

DEVELOPING PUBLIC POLICIES FOR THE SOCIAL AND SOLIDARITY ECONOMY IN SOUTH
AFRICA: THE NEED FOR A STATE – CIVIL SOCIETY DIALOGUE

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Introduction

This study will show that South Africa's policy environment is indeed enabling, but that there are many problems at the implementation level and a greater need for dialogue.

Conceptual clarification

The concept of the social and solidarity economy (SSE) is described as follows by the International Labour Organisation (ILO): "The social and solidarity economy (SSE) refers to organisations and enterprises that are based on principles of solidarity and participation and that produce goods and services while pursuing both economic and social aims". (Fonteneau, Neamtam, Wanyama, & Morais, 2010, p. vi).

At the conference on "The Social Economy: Africa's response to the Global Crisis (Johannesburg, 19-21 October 2009) economy was defined as: "the social economy is a concept designating enterprises and organization, in particular co-operatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity" (ILO, 2009).

Government affirmed its commitment to leading the way by publishing the New Growth Path: The Framework - an objective contained in the South African government's macro-economic policy aimed at addressing inequality and unemployment in the South African society.

Methodology

This study connects the over-arching theme of the need for state-civil society dialogue to develop public policies for the social solidarity economy. This paper focuses on work and employment within the social economy in South Africa by observing the implementation of public policies and the experiences of public/community partnerships that have been able to promote the emergence of social and solidarity economy enterprises to achieve economic and social developmental goals.

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In order to answer the research question: "What is the impact of public policies linked to the workplace on the social and solidarity economy?" the hypothesis that policies that aim at improving employment opportunities through professional inclusion and decreasing discrimination based on gender and towards people with handicaps or with HIV favour the emergence of social economy enterprises, will be tested through conducting interviews and documented evidence available in the public and social sector.

Five methods were used to collect data, namely: a literature survey, one-on-one interviews, telephone interviews, email correspondence and websites analysis. Open ended questions were used to elicit responses from the interviewees. The respondents were prompted to further explain their views. Although the researcher drew up a list of questions to guide herself and the fieldworker during the interviews, they did not rigorously adhere to the list of questions. What was important was to flow with the direction that the conversation was being steered towards by the respondents.

The researcher used general inductive analysis. This is a systematic procedure for analyzing qualitative data where the analysis is guided by specific objectives. The primary purpose of the inductive approach is to allow research findings to emerge from the frequent, dominant or significant themes inherent in the raw data, without the restraints imposed by structured methodologies (Thomas, 2006). For this research, raw data was summarized so that it was both transparent and defensible.

State of the field

To determine the state of the field of the Social and Solidarity Economy (SSE) in South Africa, the present situation needs to be examined. Is there a vibrant social economy and do policies promote an enabling environment for the SSE to flourish and ultimately create jobs?

The civil society and in particular the social and solidarity economy, had to redefine itself in terms of the challenges and inequality in the wake of the advent of democracy in South Africa in 1994. More than 17 years later, South Africa's social and solidarity economy is still faced with challenges, despite a very enabling environment on the policy level. Youth unemployment and unemployment in general is at 25%.

Social and solidarity economy organisations (SSEOS)

SSEOs combine social, economic and environmental objectives and trade in goods or services. For this purpose, the SSEO may take on the most common business forms associated with SSEOs such as non-profit organisations, social enterprises, cooperatives (different types including 'stokvels'¹ and mutual benefit societies or aid groups). These are the most common form of SSEOs in South Africa.

¹ The term 'stokvels' is used in this study as the umbrella term for all hybrids of informal savings schemes, including burial societies.

There is need to consider intermediaries such as investment companies as part of the SSE. One of the intermediary organisations that spring to mind in the case of South Africa is the social stock exchange that could be considered to be an SSEO. The South African Social Investment Exchange (SASIX) was launched in 2006 by Greater Capital, a social and impact investment advisory consultancy established in 1997. SASIX is among the world's first social investment exchanges, and provides an internet platform tailored to facilitating social investment by individuals and small to medium-sized enterprises.

Non-profit organisations (NPOs)

A NPO is defined in the NPO Act of 1977 as: "A trust, company or other association of persons established for a public purpose and the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered". 'Public purpose' was then defined with its distinction of 'public benefit organisations' engaging in 'public benefit activities' in 2000. In order to ensure tax exemption for the non-profit organisation the Taxation Amendment Act of 2000 provided for the registration of PBOs. Non-profit organisations may register with the NPO Directorate in the National Department of Social Development in terms of the Non-profit Act.

