 lockdown.

“We got some support, but most of the businesses we used to supply closed down during lockdown and did not open again. We did not have clientele anymore and so we could not continue operating.”

(Co-operative Interview, 2021)

Contrastingly, the majority of the respondents (54%) who received support from the government indicated that the support they received had a significant, substantial or extensive impact on their ability to provide quality services and continue with operations. Similarly, 49% of respondents who received support from the NDA, shared the same view regarding the support they received.

“During the COVID-19 [pandemic], we did receive grants which helped [the quality of our] services and [we] were able to keep operating.”

(Co-operative Interview, 2021)

Other stakeholders indicated that the support they received allowed their co-operative to continue manufacturing school uniforms for underprivileged learners.

“We received support [that allowed our co-operative] to continue manufacturing school uniforms for the needy.”

(Co-operative Survey, 2021)

Positive Practices

Several co-operatives were able to continue operating during the COVID-19 lockdown as a result of the support received from the government, private institutions and the NDA.

Key Findings

It appears that despite some co-operatives receiving support, some of the support received was not as effective due to the challenges that co-operatives continued to face as a result of the COVID-19 National Lockdown restrictions. It was found that some co-operatives lost customers and were unable to sell products, subsequently, these co-operatives could not keep operating.

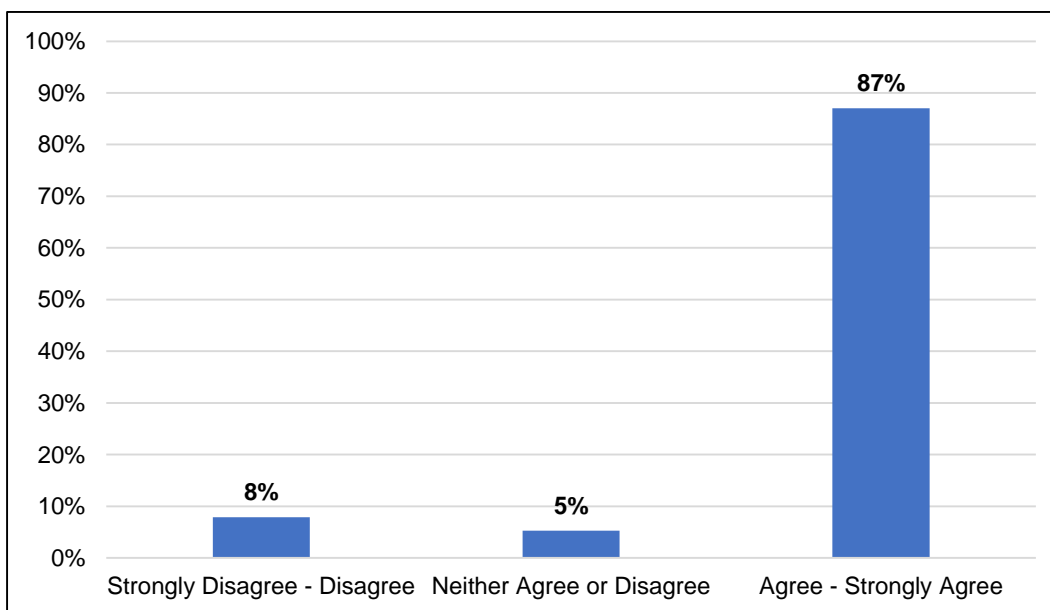
5.7 Role and Contribution of Co-operatives post COVID-19 period

The following section outlines the roles that co-operatives can play and the contributions they can make towards reducing unemployment as well as their contribution to the green economy post the COVID-19 period.

5.7.1 Contribution of Co-operatives towards Unemployment

The figure below illustrates the extent to which stakeholders believed that co-operatives could play a meaningful role in reducing unemployment post the COVID-19 pandemic period.

Figure 5-29: Extent to which Stakeholders Agreed that Co-operatives Could Play a Meaningful Role in Reducing Unemployment Post COVID-19 Pandemic



As demonstrated in the figure above, the majority of stakeholders (87%) who participated in the survey agreed or strongly agreed that co-operatives could play a meaningful role

in reducing unemployment post the COVID-19 pandemic. This was corroborated by the initial research conducted which found that co-operatives are critical to economic development as the problems facing disadvantaged and marginalised communities such as unemployment, poverty, job loss and loss of community control are best addressed by community-led grassroots approaches (Khumalo, 2014). The NDA (2015) further explained that in terms of job creation, co-operatives have a comparative advantage over other types of enterprises for several reasons, including their labour-intensive nature which requires vast human resources.

The qualitative research undertaken confirmed the above, with some stakeholders indicating that there are several opportunities which could be explored by co-operatives in order to promote job creation. It was suggested that more individuals be encouraged to establish co-operatives and entrepreneurial training be provided to these co-operatives.

“[I agree] Absolutely. The informal sectors employ more than a million people, why don’t people get together and create a co-operative. There’s no champion to tell them to create a co-operative. There is no creativity in creating jobs. The million people are merely surviving. There are a lot of opportunities that we need to investigate and at the same time entrepreneurial training needs to be introduced.”

