



LIMPOPO PROVINCIAL GOVERNMENT DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT and TOURISM

REPORT ON THE EVALUATION OF COOPERATIVES

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1. EXECUTIVE SUMMARY

The project objectives were to:

- Assess the economic impact of cooperatives within the province
- Determine the level of success amongst cooperatives within the province;
- Ascertain if there has been any significant growth or decline in the number of cooperatives within the province
- Establish if the government can play a role in the proliferation of cooperatives as drivers of growth within the province.
- Based on the evaluation, make recommendations emanating from the findings of the study.

The methodologies applied were: questionnaires, desktop studies, interviews of cooperative members, service providers, government officials and visits to randomly selected cooperatives.

The findings indicated that there was a significant increase in the number of cooperatives in the last four years. Though cooperatives create jobs, this study found that some of the jobs are not sustainable. Most cooperatives are not run on business lines and this may explain why there is generally low income for members of most cooperatives. This study revealed that cooperatives whose members are reasonably educated do better than those run by less educated members. Training is inadequate since some cooperative members were not trained in production and marketing skills. Training programmes are generic and not targeted for specific industries or projects. In some cases there is no adequate mentorship. Some cooperatives have no well defined and sustainable markets. There is also a dependence syndrome on Government. In general, most of the cooperatives studied are not changing their members' livelihoods.

In addition, pilot studies conducted by three universities in 2003 namely, University of the North, University of Limpopo and Potchefstroom University recommended that cooperatives must change their outlook from a social outlook to a business outlook as has also been found in this study. LIBSA is of the opinion that cooperatives that are not successful are a result of business mismanagement.

Government has assisted cooperatives through LIBSA, SEDA, some District Municipalities and the Department of Agriculture, Department of Health and Bank SETAS.

Non -Governmental Organizations supporting some of the cooperatives include ABSA, South African Breweries, Central Committee Organization, Eskom, South African Micro Apex Fund (SAMAFU) and Gumba/Exxarro.

The following conclusions can be drawn from this study. The marked growth in the number of cooperatives in the province is attributed to LIBSA's relentless efforts in supporting cooperatives.

Overall viability of cooperatives in the Province is marginal.

There is no significant impact on the standard of living of people since some cooperatives do not pay salaries. Where they do, the salaries paid are very low.

There is confusion in the manner in which monitoring and evaluation is being conducted. Though mentoring has been identified as one of the mechanisms used to support cooperatives, the extent to which it is used is very minimal.

Training for the cooperative members is inadequate as it does not cover some of the most salient facets for running a successful enterprise.

Based on the research it is felt that cooperatives have potential to drive the economy of the Province in the future if proper capacity building and mentorship are put in place. From this research, there was no stable and sustainable cooperative that has lasted for more than 10 years.

From this study, the following recommendations are made:

All the above projects should be continued.

There should be proper media coverage over the success stories of cooperatives.

Cooperatives should be run on pure and clear business principles to ensure that idealism and reality do not become intertwined.

There should be a clear definition of roles in the cooperative sector. There should also be one agency responsible for monitoring and evaluation. Monitoring and evaluation should be done in a more systematic and organized manner.

There should be an improvement of communication channels in the cooperative sector.

Annual auditing of cooperatives should become compulsory

Government Departments must include cooperatives in their tender procedures.

There is need for intensive education among the unemployed youth over the merits of being involved in cooperatives as business ventures.

The private sector must be involved, for instance cooperatives that are in the financial sector can be linked with banks and those who are in the mining industry can be linked to established mining concerns. This can help in the transfer of skills and can also help cooperatives to operate in a more efficient and sustainable manner.

Cooperative members must be coached on the implementation of the business plans. The sector can use cooperative members from successful cooperatives for this purpose. This can also help in the building of cooperative unity.

Cooperative members must be trained according to the specific needs of the industry. Members of cooperatives must not be grouped in one class because some of the literature might be relevant to certain production categories and marketing norms and yet irrelevant for other categories.

The training must also be divided into 2 groups: the basic and advanced classes.

Cooperative members must be trained according to their job criteria. They should not be expected to go through all the training modules. Those who are production managers must be trained on production skills, those who are marketing managers on marketing, financial managers on finance, administrator on administration and secretarial course.

The cooperatives that are successful and have achieved economic sustainability must be used as classical success stories to other cooperatives.

Business plans prepared for cooperatives are often grossly inadequate and should be critically revised and evaluated.

Production and marketing strategies must be developed before the project(s) commence(s).

2. INTRODUCTION

A Cooperative is a joint business venture which involves a group of people coming together voluntarily to meet common economic and social aspirations. Through the cooperative members are able to acquire jobs. The members of the cooperative control the cooperative and decisions are made by all the members.

Cooperatives help to develop communities because people who stay in that community will spend their money in that community. The cooperatives improve the quality of life of people in that particular community.

The experience of cooperatives in development has been varied and diverse. In colonial and past colonial societies, cooperatives in most instances become instrumental to deliver government projects and hence become appendages.

Cooperatives in Limpopo are important for collective economic empowerment in particular, for previous oppressed and disadvantage communities.

This report is based on the study and documentation of the views of cooperative members, service providers who work with the cooperatives in the sector and on literature that is related to the question of cooperative development in Limpopo Province.

In this report cooperatives are shown to be faced with challenges that are similar to those faced by other small businesses such the issue of markets, lack of production strategies, lack of entrepreneurial skills, and conflict among the cooperative members.