Types of NPOs include:

- Non-governmental organisations (NGOs)
- Community-based organisations (CBOs)
- Associations
- Faith-based organisations (FBOs)
- Organisations that have registered as Section 21 Companies under the Company Act 61 of 1973
- Trusts that have been registered with the Master of the Supreme Court under the Trust Property Control Act 57 of 1988
- Any other voluntary association that is not-for-profit.

The term "non-profit organisations" is a business form and not an indication of the way business is conducted in the organisation. NPOs are progressively becoming "enterprising non-profits" or "social enterprises" to survive.

In a study by Swilling and Russell (2005) on the size and scope of the non-profit sector in South Africa editor Adam Habib in his introduction contends that the comparative dimensions of the study "demonstrates that South Africa's civil society is as large in proportional terms and as vibrant as in all but a handful of advanced industrialised countries. The countries' non-profit workforce and the proportion that is volunteer labour are well above the international average. Public sector support for civil society is also well beyond the international average" (Swilling, The size and scope of the non-profit sector in South Africa, 2002).

A major employer: Swilling and Russell (2005) already established in 1999 that the total employment in the non-profit sector exceeded the number of employees in many major economic sectors such as mining, public servants in national departments and so on.

According to the Department of Social Development 65,635 non-profits were registered in 2010 and with a growth of approximately 11,000 new non-profits per annum, the total number of registered NPOs could stand at 76,000 (DSD, 2010). It is not known whether the growth of the sector has to do with the large number of grants.

Less formal structures: Approximately 53% of non-profits can be classified as “less formalised, community-based NPOs without a formal legal structure” and is therefore not recognised. An example is Gogo Getters or Gogo Grannies taking care of children whose parents passed away because of HIV/Aids related illnesses. There is a need for more dialogue and support these unregistered but for important groups.

Leading role of black women: The non-profit sector is led by and managed by black women, in contrast to the private sector. Research indicates that 59% of managerial positions were taken up by women and that 73% were black. 60% of all full-time employees were women and 81% were black. This is also evidence that the SSE is inclusive of previously disadvantaged groups.

Sheltered employment: The Department of Social Development has facilities and grants for People With Disabilities (PWDs). One such a facility is Epilepsy, South Africa’s Western Cape branch with its economic development and empowerment programme. Epilepsy South Africa is a non-profit organisation representing the interests and providing support of people with epilepsy. This organisation was a winner in the Social Business Plan Competition of The Business Place in 2009. Their main problem is that due to the highly regulated South African labour market, the Bargaining Councils might ask them to shed jobs and this affects the quality of care and number of jobs they can provide.

Co-operatives

Co-operatives can be defined as an “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.” (ILO Recommendation 193). There are different types of co-operative enterprises such as agricultural co-operatives, insurance co-operatives, savings and credit co-operatives, distribution co-operatives, worker-owned co-operatives, housing co-operatives and so on (ILO, 2009). There are two categories: worker-owned co-operatives and user-owned co-operatives (Phillip, The South Africa Foundation, 2003)

Phillip (2003) contends that the key defining feature of worker cooperatives is that workers own and control them on the basis of one member one vote....In contrast there are user cooperatives or client-owned cooperatives. Differences are that members are users of the cooperatives’ economic services, rather than being workers in the enterprise. Examples of such cooperatives are banks consumer cooperatives, cooperative business associations and so on.



Ndumo women farmers' cooperative, original meeting with agricultural consultants

The regulatory framework for cooperatives is:

- Co-operatives Act (Act No. 14 of 2005);
- The dti: A Co-operative Development Policy for South Africa, 2004; and
- The Co-operative Regulations, 2007.

According to a General Notice in the Government Gazette the promulgation of the new Co-operatives Act, No. 14 of 2005, facilitated a boom in the registration of new cooperatives with 19,550 new cooperatives registered from 2005 to 2009 in various sectors, representing a growth rate of 86%. Co-operatives have increased and some of them are run by youth (DTI, 2011).

While there are 22,030 active cooperatives in the register, the DTI Baseline Study indicates that only 2,644 of the 22,030 could be confirmed to be operational, representing a mere 12% survival rate, indicating a mortality rate of 88%, which constitutes 19,386 cooperatives that were not operational in the economy².