(Academia Interview, 2021)

Furthermore, some stakeholders indicated that, with adequate support from government, co-operatives could contribute significantly to the reduction of unemployment.

“[Co-operatives] are able to create jobs and pay stipends to their workers. We need to create an environment where they will be able to upscale their activities and give them access to markets. They can play a big role [in reducing unemployment] if they are adequately supported by government.

(NDA Interview, 2021)

Other stakeholders noted that co-operatives, especially those in the Waste Management sector could provide significant employment opportunities to both the youth and the elderly. It was further noted that short term employment opportunities are also available in the Waste Management sector.

“I think there is a huge potential for employment for both [the] youth and the elderly. We have seen it with a few co-operatives, notably the Waste Management sector. They even have seasonal workers when they need them.”

(Industry Body Interview, 2021)

Other stakeholders indicated that co-operatives are considered to be the pillar of small and micro enterprises which have the strong ability to create jobs and pay stipends to their workers.

“Co-operatives form the bedrock of small micro enterprises and are classified in that space, especially production space so they do play a meaningful role in their own spaces and are able to create jobs and pay stipends to the workers.”

(NDA Interview, 2021)

Furthermore, 8% of stakeholders strongly disagreed that co-operatives could contribute to alleviating unemployment post COVID-19. Some stakeholders highlighted that co-operatives would not be able to alleviate unemployment post the COVID-19 pandemic, unless their access to market is enhanced. Enhancing their market access may boost the number of goods sold and subsequently, increase the number of employees required.

“Co-operatives can only assist in reducing unemployment if they can sell more produce. Empowering co-operatives means providing market access. Therefore, if their goods and services are in demand, they will need to increase their capacities to deliver services which in many instances, would require additional persons to deliver [which leads to] employment.”

(NDA Survey, 2021)

Other stakeholders noted that there needs to be improvement in the way co-operatives manage their business in order to allow co-operatives to contribute to alleviating unemployment.

“If they were run properly. But with the way things are going now, they will add to unemployment. Imagine funding a project now and people get employed, then after a few months the project fails and then unemployment goes up again.”

(NPO Interview, 2021)

Positive Practices

- The majority of stakeholders consulted agreed that co-operatives could play a meaningful role in alleviating unemployment post COVID-19.
- Some stakeholders indicated that co-operatives are considered to be the pillar of small and micro enterprises which have a strong ability to create jobs
- Co-operatives have a comparative advantage over other enterprises when it comes to job creation due to their labor-intensive nature which requires vast human resources.

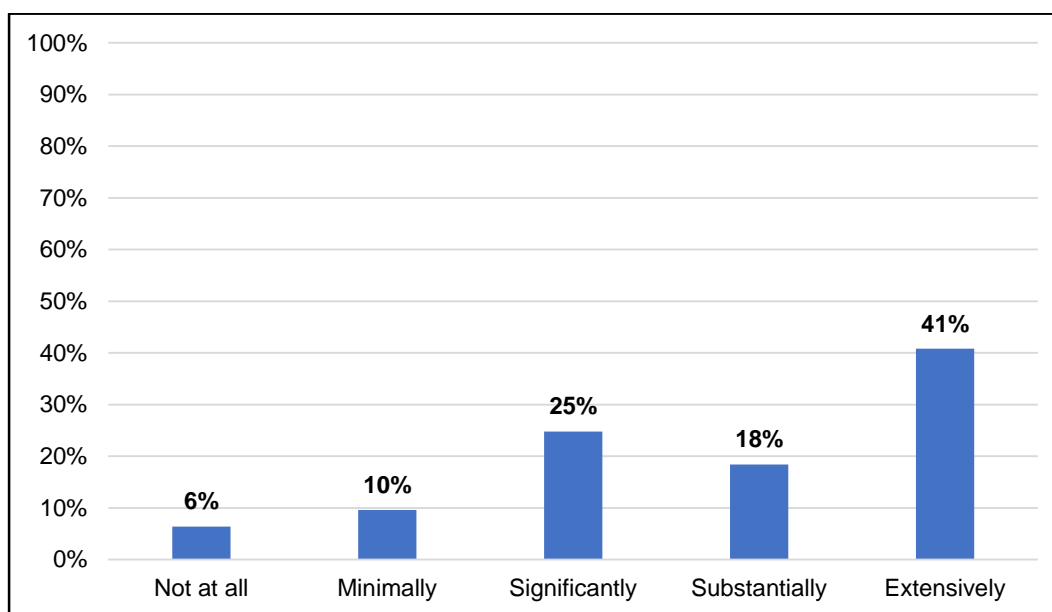
Key Findings

- It was noted that there is a need for improvement regarding the management of co-operatives as well as the establishment of management structures. It was suggested that mentorship and entrepreneurial training be offered to co-operatives to equip them with financial management and administration skills.
- Some respondents indicated that co-operatives contributed towards reducing unemployment before the COVID-19 pandemic and managed to do so until now. It was noted that challenges such as the loss of employees and income negatively affected the ability of co-operatives to create jobs.