3. BACKGROUND

The cooperative sector is one of the sectors of the South Africa's economy that provides hope for an equitable redistribution of wealth. Interest in cooperatives is also sparked by cooperative successes in the international domain. The government believes that cooperatives can be very instrumental in the development and redistribution of wealth in the country.

The number of cooperatives in Limpopo has increased over the past five years from (9) nine that were in the pilot study to ninety three (93). The increase in the number of cooperatives in the province has mostly occurred in the rural areas. This development is certainly positive for the rural development objectives of the country that seek to decentralize economic development and the redistribution of the country's wealth.

The current study, however, reveals that there are difficulties still within the cooperative sector. The cooperative sector is faced with an institutional disharmony. The various institutions involved in the sector have not achieved a level of synergy relevant for the viability of the sector. Thus, even where there is a reasonable measure of support for the cooperatives, organizational problems and lack of marketing and production strategies still exist. Certainly the cooperative sector does receive a reasonable level of support from the government and relevant parastatals. Furthermore, the sector is faced with the problem of productivity, profitability and sustainability employment for the members. The support received is failing to mitigate these problems in a significant manner.

The conclusion emerging from this study is that cooperatives should not be viewed in isolation from the proper business practices and pertinent training for example marketing skills. The development of the sector should be a broader project that encompasses the improvement of broader business relations within the sector such as the relationship among cooperatives and members, the law,

the government, private sector, cooperative agencies, national and the international economy.

This study is meant to investigate the business environment of cooperatives in Limpopo as well as the nature of relations existing within the cooperative sector. The cooperatives are assisted by the institutions outlined below.

3.1 Institutional Support Structure Organizations

Cooperatives need financial and non financial support structures to be successful. The following are some of the financial and non financial institutions that support cooperatives in the Limpopo Province. .

3.1.1 University of Limpopo

The University of Limpopo is working with LEDET and LIBSA in the capacity building of cooperative members. The training is divided into 5 modules namely:

- Cooperative Act
- Business Management
- Organizational Development
- Production Management
- Computer Literacy

3.1.2 Small Enterprise Development Agency (SEDA)

The main aim of SEDA is to promote and support cooperatives so that they grow and become sustainable. SEDA's support is financial and non- financial. It assists cooperatives with business plans, feasibility studies, production plan, marketing plan, organizational and management plan and capacity building.

3.1.3 ABSA

ABSA has a social responsibility program for supporting community initiatives. The aim of the programme is to uplift individuals and help communities flourish,

in order to build a strong nation where development becomes sustainable. ABSA assists community projects including cooperatives financially and non-financially.

3.1.4 LIBSA

LIBSA is a statutory body with a mandate from government to support the development of cooperatives. It supports cooperatives financially and non-financially. It assists cooperatives with registration, business plans, feasibility studies, marketing, training, funding, monitoring and evaluation of cooperatives it has funded.

4. METHODOLOGY

4.1 Introduction

The research methods that were used on this study are both qualitative and quantitative participatory research methods. This means cooperative members, tell their own stories. The literature related to the topic was also reviewed. The literature review made it possible for research team to place the immediate experience and views of participation in the cooperative sector in a context of broader social reality.

4.2 Reliability

In order to make sure the data collected was reliable, a questionnaire was designed. The research instruments were administered in the same way in all five districts that make up the study. The districts are, namely Vhembe, Mopani, Capricorn, Sekhukhune and Waterberg. Reliability of the data collected in the study is also ensured by the use of the same question to gather data to the respondents. In addition, service providers and government officials are asked to evaluate their own experiences, and then these views are contrasted to how cooperatives perceive service providers and how service providers perceive cooperatives. (See Appendix 1 for research questionnaires)

4.3 Validity

To ensure that the conclusions drawn by the study are as valid as possible for instance, the conclusions apply to the issues and underlying population being studied. The study ensures that the right cooperatives were studied and that all districts and sectors form part of the study.

The cooperatives that were interviewed were selected randomly from the list that was given by LIBSA which has cooperatives that they work with. The list had 46 cooperatives and 2 of those cooperatives had moved to Mpumalanga. We did random sampling of 48%. Preference was given to cooperatives that participated in the situational analysis study that was done by 3 universities in 2003 namely, University of North, University of Limpopo and University of Potchefstroom. In the list that was given by LIBSA, there were only 2 cooperatives that participated in the study in which one of them had moved to Mpumalanga. The Department of Economic, Development and Tourism (LEDET) also has a list of cooperatives

which was different from the list from LIBSA. The list had 1 cooperative that participated in the pilot study that was done in 2003.

The sample has covered cooperatives in all sectors and districts in the province. (See Appendix 2 for the sample)

4. 4 Data Collection

In order to understand the breadth, depth and complexity of the research and to formulate appropriate strategies, the following data collection technique was employed:

- A self – administered questionnaire
- Face to face interviews
- Desktop

4.4.1 Self administered questions

The purpose of the questionnaire was to collect concrete data such as the type of the cooperative, age, products, marketing and financial and employment details. It was also meant to generate understanding of what respondents perceive to be the challenges and opportunities they face.

4. 4. 2 Face to face interviews

The face to face interviews was meant to generate an in- depth understanding of cooperative members and what opportunities and challenges they think exist. Semi- structured questionnaire was used to elicit responses. The target individuals were managers and organizations or individuals that provide service to the cooperatives.

4. 5 Data Analysis and Interpretation

4.5.1 Face to face interviews

The out come of the face to face interviews was analyzed by means of the following process:

- Transcription of all interviews.