Low survival rate is attributed to several factors:

- No support & management dedicated to co-operatives
- Poor mentorship and support

² According to the Department of Trade and Industry (DTI), the mentioned Baseline Study is not reliable, due to the inadequacy of data, as well as the difficulty of locating some of the co-operatives, which do not comply with the provisions of the Act of submitting the financial statements and/or change of contact details

- Minimum investment
- A sense of neglect among all spheres of government and their respective enterprise development agencies
- Cooperatives aren't informed, they tend to be established to access free money (grants), instead of genuinely building a cooperatives movement
- On-going conflict among cooperative members over issues of money and the usage and ownership of assets).

BOX 1: Summary of reasons for high mortality rate of cooperatives

- Cooperative targets the unskilled and the unemployed, in reality worker cooperatives are likely to succeed, the challenge could be taken up by workers in the more established viable sectors of the economy who will work to broaden the base of worker cooperatives and potentially create new jobs over time.
- Governance, group dynamics and poor understanding of laws governing cooperatives are among the chief reasons (SMG, 2011).
- Gender bias, that they are designed for old women.
- Financial management, cooperative and planning skills are critical areas of training.
- Technical training in the quality of goods produced by cooperatives is necessary.
- Lack of knowledge about cooperative concepts by officials is a challenge.
- Inadequate staff.

The case study of the Social Economy Project (SEP) by the Flemish International Cooperation Agency (FICA) in Northern KwaZulu Natal illustrate most of the points captured above in understanding the high failure rate of cooperatives. The sponsor wanted to connect seven community gardens in two rural municipalities with an on-going government procurement stream. Majority members are women, lacking skill and necessary expertise to run the cooperatives.

Stokvels and mutual are similar to cooperatives.

Social Enterprises

There are two schools of thought – a broad definition of social enterprises would simply state that a social enterprise is “a market-related response to a social problem” while narrower definitions would explicitly prefer to distinguish the social enterprise from other business forms

by designating the manner in which profit or surplus is dealt with in the definition. In South Africa the recommended definition is:

A social enterprise's primary objective is to ameliorate social problems through a financially sustainable business model, where surpluses (if any) are principally reinvested for that purpose

Research identified that:

- Existing tax legislation discourages non-profits and social enterprises from trading as there is a cap on the trading to a maximum amount of R150,000 while everything in excess of this amount is taxed normally.
- There is unwillingness to assist with Business Development Services for social enterprises and non-profit organisations.
- Social enterprises should be included as a designated group for preferential procurement purposes.

Policies and institutional support mechanisms are divided in South Africa – particularly between for-profit and non-profit but also between cooperatives and other forms of social enterprise. The case study of *Shonaquip* (manufacturing special wheel chairs for PWDS) emphasises the lack of dedicated business forms and how this impedes the creation of sustainable jobs. A new legal dispensation for social enterprises could allow for this business form to be recognised and make scaling up easier by allowing for limited equity – such as the Community Interest Companies (CiCs) in the United Kingdom.

Labour unions also joined the drive for social enterprises. The case study of *Creative Designs* is a triumph for the labour federations and the manner in which they are keeping South Africans in jobs and creating new opportunities and influencing policies to retain jobs for South Africans.

Following agreements reached at the Presidential Job Summit held in 1998, the three leading union federations founded the Job Creation Trust (JCT) whereby workers of South Africa contributed one day's wages in the year 2000 to the value of R89 million. The funds contribute to the establishment of co-operatives and community driven projects. Creative Design Company (CDC)'s social purpose is to maximise employment within the textile industry. From the manner in which Creative Design (wholly owned by the JCT) is run it is clear that the SSEO can effectively create jobs – in this case take over an existing company, turn it around and maximise employment as its social purpose.

Social Stock Exchange – a new dimension of the Social and Solidarity Economy?

One may ask whether intermediaries such as social stock exchanges will not become one of the most important role-players in the SSE. The example of the South African Social Investment Exchange (SASIX) is a shining example of the vibrancy of the social economy and the innovation taking place on all levels. It is particularly the Social Stock Exchange's ability to

stimulate the SSE and create jobs and the wide reach of its social impact that is cause for excitement.