5.7.2 Contribution of Co-operatives towards Green Economy

The green economy can be defined as a low carbon, resource efficient and socially inclusive economy. A green economy is one that aims to reduce environmental risks and aims for sustainable development without degrading the environment. The figure below depicts the extent to which stakeholders believed that co-operatives would be able to contribute towards the green economy after the COVID-19 lockdown.

Figure 5-30: Extent to which Co-operatives would be Able to Contribute Towards the Green Economy Post Covid-19 Lockdown



As demonstrated in the figure above, 84% of the stakeholders surveyed believed that co-operatives would be able to significantly (25%), substantially (18%) or extensively (41%) contribute towards the green economy after the COVID-19 lockdown.

On the other hand, 10% of stakeholders believed that co-operatives could contribute minimally towards the green economy after the COVID-19 lockdown, while the remaining 6% of stakeholders did not believe that co-operatives would contribute towards a green economy post the COVID-19 lockdown period.

Some respondents were of the view that in order for co-operatives to contribute towards a green economy, co-operatives would need various forms of support, such as capacity building training.

“Co-operatives need capacity building [training] on how to run a business before focusing on the green economy. Co-operative members’ mentality needs to change from treating these entities as projects and rather take them as businesses that the government can rely on for supply.”

(NDA Survey, 2021)

The literature review conducted affirmed the view that co-operatives can play a role in contributing towards the green economy, however the journey would not be without challenges. Co-operatives Europe (2020) explains that green transition entails the implementation of environmentally friendly business processes that ensure the sustainability of businesses, the economy, and the environment alike. The biggest obstacle to this for most businesses, including co-operatives, is changing production mechanisms which are often rooted in enterprises. The process also requires a financial investment into the restructuring of jobs and, in some instances, adopting ‘green’ practices, such as using solar energy.

The findings from initial research with regard to financial investment were corroborated in certain stakeholder consultations, with some stakeholders indicating that in order for co-operatives to contribute towards the green economy, the sector requires financial and technical support.

“[In order] to take advantage of the opportunities in the green economy, co-operatives require financial support and technical support.”

(NDA Survey, 2021)

Positive Practice

Stakeholders consulted, as well as the literature review undertaken, indicated that co-operatives have the potential to contribute meaningfully towards the green economy.

Key Finding

Some stakeholders indicated that in order for co-operatives to contribute meaningfully towards the green economy, they require extensive support, ranging from funding, capacity-building, technological support as well as resource support.

6 Key Findings and Recommendations

The section below provides an overview of the identified positive practices across the various areas of focus of the study. Furthermore, this section provides an overview of the key findings, as well as the proposed recommendations relating to these key findings.

6.1 Positive Practices to Continue

Positive practices highlight key positive outcomes across the various areas of focus of the study. For example, a positive practice that was identified for the focus area relating to the 'Impact of COVID-19 on operations' was that some cooperatives were able to receive financial assistance in the form of grants during the COVID-19 pandemic and were therefore able to keep operating. The table below highlights the positive practices across various areas of focus.

Table 6-1: Positive Practices to Continue

Focus Area	Positive Practice
Impact of COVID-19 on Operations of Co-operatives	<ul style="list-style-type: none">Some co-operatives received financial assistance in the form of grants during the COVID-19 pandemic and were therefore, able keep operating. Institutions should continue making efforts to provide financial assistance to co-operatives to enable them to continue operating.
Co-operatives' Ability to Adapt to the Challenges Faced During the COVID-19 National Lockdown	<ul style="list-style-type: none">Some co-operatives were able to adapt to the challenges caused by the COVID-19 National Lockdown by producing and selling masks, sanitisers and other PPE items, to their communitiesSome co-operatives adopted certain measures, such as the pooling of financial resources and the use of digital platforms and virtual approaches in their operations in order to be able to adapt to the challenges posed by the COVID-19 pandemic.
Satisfaction with Support Received	<ul style="list-style-type: none">The majority of respondents who received support from the NDA and the government indicated that they were satisfied with the form of support received, therefore, these institutions should continue to provide support, such as grants, to co-operatives during and post the COVID-19 pandemic to assist them continue their operations.The NDA should continue providing resources and other forms of support to co-operatives post COVID-19 to facilitate their contribution to economic recovery and reform.
Impact of Support Received	<ul style="list-style-type: none">Several co-operatives were able to continue operating during the COVID-19 lockdown as a result of the support received from government, private institutions and the NDA.

Focus Area	Positive Practice
Role of Co-operatives in Reducing Unemployment Post COVID-19 Pandemic	<ul style="list-style-type: none"> The majority of stakeholders consulted agreed that co-operatives could play a meaningful role in alleviating unemployment post COVID-19. Some stakeholders indicated that co-operatives are considered to be the pillar of small and micro enterprises which have a strong ability to create jobs. Co-operatives have a comparative advantage over other enterprises when it comes to job creation due to their labour-intensive nature which requires vast human resources.
Contribution of Co-operatives Towards Green Economy	<ul style="list-style-type: none"> Stakeholders consulted, as well as the literature review undertaken, informed that co-operatives could contribute meaningfully towards the green economy.