5. FINDINGS ON THE STATUS OF COOPERATIVES

5.1 VHEMBE DISTRICT

5.1.1. Thohoyandou Cooperative

History

Thohoyandou cooperative was registered in 1999. This is one of the cooperatives that participated in the situational analysis study that was conducted in the year 2003. The study was conducted by three universities namely; the University of the North, Potchefstroom University and the University of Limpopo. The cooperative was established because there was a need for jobs in the community.

Core Business

The cooperative produces peanut butter.

Financial Support

Funding worth R2.7 million was secured from LIBSA for operational purposes.

Employment profile

The cooperative has 13 cooperative members and has employed 2 permanent staff members

Market

The cooperative clients are the supermarkets, wholesalers, and crèches in Limpopo. The cooperative is supplying Vhembe, Mopani and Capricorn district.

Table 1: Registration and Employment Details

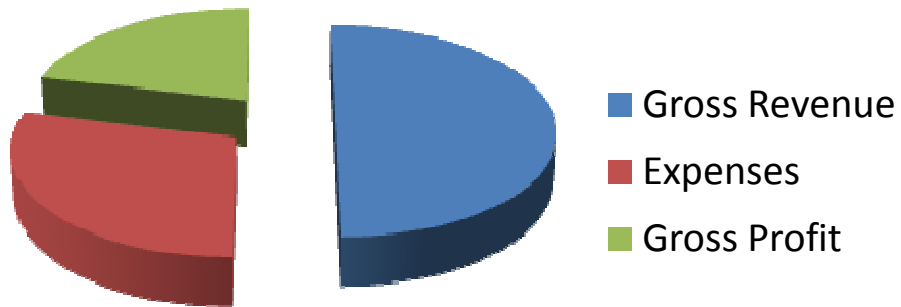
Year registered	Number of cooperative members	Number of employees	Gender
1999	13	2	11 females and 4 males

Table 2: Summarized Annual profit and loss statement

Gross Revenue	R960,000.00
Expenses	R552,000.00
Gross Profit	R408,000.00

The cooperative members earn R1, 000. 00 per month. The total amount of salaries is R15, 000. 00 a month.

Figure 1. Financial Summary



From table 2 and Figure 1, the estimated annual gross profit is R408, 000.00.

Constraints

- Breakdown of machinery
- Transport
- Lack of marketing resources

Table 3: Level of education

7 members	Grade 12 and diplomas
2 members	Grade 12
1 member	Grade 10
2 members	Grade 7
1 member	Grade 6

Table 4: Training

Institution	Training
LIBSA	Corporate Governance
University of Limpopo	Cooperative Management

Analysis of Performance

This cooperative is doing well, the cooperative has been in existence for the past 8 years, has a gross profit of R 408 000 per annum . The members of cooperative are being paid monthly salaries. Seven of the members have grade 12 and diplomas.

5.1.2 Vhembe Colour Stone Mining Cooperative**History**

Vhembe Colour stone Cooperative was registered in 2005. The cooperative was established because there was an opportunity for creating jobs through mining in the community.

Core business

The core business of this cooperative is the mining of precious coloured stones, namely; Agates, Tiger eye, Rose Sodalite, Red Jasper, Amethyst Unakite, Comelian and Aventurine.

Financial Support

LIBSA provided the cooperative with R800, 000. 00 in March 2006. Three hundred thousand rands (R300, 000. 00) was meant for operational use and R500. 000, 00 for capital expenditure. Of the five hundred thousands rands (R500, 000. 00) three hundred thousand rands was used to buy land in Messina. Before LIBSA's support to the cooperative, each member used to contribute R50.00 to the cooperative on a monthly basis.

Employment profile

Vhembe cooperative is composed of 31 staff members, including disabled staff. The cooperative has about 200 CV's of people seeking employment. However, the cooperative cannot currently employ more people because of the distance factor and lack of transport. The place of production is 40 km away from the potential employees' homes. The cooperative currently has one vehicle. The issue of transport is a constraint that hampers the cooperative's potential to employ more people. The cooperative aims to employ more than 200 people by December 2007. However, this will largely depend on the availability of transport.

Market

The cooperative's immediate clients are the surrounding communities. The cooperative also sells their products internationally through the agency.

Table 5: Registration and Employment Details

Year registered	Number of cooperative members	Number of employees	Gender
2005	19	12	4 female and 27 males

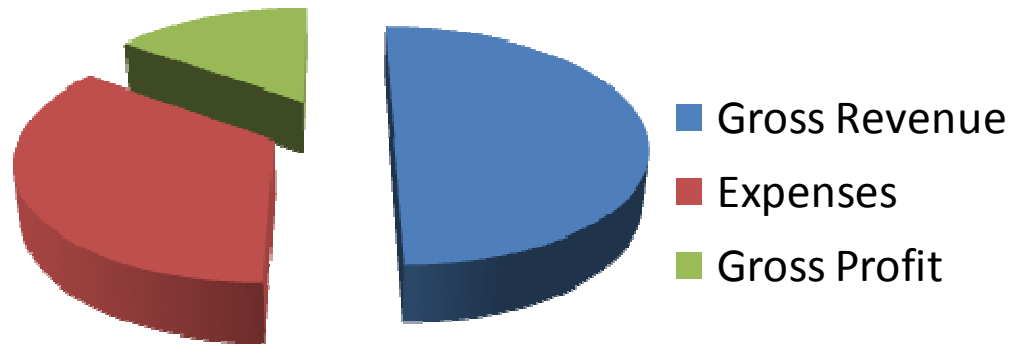
Table 6: Summarized annual profit and loss statement

Gross Revenue	R541,444.00
Expenses	R378,859.00
Gross Profit	R162,585.00

The employees earn on average R800. 000 per month.