SASIX was launched in 2006 by Greater Capital, a social and impact investment advisory consultancy established in 1997. Since its inception SASIX has raised R14.65m for 73 projects designed to benefit a total of 78,268 individuals.

Existing organisations and networks

Networks and associations within the social economy for SSEs have not succeeded to influence policy adequately. However, individual stakeholders and social entrepreneurs in the social economy had a plausible influence on shaping policy in different areas of government's operation to the effect that it promoted the social and solidarity economy through social dialogue, new legislation, reducing poverty and social exclusion, community housing, etc. – all of these leading to job creation.

There are a large number of International Non-profit Organisations (INGOs) in South Africa. The role and importance of INGOs has increased with globalisation and they play an important role in advocacy globally.

The Social Enterprise World Forum which took place from 5-7 April in Johannesburg, South Africa was the first of its kind for this country and succeeded in bringing South Africa and the international community closer together on African soil.

Public policies

The SSE in the case of South Africa has been influenced by a large number of policies aiming to create a more enabling environment in which enterprises within the SSE can flourish.

In general, national government is seen as being responsible for drawing up policies and consulting with the various stakeholders, while the provincial departments are responsible for implementation at the local level. However, the boundaries between the different departments are blurred when it comes to implementation and there appears to be a lack of coordination in some instances.

A myriad of public policies and institutions are aimed at job creation – for example the gender equity council, national youth development agency, SARS legislation for public benefit organisations, the Ministry for women and people with disabilities, social grants for organisations for people with disabilities, learnerships, HIV/Aids non-discrimination etc. The prohibition of discrimination in the workplace and the rights of People With Disabilities (PWD) is enshrined in the constitution as well as in other laws of the country. Legislation is drafted to be inclusive of disability. However, legislation such as the Employment Equity Act, Skills Development Act, Equity Act and others explicitly address disability in the workplace.

Job Creation for People with Disabilities (PWDs)

Barriers such as widespread ignorance, fear and stereotypes have caused people with disabilities to be unfairly discriminated against in society and in employment. For these reasons they are a designated group in terms of the Employment Equity Act, 1998. The Minister of Labour has therefore approved a Code of Good Practice on the Employment of People with Disabilities (PWDs) in terms of the Employment Equity Act, 1998; determining employment-equity quotas that apply to the private and public sector for PWDs.

According to statistics from the Department of Labour, only 0.6% of the formal workforce of the country can be classified as People with Disabilities (PWDs). In terms of the Code of Good Practice on Employment Equity this target should range between 4% and 7% depending on the demographics of the region. Furthermore, the Department of Labour developed the Technical Assistance Guidelines on the Employment of People with Disabilities (TAG) which is intended to complement the Code published in August 2002 to assist with the practical implementation of aspects of the Act.

An example of such job creation for PWDs is *Shonaquip*, a social enterprise owned by Shona McDonald, an award-winning social entrepreneur, since 1992. Although her business form is a for-profit enterprise, it is a social purpose company and her involvement in the manufacture of wheelchairs, back support; positioning and assistive devices emerged from her need to assist her daughter who was born with cerebral palsy. Her company provides therapy equipment, communication devices and incontinence products as well as supportive services through therapists and trainers and 30% of her staff members are PWDs.

Shonaquip's experience is that policies for the SSEO are very enabling in South Africa, but the problem is at the implementation level. She has been consulted on many policy issues, contributed as a peer reviewer for WHO Guidelines for the provision of manual wheel chairs in less resourced settings and to green paper on Special Needs for Children, proposal for provincial government to make access to care easier for PWDs.

Examples of public policies implemented at provincial and local level

There are two outstanding case studies illustrating intervention at the level of provincial government:

Twelve cooperatives formed a non-profit organization called the *Gauteng Women Initiatives (GWI)* (referred to as the Apex body) to assist them to collectively leverage funding and trading opportunities. The GWI has more than 200 member cooperatives and its goal is to empower women. The project is typical of the social economy because it has an inclusive employment policy and ex-prisoners, youth and people with disabilities are also employed. The involvement in this project is from policy to implementation level and government succeeded to create enabling mechanisms to drive this project and create jobs.

The following is an example of how an impoverished local community can be empowered and how direct and indirect job creation is stimulated. The example of the provincial government in

the Western Cape providing a building for non-profits in two cases, the Zoe Academy of Skills and the Flash Savings and Credit Cooperative, illustrates the enormous impact of SSEOs in such areas.