6.2 Key Findings and Recommendations

The following table outlines the recommendations for the project, based on the key findings identified in the sections above. The key findings and recommendations are categorised according to the following themes, based on key challenges identified:

- General Challenges
- Lack of Funding Opportunities
- Access to Markets
- Lack of Skills
- Access to Internet and/or Technology
- Barriers to Co-operative Expansion and Development

It is important to note that certain challenges faced by co-operatives, such as the poor health of individual co-operative members, are internal challenges and therefore, cannot be addressed by the NDA or the government. However, by addressing the challenges that are within the reach of the NDA and the government, the co-operative sector can receive the required support which may enable the sector to contribute to economic recovery in South Africa.

Table 6-2: Key Findings and Recommendations

Key Themes	Key Findings	Recommendations
General Challenges	Co-operatives appear to have been facing a variety of challenges which impacted their operational capacity prior to the COVID-19 pandemic, as can be seen through the percentage of respondents who indicated that their co-operative stopped operating prior to the pandemic. Challenges faced included issues such as a lack of organisational structure, lack of shared vision from co-operatives' members and a lack of access to information.	<ul style="list-style-type: none"> • The NDA should consider placing added emphasis on addressing issues which existed prior to the pandemic. • For example, in order to address the lack of a shared vision amongst co-operative members, the NDA could provide increased conflict resolution training to co-operatives. Alternatively, an organisation such as SEDA could provide career guidance counselling to co-operatives in order to ensure that the members of a particular co-operative are in agreement as to the goals and objectives of their co-operative. This counselling could potentially form part of their Cooperatives and Community Public Private Partnership Programme. • In order to address a lack of organisational structure, the NDA, in conjunction with other organisations, such as the CIPC, could provide co-operatives with the relevant information related to proper governance at the time of registration. Furthermore, the NDA could conduct workshops aimed at training co-operatives with regard to the proper formulation of critical governance structures of the co-operative, such as how to elect a board. This training could form part of the NDA's capacity building and compliance training workshops.
	It was noted that co-operatives in certain sectors, such as the sewing sector, will likely face the challenge of being unable to afford material for production post the COVID-19 period, given that the company that supply these co-operatives with material have shut down during the	<ul style="list-style-type: none"> • The NDA should consider conducting a study in order to identify the co-operative sectors (i.e. agricultural, textile etc.) which were affected the most by the COVID-19 pandemic. This study will assist the NDA in identifying the sectors which were most impacted and will facilitate the provision of specific forms of support aimed at these sectors. Potential forms of support may include the provision of grants and subsidies, debt payments, the provision of equipment for production or deferral of tax.

Key Themes	Key Findings	Recommendations
	COVID-19 period. This will most likely result in a decrease in supply and an increase in prices.	<ul style="list-style-type: none"> • With regard to co-operatives who are facing increased production costs, such as sewing co-operatives, the NDA could link these co-operatives to suppliers who are geographically closer in order to reduce the costs of supplies, such as material. Alternatively, the NDA could negotiate on behalf of the co-operative for reduced rates. • The NDA may also consider facilitating the development of partnerships between co-operatives in the same sector in order to increase their purchasing/bargaining power. For example, two agricultural co-operatives may form an agreement to purchase fertiliser in bulk in order to reduce the overall cost. This will ensure that co-operatives have access to reduced rates when purchasing materials.
	Some co-operatives stated that both financial and non-financial assistance would be required from government in order to address the challenges encountered.	<ul style="list-style-type: none"> • The NDA should ensure that emphasis is placed on informing co-operatives of the various forms of support available to their businesses. This can be done physically, through information sessions hosted in accessible locations, or by handing out pamphlets and brochures in various communities across South Africa. This can also be done 'virtually' for example, by providing SMS prompts or WhatsApp messages to co-operatives with regard to the forms of support available.
	It was found that government support may not have been beneficial to some co-operatives, due to a lack of collaboration, trust and a shared vision amongst co-operative members.	<ul style="list-style-type: none"> • The NDA, in collaboration with relevant government departments, such as SEDA, should consider organising and hosting engagement forums where members of co-operatives are given the platform to share their experiences. Experiences to be shared should include key challenges faced within their co-operatives, particularly challenges created by a lack of a collaboration and a shared vision. Co-operatives should also be encouraged to share success stories, where collaboration, trust and a shared vision played a critical role in the success of their co-operatives, in an attempt to emphasise the importance of these factors. These