Total amount of salaries is R25, 000. 00 for all employees.

Figure 2. Financial Summary



From table 6 and figure 2, the estimated annual gross profit for cooperative members is R162, 585.00.

Constraints

- Staff bus
- Lack of marketing resources

Table 7: Level of education of cooperative members

1 member	Grade 12 and M + 3
2 members	Grade 12
29	Did not go to school

Table 8: Training

Institution	Training
LIBSA	Cooperate Governance
University of Limpopo	Cooperative Management

Analysis of Performance

While the members of the cooperative and employees have stable salaries which are paid from the savings account of the cooperative, it was noted during the interview that the overall performance is average mainly due to the fact that the cooperative does not have sustainable markets.

5.1.3 Tshiombo Cooperative

History

This cooperative has been in existence for the past 35 years. It is one of the cooperatives that participated in the situational analysis that was done by the University of Limpopo, the University of the North and Potchefstroom University in 2003. The cooperative started because of the need to support farmers in the community.

Core business

The cooperative is involved in the agricultural trading sector.

Financial Support

The cooperative obtained R150, 000.00 in 2005 as capital from the Central Committee to buy initial stock. The cooperative is currently financially bankrupt and needs financial assistance to revamp its business especially for marketing activities. Efforts to secure extra funding from LIBSA were unsuccessful.

Market

The cooperative's clients are the farmers in the surrounding community. However, it has been 2 years since the farmers have stopped working on the land.

Since the farmers are not working, the cooperative does not have customers. In addition, the cooperative's petrol machines have not been working for the past 8 months as they are broken. The cooperative is in dire need of sustainable markets, mentorship and business management skills training.

Employment profile

The cooperative has 42 members and 4 staff members.

Table 9: Registration and employment details

Year registered	Number of cooperative members	Number of employees	Gender
1971	42	4	39 males and 3 females

The employees do not have salaries because the business is not operating profitably.

Constraints

- Lack of financial support

Organizational dynamics

The cooperative lost some of the members because of internal conflict.

Analysis of Performance

The cooperative does not keep any records and therefore it was difficult to independently assess performance, although the members indicated that the cooperative was struggling and did not have enough cashflow. It was clear that the cooperative is not applying conventional management principles in running the business. There is no monitoring and evaluation and the cooperative has no sustainable markets.

5.1. 4 Mukula Stone Crushing Cooperative

History

Mukula Cooperative was registered in 2004. The cooperative was established because of the need in the community for crushed stones, there is no cooperative or company that is offering the same services in the community.

Core Business

Mukula stone crusher is a small mining cooperative. It is involved in crushing stones for building houses, roads, and carobricks. The stones are crushed into three different types of concrete:

- Ballast 19 ml
- Aggregate 13 ml
- Crusher dust/fine

Financial Support

The cooperative obtained R2.5 million as working capital from LIBSA.

Employment profile

The cooperative has 24 cooperative members and has employed 3 permanent employees.

Market

The cooperative's market is the inhabitants of villages in Vhembe.

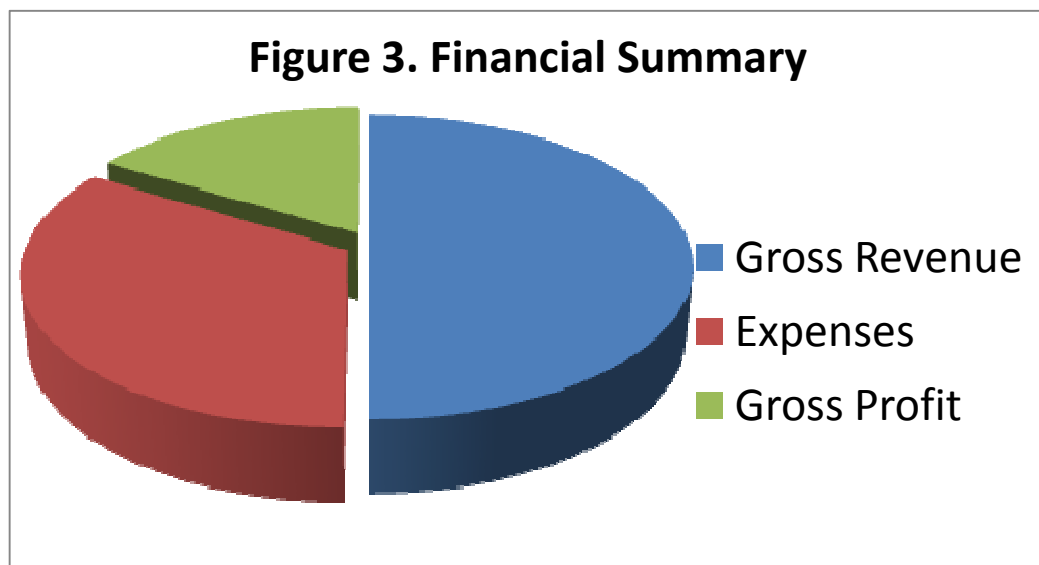
Table 10: Registration and Employment Details

Year registered	Number of cooperative members	Number of employees	Gender
2004	24	3	18 females and 6 males

Table 11: Summarized Annual profit and loss statement

Gross Revenue	R480, 000. 00
Expenses	R324, 000. 00
Gross profit	R156, 000. 00

The remuneration for members of the cooperative is R1, 000.00 per month. The total amount of salaries is R27, 000. 00



From table 11 and figure 3, the estimated gross profit for the cooperative members is R156, 000 .00.