The *Zoe Academy* of skills' initial focus was largely on fostering life skills, skills in the arts and on providing community services. Today, the Academy places greater emphasis on practical, vocational skills training, job placement and in providing support to individuals showing entrepreneurial potential. All but one of the courses offered is accredited by the Sector Education and Training Authorities (SETAs),

meaning that certificates obtained by students are recognised nationally. This has substantially increased demand for its courses, and generated greater community enthusiasm. Students are charged a nominal enrolment fee of R100.

Flash Savings and Credit Cooperative promotes the economic welfare of its members, in particular by encouraging savings by the issuance of shares and acceptance of deposits from its members - on which a reasonable dividend or rate of interest will be received; making loans to members for productive and provident purposes; educating members in the management and control of money and fostering an understanding of the economic framework within which the cooperative operates; developing self-reliance, responsibility and honesty among members, and promoting interest in community development.

Zoe Academy and Flash Coop prove that SSEOs are particularly suitable for job creation in very poor communities. Moreover, they are useful examples of the capacity of SSEOs to create jobs. The involvement of the Western Cape provincial government at the implementation level by providing an old building and renovating it through community involvement, is an excellent illustration of policy enablers.

Flash Savings and Credit Primary Coop Ltd (Flash Coop) was formed and loans were made available for businesses to upscale – in the process creating more jobs, through branches, distribution points and cell phones. Flash Coop was indeed responsible for policy change, too. Flash Coop vendors sold electricity vouchers at a higher price after hours and were disconnected. Then Pastor George met with the premier of the province and because this was deemed a market-related issue, the policy changed and the vendors were connected again.

The challenge that Flash Coop faces is that procurement criteria sometimes favour international businesses. The sales of electricity vouchers were given to an international company. The feeling is that procurement should stimulate the local economy.



Drip irrigation pipes laid by the women farming cooperative, Ezimbovini, Ndumo

Leveraging policy and creating jobs in the social and solidarity economy

The case studies shows that government has the initiatives and leveraging policies is important, but consultation skills are still lacking.

An important development is the Next Economy Policy Platforms National Dialogue which was inspired by a series of policy platforms hosted by South Africa's Ministry of Economic Development in association with the Cape Times and the South African New Economics Network.

The *New Growth Path policy framework* referred to in the first section of this document has the potential of generating jobs, it operate as a catalyst for innovation and investment in activities which directly contribute to long-term employment creation by co-financing public and private sector projects that will significantly contribute to job creation the presidential Jobs Fund.

The Minister of Economic Development, Ebrahim Patel, also announced on 5 April that his Department will be looking into "social procurement" for goods and services that will favour SSEOs. This is already happening on the ground with organisations purchasing from cooperatives, social enterprises and other enterprising non-profit entities to support the sector.

New legislation for cooperatives

The Department of Trade and Industry's minister, Dr Rob Davies announced that legislation to boost cooperatives will be tabled soon.

The proposed legislation would aim to put in place the following:

- A cooperative development agency;
- A cooperative council;
- A cooperative advisory council
- A cooperative academy.

HIV/Aids and Job Creation

Approximately 1,000 NPOs belong to the HIV/Aids Consortium dealing with HIV/Aids –these SSEOs ensure anti-discriminatory legislation to ensure that those that are positive are included in the workplace. Medical aids are taking care of the clinical part of HIV/Aids while the SSEOs focus on all other aspects with specialisation in certain areas, for instance prevention, HIV/Aids orphans, workplace policies and so on.

The SSEOs plays an enormous role in influencing HIV/Aids policy. There are many examples of the role of these organisation and the impact they have on policy development and the roll-out of Anti-Retroviral drugs.

Youth employment – policy options

Treasury of the Republic of South Africa aims at addressing the unemployment issues focused at youths.

The salient facts are:

- About 42% of young people under the age of 30 are unemployed compared with less than 17% of adults over 30.
- Only 1 in 8 working age adults under 25 years of age have a job compared with 40 per cent in most emerging economies.
- Employment of 18 to 24 year olds has fallen by more than 20% (320 000) since December 2008.
- Unemployed young people tend to be less skilled and inexperienced – almost 86% do not have formal further or tertiary education, while two-thirds have never worked.