Key Themes	Key Findings	Recommendations
		<p>engagements can be held in the form of webinars in order to adhere to COVID-19 safety protocols. Alternatively, if these forums are held face-to-face, then the relevant organisers should ensure all COVID-19 safety protocols are adhered to.</p>
	<p>The ineffective implementation of the current legislation and policies appears to have prevented the local government from providing adequate support to co-operatives.</p>	<ul style="list-style-type: none"> • The NDA should consider increasing the levels of engagement with officials at the local government level to gain a better understanding of the issues that impact the effective implementation of policies that effect co-operatives. Awareness of the issues that prevent the effective implementation of said policies may allow the NDA and the local government to develop interventions aimed at addressing these issues. • The government, in consultation with the NDA, should ensure that policies relating to the social and solidarity economy have clear and achievable milestones, in order to ensure that the implementation of said policies is measurable and more effective. • One of the intended interventions of the South African government's ERRP is gender equality and the economic inclusion of women as role players in all sectors of the economy. The ERRP intends to encourage and support women to form co-operatives in key economic sectors such as retail, agriculture and agro-processing, and provide them with the necessary tools and access to funding to enable them to contribute towards the recovery and reconstruction of the economy. Given the importance of women in co-operatives across South Africa, the government, in collaboration with the NDA, should ensure that a policy is developed that focuses specifically on the empowerment of women within co-operatives. This policy could stipulate, for example, that co-operatives that are majority female owned receive preferential treatment with regard to procurement and access to support such as funding and/or training. The drafting of such a

Key Themes	Key Findings	Recommendations
		<p>policy should encourage more women to form co-operatives and should contribute significantly to the local economy. The effective implementation of such a policy should be monitored by government to ensure that adequate support is provided to women in co-operatives.</p> <ul style="list-style-type: none"> • Furthermore, in engagements with policy drafters, the NDA should ensure that policies relating to co-operatives are cognisant of the needs of different types of co-operatives, as well as the different forms of support required for co-operatives in different stages of development. For example, a co-operative that was recently formed will require a different form of support when compared to a co-operative that has been operating for years.
	<p>It was found that several co-operatives did not receive any form of support from the government, private sector and the NDA during the COVID-19 pandemic. This was due to a number of reasons, including a lack of access to information; a lack of awareness regarding the types of support available as well as a lack of awareness regarding how to apply for the available support. Other barriers cited included the third-party costs associated with applying for</p>	<ul style="list-style-type: none"> • The NDA should ensure that emphasis is placed on informing co-operatives of the various forms of support available to their businesses. This can be done physically, through information sessions hosted in accessible locations, or by handing out pamphlets and brochures in various communities across South Africa. This can also be done 'virtually' for example, by providing SMS prompts or WhatsApp messages to co-operatives with regard to the forms of support available. • In addition to informing co-operatives of the types of support available, the NDA should ensure that adequate information is provided with regard to the process to be followed in order to apply for said support, as well as the compliance requirements that need to be adhered to in order to qualify for support. Furthermore, the NDA could partner with a government institution such as SEDA, in order to provide co-operatives with assistance relating to preparing their financial statements and other compliance documents required for the funding applications.

Key Themes	Key Findings	Recommendations
	support and compliance requirements not being met.	<ul style="list-style-type: none"> • The NDA should continue focusing on mentoring co-operatives, as well as providing capacity building, compliance and financial training to co-operatives in order to ensure that more co-operatives can be in good standing and therefore apply for support. • The NDA should also continue placing an emphasis on business management training and capacity building initiatives in an attempt to improve the capacity of co-operatives. Furthermore, the NDA should explore the possibility of developing detailed guides for co-operatives on topics such as basic business and financial management.
	There appears to be a lack of sustainability in the support provided to co-operatives in certain instances.	<ul style="list-style-type: none"> • The NDA should consider developing a database for all co-operatives who have received support. This will enable the tracking of support provided to co-operatives and will ensure that if a particular co-operative requires follow up support, the NDA will be aware of the need for follow up support. The NDA should also ask for feedback on the support they have provided to co-operatives, in an attempt to measure the effectiveness of the services provided. • The NDA should also consider conducting a tracer study in order to understand the impact of the support they have provided on the beneficiaries. This will allow the NDA to identify interventions which worked well, as well as interventions which are not as effective and therefore, may need to be adjusted.
	Certain stakeholders were of the view that the lack of monitoring once support has been allocated to co-operatives, appears to result in issues such as a lack of	<ul style="list-style-type: none"> • The NDA and the government should place emphasis on ensuring that thorough monitoring processes are in place to measure the impact of the support provided to co-operatives in order to ensure that it is having the desired impact.

Key Themes	Key Findings	Recommendations
	<p>accountability and the misuse of funds.</p> <p>Some respondents indicated that co-operatives contributed towards reducing unemployment before the COVID-19 pandemic and have managed to do so until now. It was noted that challenges such as loss of employees and income have since, negatively affected the ability of co-operatives to create jobs.</p>	<ul style="list-style-type: none"> • The NDA should ensure that co-operatives are aware of the various forms of funding that are available to their businesses. This can be done by, for example, regularly informing co-operatives of the forms of financial and non-financial support available to their businesses via SMS or through a commonly used messaging application, such as WhatsApp Messenger. • The NDA should provide avenues for co-operatives to address skills shortages internally by, for example, assisting co-operatives register with SETAs. This will ensure that all key members of a particular co-operative have access to training initiatives and will subsequently decrease over-reliance on certain key members as more co-operative members will be adequately trained. Should a key member be lost due to restrictions on movement or illness, the co-operative will have the ability to address the skills shortage. This will ensure that the co-operative can remain operational despite the loss of a particular employee. • The government, in conjunction with the NDA, should consider developing a co-operative specific support plan aimed at providing training in order to address capacity and business management issues. This support plan could focus on co-operatives who have significant potential with regard to alleviating unemployment. These co-operatives may be identified based on the extent to which they were contributing to the economy and reducing unemployment prior to COVID-19, and their ability to prove this contribution.
Lack of Funding Opportunities	It was noted that co-operatives lack the necessary financial support that would enable them to contribute	<ul style="list-style-type: none"> • The NDA should ensure that co-operatives are aware of the various forms of funding, as well as the financing institutions, which are available to their