Constraints

- Broken down tractor and crashing stone machine.
- Bad road to the site.

Organizational dynamics

The cooperative members have conflict as it was reported that some members do not take instructions from the managers.

Table 12: Level of education

2 members	Grade 12
7 members	Grade 10
1 member	Grade 9
4 members	Grade 8
3 members	Grade 7
3 members	Grade 6
3 members	Grade 5
1 member	Did not go to school

Table 13: Training

Institution	Training
LIBSA	Cooperative Governance
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative has a market niche. However, more markets are needed in order to make the business more sustainable. From the financial statements, it appears the cooperative is performing reasonably well so far. However, the

conflict issue appears to be affecting the progress of the cooperative as a lot of time is being wasted in dispute resolution.

5.2 MOPANI DISTRICT

5.2.1 Sesikisana Cooperative

History

Sesikisana Cooperative was registered in 2005. The cooperative was started because they saw a potential need for eggs in their community.

Core business

The core business of this cooperative is the production of eggs. The cooperative is however diversifying and, with the assistance of the Department of Health and Social Welfare, has started a vegetable garden.

Financial Support

LIBSA provided the cooperative with R171, 000. 00 to commence the business. The money was spent on buying materials for constructing the walls and the concrete slab for the steel structure (Chicken House). In addition, the Department of Trade and Industry (DTI) assisted the cooperative with R300, 000.00 in 2005 to purchase equipment and stock.

Employment Profile

The cooperative has 13 members and has employed 2 security guards. They will need another 13 people on arrival of the new stock. The food garden needs about 20 to 30 people.

Market

The cooperative's clients are members of the community.

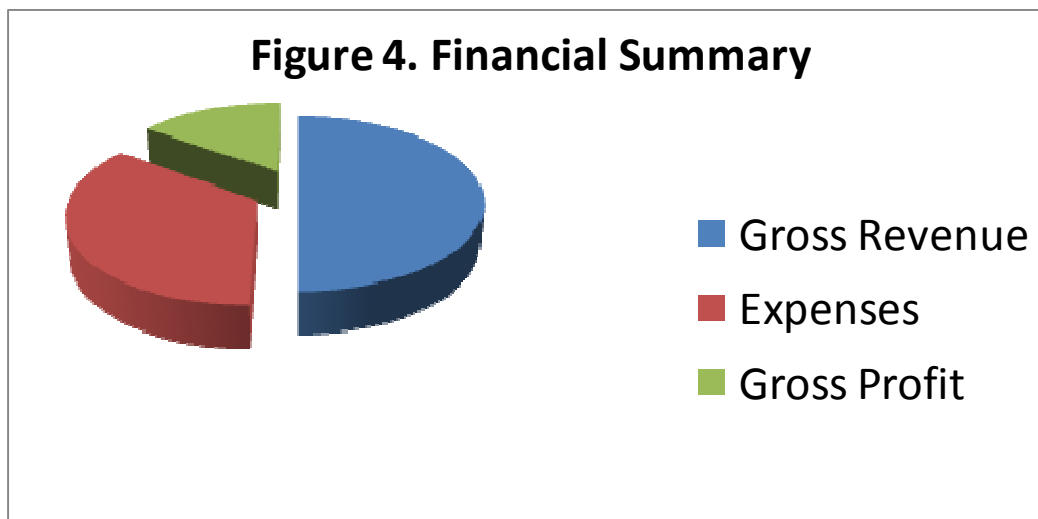
Table 14: Registration and Employment Details

Year registered	Number of cooperative members	Number of employees	Gender
2005	13	2	8 females and 7 males

Table 15: Summarized Annual Profit and loss statement

Gross Revenue	R141, 564. 00
Expenses	R99, 036. 00
Gross Profit	R42, 534. 00

The security guards earn R500. 00 a month. The cooperative members do not have salaries. The cooperative stopped production because their supplier failed to deliver stock in time on three occasions starting from December to February 2007. However, an alternative arrangement has been made for another delivery. It was noted that when the stock arrives and production starts they will be able to pay salaries and possibly employ more people.



From table 15 and figure 4, the estimated gross profit for cooperative members is R42, 534.

Constraints

- Source of layers very far (Kwa-Zulu Natal)
- Lack of transport.

Table 16: Level of education

5 members	Grade 12
1 member	Grade 10
1 member	Grade 8
3 members	Grade 6
1 member	Grade 4
2 members	Grade 3

Table 17: Training

Institution	Training
LIBSA	Cooperative Governance
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative does not have sustainable markets. The gross revenue and the associated gross profit is rather low and as a result, the cooperative is not performing well. Operating expenses and the cost of transport for the layers are affecting the profitability of the business and this is compounded by the lack of a sustainable market.

5 .2.2 Giyani Plastics Cooperative

History

The cooperative was registered in 2004. The cooperative started because of the need to supply specialized plastic products.

Core Business

The cooperative specializes in plastic pallets production. Plastics are sourced from shops for free. The cooperative also buys the plastics from Louis Trichardt and recycles them.

Financial Support

The cooperative obtained R2.5 million from LIBSA in 2005. R1.4 million was to purchase machine and vehicle and R1.1 million for operating.