The multi-pronged strategy would include, inter alia, reviewing current legislation and conducting a trail of youth employment subsidy. The subsidy for youth employment is further advocated and it is recommended that the plan of action be implemented from 1 April 2012 (Treasury, 2011).

Broad-based Black Economic Empowerment (BBBEE)

BBBEE is defined as ‘an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country’s economy, as well as significant decreases in income inequalities.

Elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises, form part of the total BBBEE process. In total there are 7 different elements and over 40 indicators that are used to rate a business's BEE compliance. Each element is given a value in points. A company needs to achieve as many points as possible. There are a total of 100 points available - which is the target to be achieved in the next ten years.

The BBBEE Codes of Good Practice favour social enterprises and are among the most enabling factors for SSEOs in South Africa because these codes encourage enterprise development, the employment of PWDs, black persons and women to ensure a more inclusive economy

In addition to ownership, SSEOs are also particularly relevant to the BBBEE scorecard under the residual element known as socio-economic development (SED) which is worth 5 points and usually reserved for corporate social responsibility initiatives. Furthermore, an organisation or company will receive further tax rebates if the donation or grant is given to an entity registered with SARS as a public benefit organisation (PBO).

While – as is the case in so many instances – the policies are empowering, the interpretation by accreditation agencies of the BBBEE codes remains a problem as the interpretation of the codes excludes NPOs. This has been brought to the attention of the relevant government departments for investigation.

Women and job opportunities

South Africa has a population of about 46 million people. 76,7% of the population are African while 11,3% are white; 8.3% are coloured and 2.4% are Indian/Asian. Females comprise 52% of the total population and despite being the majority; women only constitute 38% of total employment. A serious disparity still exists.

While it can be commended that SSEOs employ women and PWDs in large numbers. There is also a danger in the perception that, SSEOs such as cooperatives are dominated by “old women”. Therefore diversity within this sector is of utmost importance unless the employment is targeted at designated communities such as the blind, epilepsy, autistic persons, youth and so on.

Findings

When considering all the factors in answering the research question: “What is the impact of public policies linked to the workplace on the social and solidarity economy?” several factors need to be considered as the case studies together with the literature review led the researcher to draw the following findings:

In general

- There is some confusion between what constitutes the social economy and what would be the solidarity economy in South Africa. Neither is there clarity about all the organisations that would be included in the social and solidarity economy (SSE) and social enterprises may be excluded (Unfortunately this could not be clarified by the Economic Development Department of South Africa)
- The New Growth Path emphasises the role of SSEOs in a more coherent development plan. The minister felt that the social economy can be a leading force for “modernising economies” and expanding economic development.
- SSEOs regard cooperatives as the most important stakeholder in the SSE, followed by NPOs and social enterprises, while mutuals and ‘stokvels’ were regarded as less important.

Non-profit Organisations

- The NPO sector is a major stakeholder of the SSE and the growth of this sector is astounding with 76,000 registered entities with the Department of Social Development, while an equal number may count as informal associations or community-based organisations with significant potential for job creation.

- In the NPO sector, 60% of all full-time positions are held by women as opposed to 38% of jobs held by women in the private sector, which makes the SSE the most women-friendly sector.
- South Africa's NPO sector "*demonstrates that South Africa's civil society is as large in proportional terms and as vibrant as in all but a handful of advanced industrialised countries. The countries' non-profit workforce and the proportion that is volunteer labour are well above the international average. Public sector support for civil society is also well beyond the international average*" (Swilling, *The size and scope of the non-profit sector in South Africa*, 2002).
- There are approximately 76,000 registered NPOs with the Department of Social Development and an equal number of unregistered community-based organisations.
- The growth of the NPO sector may have to do with the large amount government assistance. This is proof that commitment from government can stimulate the sector.

Cooperatives

- Cooperatives have tremendous potential for job creation and a growth in cooperatives in South Africa is strongly supported by government and by all the government departments.
- Since 2005, cooperative s registration is high and so is mortality.
- Case studies confirmed the factors listed in a Government Gazette that there is no formal support structure for management of cooperatives.
- The reason for starting a cooperative is said to be motivated by access to the government incentive scheme.
- Another important opinion is that cooperative development tends to target the unskilled and unemployed on the margins of the economy and they may need more skilled persons to survive and create jobs.
- Staff allocated to cooperative development is inadequate.
- Foreign donors also see cooperative development as creating jobs and wealth and are willing to partner with provinces and local authorities to do that.
- There is new legislation underway for cooperatives after widespread consultation with stakeholders.