Key Themes	Key Findings	Recommendations
	<p>towards economic recovery and reform. The majority of respondents seemed to be of the view that increased access to funding is the key form of support required for co-operatives. Noting that challenges such as, lack of financial resources, were likely to persist post the COVID-19 period, unless addressed.</p> <p>Some co-operatives were unable to adapt to the challenges brought by the COVID-19 National Lockdown, and were, therefore, forced to close their business due to a lack of finances and a lack of knowledge regarding how to apply for financial assistance.</p>	<p>businesses. This can be done by, for example, regularly informing co-operatives of the forms of financial support available to their businesses via SMS or through a commonly used messaging application, such as WhatsApp Messenger.</p> <ul style="list-style-type: none"> • In addition to the above, the NDA should continue providing compliance and capacity building training and mentorship to co-operatives in order to ensure that co-operatives are in good standing, which is of critical importance when applying for financial support. This will ensure that, if co-operatives apply for funding from other sources, they will be in a strong position to qualify and receive funding, as their co-operatives will be an attractive option for funders. • The NDA should consider placing emphasis on educating co-operatives on the various compliance measures that govern co-operatives in South Africa. Additionally, to address a lack of funding, the NDA could continue to ensure that capacity building and compliance training is emphasised. This will ensure that co-operatives are compliant and are in good standing when applying for funding, thereby increasing their chances of receiving said funding. • Furthermore, co-operatives should be provided with assistance when completing applications for funding, in order to improve their chances of receiving said funding. • In addition to increasing awareness on the various forms of support available, the NDA should also ensure that co-operatives are aware of the specific procedures to follow when applying for support, as well as the compliance requirements that need to be adhered to.
Access to Market/ Restrictions on Movement	The majority of co-operatives appeared to have been impacted by the restrictions on movement	<ul style="list-style-type: none"> • The NDA should consider conducting training workshops aimed at increasing the capabilities of co-operatives with regard to remote working and adapting to the

Key Themes	Key Findings	Recommendations
	<p>implemented as a result of the COVID-19 pandemic. Stakeholders indicated that they were unable to travel to their customers, while others mentioned that customers were afraid to travel to them to buy products which resulted in a decrease in clientele. Additionally, it was found that as a result of the movement restrictions, co-operatives faced financial challenges, due to a decrease in sales and revenue. Furthermore, co-operatives noted that the restrictions on movement made it difficult for their members to travel to work which resulted in shortages of skilled personnel.</p> <p>Several respondents were of the view that access to markets was a challenge for some co-operatives. Whilst some co-operatives were unable to sell their produce, others were unable to meet the demands that come with access to new</p>	<p>lack of physical interaction with customers. For example, the NDA could train a clothing co-operative on how to reach customers via virtual platforms, such as through a website through which customers could place orders. This training should assist co-operatives overcome the lack of access to customers caused by the COVID-19 pandemic. The NDA should also conduct training workshops on key elements such as virtual marketing, in an attempt to equip co-operatives with skills that can be used despite the restrictions on movement. These training workshops could also cover skills such as the ability to conduct a virtual meeting.</p> <ul style="list-style-type: none"> • The NDA should provide avenues for co-operatives to address skills shortages internally by, for example, assisting co-operatives to register with SETAs. This will ensure that all key members of a particular co-operative have access to training initiatives and will subsequently decrease over-reliance on certain key members as more co-operative members will be adequately trained. Should a key member be lost due to restrictions on movement or illness, the co-operative will have the ability to address the skills shortage. This will ensure that the co-operative can remain operational despite the loss of a particular employee. • In addition to ICT skills training, the NDA should ensure that co-operatives in rural areas have the adequate digital tools to operate remotely. This will ensure that, even in a case whereby lockdown restrictions persist, co-operatives will have the ability to remain operational. This can be done by, for example, partnering with an internet service or cellular provider to equip high potential co-operatives with the adequate tools to adapt to the restrictions on movement. • The government, through a relevant government department, should consider conducting a study focused on understanding what potential opportunities are available for co-operatives within a particular geographical area. The results of