Employment Profile

Giyani Plastics cooperative has employed 33 staff members. Of these employees, 20 are cooperative members and 13 are casual workers.

Market

The cooperative main client is Coco Plastics in Johannesburg.

Table 18: Registration and Employment Details

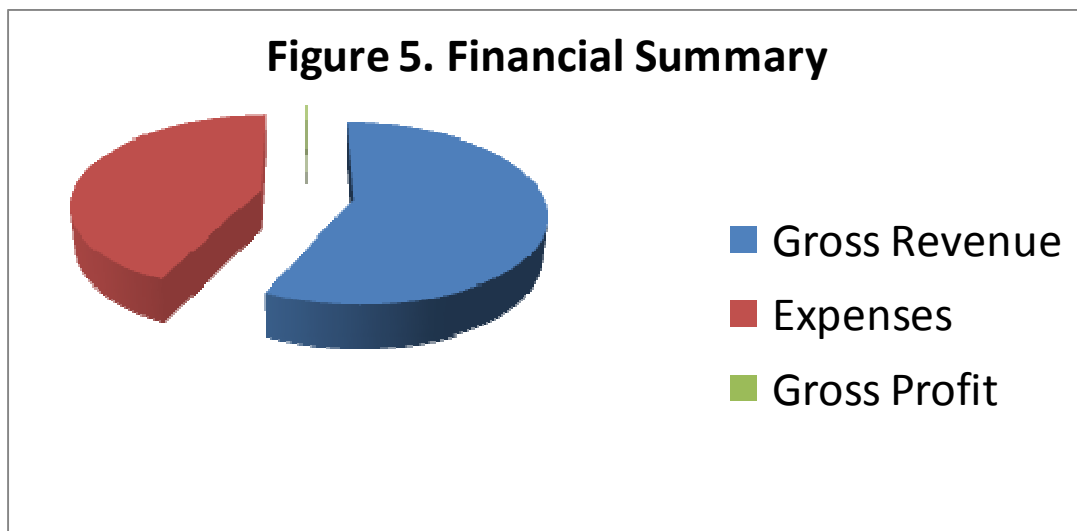
Year registered	Number of cooperative members	Number of employees	Gender
2004	20	13	32 females and 1 male

Table 19: Summarized Annual Profit and loss statement

Gross Revenue	R1, 162, 800. 00
Expenses	R87,198.00
Gross Profit	R29,082.00

Cooperative members earn R700.00 a month while casual workers earn R350.00 each.

Total amount of salaries is R20 000, 00



From table 19 and figure 5, the estimated annual profit for the cooperative members is R29 082.

Constraints:

- The rent is too high

Organizational dynamics

The cooperative lost some of the members because of conflict between members.

Table 20: Level of education

1 member	Grade 12
3 members	Grade 11
1 member	Grade 10
1 member	Grade 9
1 member	Grade 7

2 members	Grade 6
2 members	Grade 5
3 members	Grade 1
2 members	Sub B
4 members	Sub A

Table 21: Training

Institution	Training
LIBSA	Cooperative Governance
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative is struggling because of inadequate training and conflict among cooperative members. The other reason for low profitability is the high expenditure especially on rent.

5.2.3 Sasavona Guest House

History

The cooperative was registered in 2004. The cooperative was started because they saw a need of guest house in their community as is near Kruger National Park.

Core Business

The cooperative is involved in the hospitality industry. It owns a guest house which is situated ten (10) km away from the Kruger National Park.

Financial Support

The cooperative obtained R6.5 million from LIBSA in 2005 to build the guest lodge. However, they claim that the guest house is not functioning because there is no furniture. The cooperative members indicated that they did not get enough funding for purchasing furniture. However, LIBSA reported that they started on a wrong footing with Sasavona. They deposited R 2.5 million in Sasavona Guest House cooperative members' account but the members cannot account for the money. LIBSA later employed a manager to oversee the project and LIBSA funded Sasavona another R 4 million to build the guest house. In addition, they given them R 300 000 to make sure the guest house is operational.

Employment profile

The membership of the cooperative consists of 5 women.

Market

This cooperative is not yet operating. However, they reported that people are coming every day looking for accommodation and were being sent back. They were supposed to have visitors from overseas in May this year but could not accommodate them because of lack of furniture.

Table 22: Registration and employment details

Year registered	Number of cooperative members	No of employees	Gender
2004	11	0	All females

The cooperative members do not have salaries.

Constraints:

- Lack of furniture has had a negative impact on the cooperative. The cooperative is currently not functioning.

Organizational dynamics

The cooperative members reported that there is internal conflict and that they are not working as a team.

Table 23: Level of education

3 members	Grade 12
4 members	Grade 10
2 members	Grade 8
2 members	Grade 7

Table 24: Training

Institution	Training
LIBSA	Cooperative governance
University of Limpopo	Cooperative management

Analysis of Performance

The cooperative is struggling because of inadequate training and lack of business skills. In addition the guest house has no furniture and hence cannot attract clients.

5.2.4 Chivirikani Producers Cooperative

History

The cooperative registered as a cooperative in 2005. Before then, they were a CC. They registered as a cooperative to get support from Government.

Core Business

The cooperative produces jam, salad dressings, ice tea, chutney and Mopani worm snacks.

Financial Support

Several organizations have assisted this cooperative.

The Mopani District Municipality assisted the cooperative with R40, 000.00 in 2005. Indiza Food and South African Breweries (SAB) also bought equipment for the cooperative. To a large extent the cooperative is currently non operational due to poor quality of products which do not meet market requirements. The cooperative occasionally supplies government departments with some of their products. It is currently in the process of improving the labels on its products.