Social Enterprises

- Social enterprises take on legal forms that may not always be suitable because there is no dedicated social enterprise unit such as the community interest companies (CIC) in the UK.
- Social enterprises in general scale up and create hybrid organisations for that purpose and are enormously successful as some of the case studies will prove.
- South Africa's trade unions have embraced social enterprises as illustrated by the Jobs Creation Trust which is owned by three union federations, namely, Cosatu, Fedusa and Nactu. The Job Creation Trust wholly owns the social enterprise, Creative Designs, and other initiatives by this body can also be regarded as flourishing social enterprises.

- The Job Creation Trust is engaged in advocacy for government to protect the local textile industry through some relief in import duties on buying material for clothing.
- There are many instances whereby social enterprises influenced policy and Ashoka³ claims that 87% of their fellows influenced policy in some way or another.

Stokvels and burial societies

These SSEOs function in a peculiar way and should not be forced by legislation to convert to formal cooperatives. Stokvels and burial societies are informal and serve impoverished communities best.

Inclusivity, Equity and the labour environment

- Inclusivity demonstrated by the predominance of women in SSEOs and NPOs
- The SSEOs are dominated by black employees, in accordance with the Equity Act.
- Access to finance is a burning issue for SSEOs to upscale or to survive a setback. Access to finance may also interfere with SSEOs' ability to have a more inclusive and equitable workforce.
- The labour laws and the environment, especially for those SSEOs working with PWDs where it is hard to compete in the open market while there are a lot of expenses attached to preparing the workplace for PWDs. This is a barrier to the concept of inclusiveness.
- The New Growth Path (NGP) document also refers to the afore-going dilemma: "A critical challenge lies in maintaining union commitment to policies that support employment creation and equity even when it requires some sacrifice from union members..." (Government S. A., 2010) The bargaining councils and labour laws in general will require careful consideration in view of the critical need to create jobs.

Co-constructing policies and leveraging policies to create jobs

The NGP policy framework is seen as the single most important document in terms of policy development for South Africa. How these guidelines will play out is yet to be clarified, but South Africa can look forward to further empowerment of the SSE by the Economic Development Department in particular.

- The South African government co-constructs policies for the Social and Solidarity Economy Organisations (SSEOS) but very often the problems are at the implementation level.
- The Jobs Fund, administered by the Development Bank of South Africa included the SSEOs of South Africa and made a presentation to SSEOs in July to ensure that this sector will also reap the benefits of this R9 billion fund aimed at scaling up and capacity building of enterprises. It will be interesting to see how much will be allocated to the SSEO sector.

³ ASHOKA is a Washington-based organisation selecting and stipending "fellows" all over the world – leading social entrepreneurs bringing about systemic changes. www.ashoka.org

- The decent work agenda in terms of compliance with the minimum wage and occupational health and safety regulations is sacrificed because of a shortage of finance, – posing an ethical dilemma between jobs versus compliance.
- The Social Stock Exchange already influences thousands of individuals and could assist in large-scale scaling up in the SSE.
- Networks in the SSE are poorly developed and therefore government often liaises with individuals in the SSE.
- The government of South Africa is bound by its constitution to consult with civil society and the public on all legislation before it becomes policy. The government has shown great flexibility in this regard, however the implementation of policies remains a problem.

International Liaison

- It is absolutely necessary for the South African SSEOs to liaise with international stakeholders. Many SSEOs are affiliated to some international group, although this is not adequate and South Africa is not always abreast of developments in SSEO elsewhere, they will understand better with increase liaison.

Recommendations– towards a more inclusive economy

Issues to consider while recommending:

The following process model illustrates that the process of implementing policy must include more than the paper it is written on. Policy enablers with drivers and intermediaries at all levels of government as well as social dialogue are the most important determinants of the successful implementation and successful job creation in the Social and Solidarity Economy.