Key Themes	Key Findings	Recommendations
	<p>markets as they lack the resources to produce on a larger scale.</p>	<p>this study should be made publicly available in order to ensure that co-operatives can benefit from the results of the study. Using agricultural co-operatives as an example, the study could identify potential markets that a particular agricultural co-operative can supply produce to. The study should also provide useful input and may assist in formulating an intervention aimed at addressing a common issue amongst co-operatives i.e., lack of access to market. Once opportunities are identified, the NDA should assist co-operatives in accessing these opportunities.</p> <ul style="list-style-type: none"> • For co-operatives who are not able to operate remotely, the NDA should consider providing relief support in an attempt to ensure that these co-operatives can remain afloat during times whereby movement is restricted. Focusing on these co-operatives will allow the NDA to provide targeted, specific support which may allow these co-operatives to continue operating. Additionally, the NDA, in collaboration with government and SEDA may consider creating awareness of the support options, such as the SMME Debt Relief Scheme, which are available for co-operatives who have been negatively impacted by the COVID-19 pandemic. • With regard to accessing markets during periods where movement is restricted, the government should consider adopting a similar approach to the one followed by other countries, such as India, where the Indian government provided special permits to co-operatives in order to allow them to distribute produce while traditional markets were closed. Should lockdown restrictions increase as a result of COVID-19, the South African government should consider distributing these permits in an attempt to ensure that co-operatives are able to sell their produce, even when traditional markets are closed.

Key Themes	Key Findings	Recommendations
Lack of Skills	There appears to be a need for training aimed at upskilling co-operatives to allow them to effectively contribute to the economy. It was further noted that there is a need for improvement regarding the management of co-operatives, as well as the establishment of management structures. It was suggested that mentorship and entrepreneurial training be offered to co-operatives to equip them with financial management and administration skills.	<ul style="list-style-type: none"> • The NDA, in collaboration with the relevant government departments and/or institutions, such as SETAs should continue placing emphasis on business management training and capacity building initiatives in an attempt to improve the capacity of co-operatives. Additionally, with regard to the specific forms of business management and capacity training required, mentorship and entrepreneurial training should be offered to co-operatives to equip them with financial management and administration skills, as these are some of the skills lacking for most co-operatives. • Furthermore, the NDA, in conjunction with SEDA, should explore the possibility of developing detailed guides for co-operatives on topics such as basic business and financial management as well as information regarding how to adapt to and mitigate the consequences of a lack of cash flow.
	While some co-operatives were able to transition to remote working, the majority of co-operatives were not able to shift to working remotely or operating digitally during the COVID-19 national lockdown. This was due to multiple factors, such as the nature of the co-operative and a lack of skills with regard to technology.	<ul style="list-style-type: none"> • The NDA should consider placing more emphasis on ICT specific training initiatives. Given that the lack of ICT skills amongst co-operatives is an issue that has been exacerbated by the COVID-19 pandemic, it is of critical importance that this skills gap is addressed in order to ensure that should further restrictions occur, co-operatives will have the ability to transition to remote working. • Furthermore, by equipping co-operatives with skills related to ICT skills and skills related to remote working, co-operatives are exposed to more opportunities as they will have the ability to participate in virtual markets. • This can be done by conducting training workshops at community halls or in accessible venues once COVID-19 lockdown restrictions have been lifted.

Key Themes	Key Findings	Recommendations
		<p>Alternatively, these workshops can be conducted in person during COVID, provided that the relevant safety protocols are adhered to.</p> <ul style="list-style-type: none"> For elderly co-operative members, the NDA could provide ICT skills training workshops separately, in an attempt to upskill members of co-operatives who happen to be elderly. The NDA could keep a record of all co-operatives whose members are over a certain age (for example, over the age of 65) and could consistently monitor these co-operatives in an attempt to determine if these co-operatives require any ICT related assistance.
	Some stakeholders indicated that in order for co-operatives to contribute meaningfully towards the green economy, they require extensive support, ranging from funding, capacity-building, technological support as well as resource support.	<ul style="list-style-type: none"> The NDA, in collaboration with the government, should consider conducting a study aimed at understanding the specific role that co-operatives can play in the green economy. The study should provide insight with regard to the specific support interventions required to enable co-operatives to contribute towards the green economy. The government could also assist with regard to educating co-operatives on what the green economy is, the benefits of shifting towards a green economy (for example, the potential decrease of environmental pollution) and the ways in which a shift towards a green economy can benefit the local community.
Lack of Access to Internet and/or Technology	Some co-operatives indicated that they were unable to move to digital platforms due to a lack of resources such as smartphones and network infrastructure. Other reasons identified included high data costs, as well as a lack of funding. Additionally, some co-operatives	<ul style="list-style-type: none"> The NDA, in collaboration with the government should ensure that co-operatives in rural areas have access to information with regard to the various forms of support available as well as knowledge regarding potential opportunities. This can be done by, for example, distributing pamphlets or brochures informing co-operatives of the various forms of support available, or by messaging co-operatives via SMS or WhatsApp to inform them of potential opportunities.