Employment profile

The membership of the cooperative consists of 5 women.

Market

The cooperative does not have a market as their products were sent back by the customers due to poor quality.

Table 25: Registration and Employment Details.

Year registered	Number of cooperative members	Number of employees	Gender
2005	5	0	All women

The cooperative members do not have salaries.

Constraints:

- Machinery for cutting fruit
- Unhygienic premises

Organizational dynamics

The cooperative members reported that they lost some of the members because of internal conflict.

Table 26: Level of Education

3 members	Grade 12
2 members	Grade 11

Table 27: Training

Institution	Training
LIMPOPO Manufacturing Advisory Centre (LIMAC)	Production skills
Thlavhama Training Institute	Management skills and project life cycles

Analysis of Performance

The cooperative is not performing well due to the fact that it does not have a market for its product. Poor product quality is the main reason for the absence of a market.

5.3 CAPRICORN DISTRICT

5.3.1. Ipopeng Fisheries

History

The cooperative was initiated in 1995 by the Department of Agriculture. It was officially handed over to the community in 2001.

Core Business

This cooperative is into fish production. They harvest three (3) types of fish namely:

- Common Carp
- Tilapia
- Catfish

Financial Support

The cooperative has received funding from different organizations:

In 1997, the Polokwane Municipality donated a fence and reconstructed the factory.

The Department of Health and Welfare donated R93, 000.00 to be used for operational costs in 2000.

Kenell, a private company, donated equipment.

Since 2004 LIBSA has assisted the cooperative in its development. It started with R500, 000.00 but has since then added up to R2million. With the money that LIBSA funded the cooperative, they build a house for breeding fish, upgrade the erection fence and bought a vehicle and trailer.

Employment Profile

Ipopeng Fishery Cooperative has employed 13 cooperative members.

Market

The community in Seshego is the primary market. The cooperative has a contract with Department of Agriculture in Swaziland to sell fish. But the cooperative is unable to deliver because of production stoppage. LIBSA reported that, the reason why Ipopeng is not selling is because in the past few years they did not have enough stock for fish. The cooperative was producing fish and selling it and not have stock for next month. The cooperative is now growing fish because they want them to have enough stock to be sustainable. The fish is in breeding phase and the cooperative will start selling before the end of September. LIBSA is negotiating with Department of Health for the cooperative to supply the hospital in Seshego with fish so that the cooperative can be viable.

Table 28: Registration and employment details

Year registered	Number of cooperative members	Number of employees	Gender
1971	13	0	8 females and 5 females

The cooperative has not made any sales since August last year because there are no fish stocks in the dam since the fish are in the breeding phase. The cooperative members are getting allowances of R600 to R1000 a month from LIBSA. LIBSA reported that members vote for themselves to get allowances. The cooperative members are using money LIBSA allocated them as a working capital.

Constraints

- Lack of bed nets.
- Need scoop nets.

Table 29: Level of education

2 members	Grade 12
1 member	Grade 11
2 members	Grade 8
3 members	Grade 7
2 members	Grade 6
3 members	Grade 5

Table 30: Training

Institution	Training
Department of Agriculture	Fish training
LIBSA	Corporate Governance
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative has no sustainable markets. In addition they are not applying conventional business principles in running the business.

5.3.2 Harambe Bricks-making Cooperative**History**

Harambe Cooperative was registered in June 2006. The cooperative started because of the perceived need for bricks in the local community.

Core Business

The core business of this cooperative is brick making. The cooperative produces 4 types of bricks namely:

- Cement blocks
- Maxi bricks
- Stocks bricks
- Domestic interlocks

Financial Support

This cooperative obtained R675, 000.00 from LIBSA in August 2006 for operational purposes.

Employment details

Harambe cooperative has 45 staff members and 13 cooperative members.

Market

Limpopo Province, people from Aganang and Polokwane municipality and developers contracted with housing development.

Table 31: Registration and Employment Details

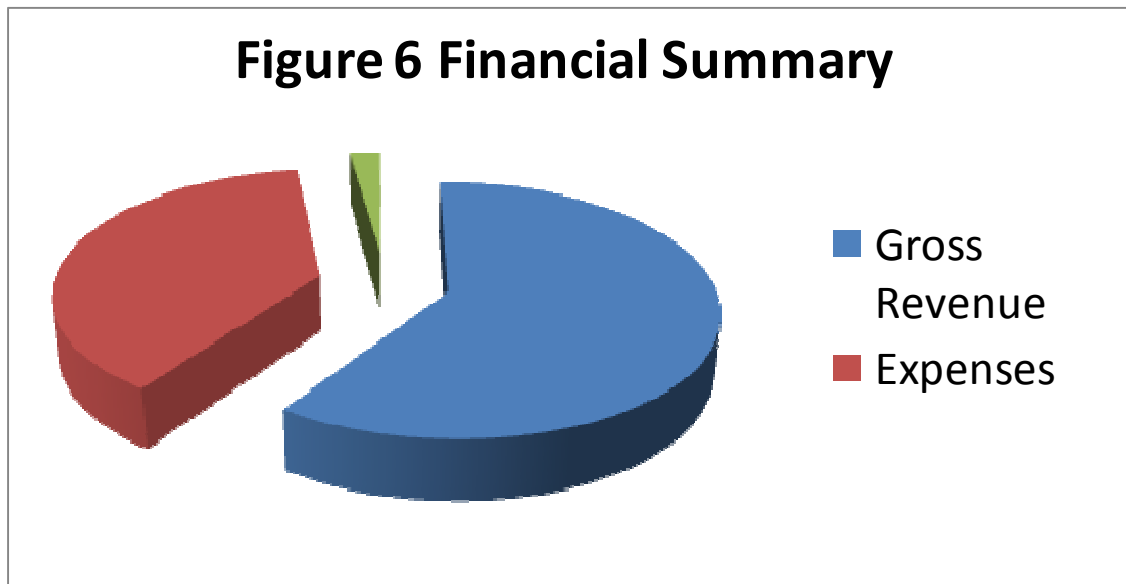
Year registered	Number of cooperative members	Number of employees	Gender
2006	13	32	34 males and 11 females