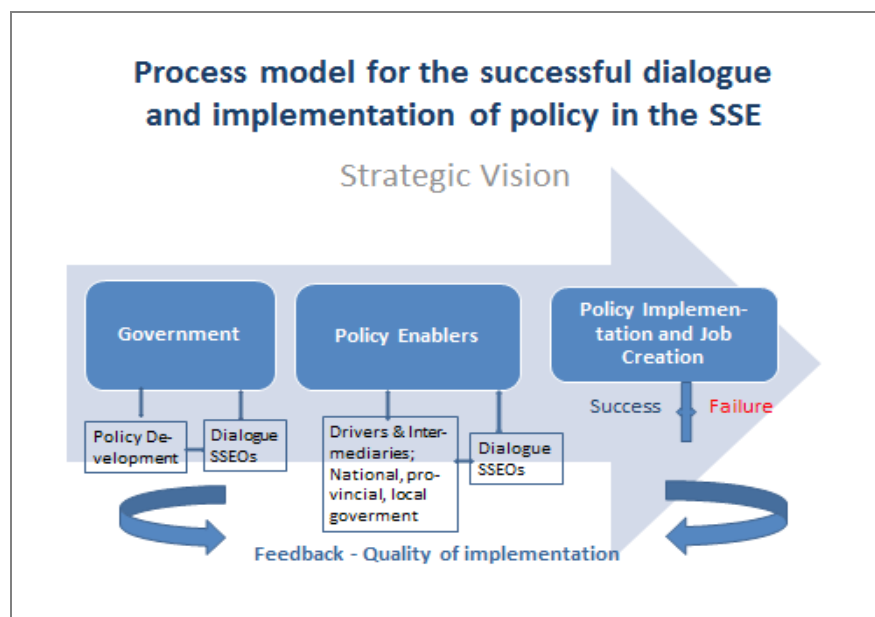


Figure 1: Process model for the successful dialogue and implementation of policy in the SSE

- The following recommendations underscore the importance of policy enablers to get to the successful policy implementation that could lead to greater job creation.
- Policy and institutional support mechanisms are divided in South Africa or – as it has been emphasised throughout this report – the problem is at the implementation level. This means that the dialogue should not stop with the constructing of the policies, but should be carried through up to the implementation level with appropriate “checks and balances” to ensure proper implementation of policies.
- In planning policy, the policy enablers leading to successful implementation should form part of the strategic vision of government and dialogue with the relevant levels of government, drivers, intermediaries; the SSEOs should be part of such an on-going process. A process of feedback about the quality of implementation should be established so that government could intervene to ensure successful implementation of policies. A lack of “policy enablers” as well as continuous monitoring and evaluation is often at the heart of failures.
- There is an urgent need to for dialogue to discuss the decent work agenda, the creation of jobs and policies. A Social and Solidarity Economy “Indaba⁴” should take place in this country where a range of policies could be discussed which would assist politicians in determining the road ahead. Accountability for the implementation of policies is essential to drive change and job creation.
- While legal form may not always be an indicator of social purpose, it is essential that SSEOs be guided correctly as to what legal form the organisation may want to take as incentives may lead to the wrong organisational form and may not fulfil the expectation to create jobs.
- There is an urgent need to address the high mortality rate of cooperatives in this country and in particular special attention should be paid to making material available in the vernacular, to providing mentorship on-site on an on-going basis as well as training and skills development of the members and those who work for the cooperatives.
- More human resources should be allocated towards mentoring and coaching cooperatives because the small number of officials working on cooperatives indicates a lack of “enablers”. In particular, greater care should be taken of rural areas. Universities should also train community developers who could assist cooperatives and other struggling SSEOs.
- Legislation is necessary to create a dedicated legal form for social enterprises similar to that of the CICs in the UK. This could largely help to scale up social enterprises and, in the process, create more jobs.
- Procurement policy which is inclusive of or even favours SSEOs should be encouraged in government departments and also in the private sector as “the right thing to do”.
- Certain sectors of the economy – for example the textile industry – need some policy changes to bring back jobs to South Africa. There is an urgent need for dialogue in this regard.

⁴ An Indaba is a Zulu word for an ‘in-depth’ meeting

- The New Growth Path framework is an important document but should be followed up by clear strategies from the Economic Development Department to keep this document well and alive within the economy.
- Initiatives like the president's Jobs Fund, administered by the Development Bank of South Africa, should be introduced on an on-going basis to ensure that new employment is created.
- Government should support the Social Stock Exchange and strengthen its reach in South Africa, as this important development is also responsible for the scaling up of SSEOs.
- Networks within the SSE should be strengthened and, where possible, they should be subsidised, as this could lead to greater sustainability and jobs in the SSE.

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