Key Themes	Key Findings	Recommendations
	were unable to shift to remote working due to the nature of their work. Therefore, there appears to be a need for support aimed at increasing access to information for co-operatives, specifically through the provision of internet services in remote areas.	<ul style="list-style-type: none"> • Furthermore, the government should consider partnering with an internet service provider in an attempt to provide internet services to beneficiaries in remote areas. • The government should consider the possibility of providing specific support to co-operatives who are not able to transition to remote working. This could be in the form of a subsidy, which could provide financial assistance with regard to paying operational costs, such as rent. The NDA, in conjunction with the relevant government departments, should ensure that co-operatives are aware of this support and should assist co-operatives with regard to applying for this support.
Barriers to Co-operative Expansion & Development	It was found that some co-operatives might not be aware of the available channels facilitating expansion to other provinces. Additionally, some stakeholders were of the view that co-operatives cannot expand into other provinces due to the lack of necessary skills and/or resources required to expand, the lack of access to technology limiting members' participation, the common bond, a lack of access to markets, and political interference.	<ul style="list-style-type: none"> • Prior to the COVID-19 pandemic, the NDA, in collaboration with SASSA was involved in the provision of funding and training to co-operatives that enabled them to produce school uniforms that were purchased by SASSA in order to facilitate the growth of co-operatives and encourage contributions towards local economic activities. Similarly, during the COVID-19 pandemic, some co-operatives received funding from the NDA to be able to produce masks for the local community. The NDA in collaboration with the relevant government department, should continue to place emphasis on creating an enabling environment for co-operatives by linking more co-operatives with opportunities for growth. This can be done by, for example, facilitating the development of a partnership between an agricultural co-operative and a local and/or provincial market to sell produce. • Relevant government departments, such as the Department of Small Business Development or the NDA, should explore the possibility of hosting seminars for co-operatives where successful small businesses and/or entrepreneurs can discuss some of the critical success factors of business and entrepreneurship. By

Key Themes	Key Findings	Recommendations
		<p>exposing co-operatives to success stories, it could serve as a catalyst for innovation, or, in the case of failed co-operatives, provide examples of mistakes that can be avoided.</p> <ul style="list-style-type: none"> • The NDA should continue placing emphasis on business management training and capacity building initiatives in an attempt to improve the capacity of co-operatives. Furthermore, the NDA should explore the possibility of developing detailed guides for co-operatives on topics such as basic business and financial management. • The NDA should consider placing more emphasis on ICT training initiatives. This can be done by, for example, including ICT skills as one of the focus areas for training under the NDA's capacity building pillar. In addition to increased training initiatives by the NDA, the government should explore the possibility of forming partnerships with internet and cellular service providers from the private sector who can equip co-operatives with adequate digital tools, given that access to technology is also a challenge. Given that the lack of ICT skills amongst co-operatives is an issue that has been exacerbated by the COVID-19 pandemic, it is of critical importance that this skills gap is addressed in order to ensure that should further restrictions occur, co-operatives will have the ability to transition to remote working. Furthermore, equipping co-operatives with ICT skills and resources will ensure that a shift to virtual meetings will not impact on critical internal procedures, such as a co-operatives decision making process. • The NDA, in collaboration with relevant government departments, should consider linking co-operatives in different provinces who operate within the same sector in an attempt to improve the levels of collaboration between different co-operatives and to overcome the barriers preventing co-operatives from expanding to other

Key Themes	Key Findings	Recommendations
		<p>provinces (for e.g. A lack of resources preventing expansion can be addressed if co-operatives are encouraged to pool resources). These linkages could assist in exposing co-operatives to opportunities across the value chain, which may subsequently lead to access to more diverse markets, across South Africa. This can be done by, for example, hosting sector specific engagement forums.</p> <ul style="list-style-type: none"> • The government, through the relevant departments, should consider making their stance on co-operatives explicit and clear in an attempt to ensure that co-operatives are not affected by political circumstances. This can be done by, for example, assigning a particular government official in a certain province the role of a 'co-operative champion' for that particular province.

7 Conclusion

The purpose of this research was to identify the role, contribution and challenges faced by co-operatives in revitalising effective and sustainable economic activities in response to the negative impact of COVID-19. The research study has shown a range of key findings including that, while some co-operatives stopped operating either before or during the pandemic, the majority are still operational. In addition, most stakeholders believed that there are opportunities for these co-operatives to expand into other provinces, although this is currently hampered by issues such as a lack of resources, lack of access to technology, the common bond and a lack of access to markets.

Predominant challenges faced by co-operatives included the loss of income - which could be attributed to the lack of access to markets, issues relating to cash flow, and the decrease in activity as a result of restrictions on movement. Co-operatives struggled to adapt to these challenges, with only a minority being able to adopt remote working arrangements or operating digitally as a response. This failure to adapt led to some co-operatives ceasing operations, with the majority indicating that, unless there are interventions from the government, such as the provision of grant funding, these challenges will persist beyond the pandemic.

In conclusion, the study found that co-operatives were negatively impacted by the challenges brought on by the pandemic, some co-operatives were able to adapt and continue operating. However, these co-operatives will only be able to play a major role and make meaningful contribution to economic recovery and reform if adequate support is provided by the government, private institutions, and organisations such as the NDA.

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