Table 32: Summarized Annual Profit and loss statement

Gross Revenue	R636,000.00
Expenses	R408,000.00
Gross profit	R22,800.00

Cooperative members and employees earn R750 a month

Total amount of salaries is R32, 020. 00



From table 32 and figure 6, the estimated annual profit for the cooperative is R22, 800.

Table 33: Level of education

5 members	Grade 12
3 members	Grade 11
2 members	Grade10
2 members	Grade 8
1 member	Grade 6

Analysis of Performance

The cooperative does not have sustainable markets, for instance, they cannot secure lucrative contracts from Government Departments. Their input costs are very high and hence they are making little profit.

5.3.3 Peakanyo Manufacturing Cooperative

History

Peakanyo cooperative was registered in 2005. The business was established in 2001 as a registered community project (not for profit) empowering community members with sewing skills.

Core Business

This cooperative manufactures protective clothing and uniforms.

Financial Support

The cooperative obtained R326, 000.00 from LIBSA in 2006 for operating.

Employment profile

This cooperative has 5 permanent members.

Market

The cooperative has clients around Limpopo Province.

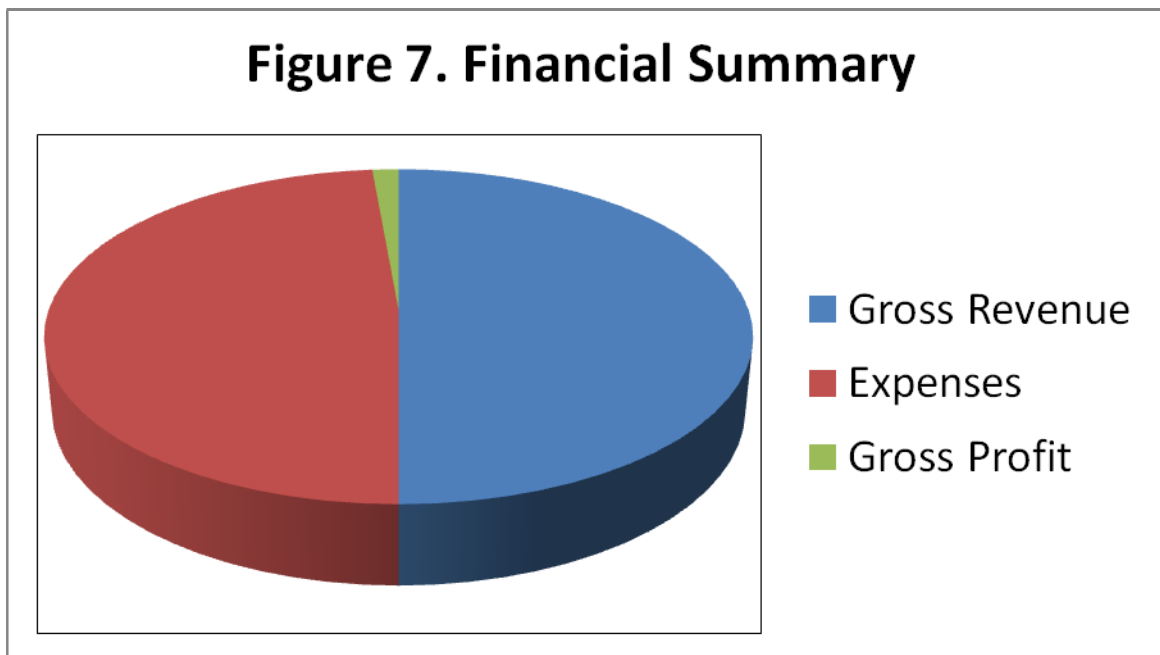
Table 34: Registration and Employment Details.

Year registered	Number of cooperative members	Number of employees	Gender
2005	5	0	3 males and 2 females

Table 35: Summarized Annual Profit and Loss Statement.

Gross Revenue	R105,947.07
Expenses	R102,990.58
Gross Profit	R2,956.49

The cooperative members do not have stable salaries; they only get salaries after a large order.



From table 35 and figure 7, the estimated annual profit for the cooperative is R2, 956. 49

Constraints:

- Needs an embroidery machine

Table 36: Level of Education

4 members	Grade 12
1 member	Grade 11

Table 37: Training

Institution	Training
LIBSA	Corporate Governance
University of Limpopo	Corporate Management

Analysis of Performance

From the financials it is clear that the cooperative has low turnover and gross profit. The cooperative has no sustainable market and a result performance of the cooperative is very poor at this stage.

5.3.4 Frontline Financial Cooperative

History

The cooperative was registered in June 2006. The cooperative started because of the need to assist disadvantaged people financially.

Core Business

This is a financial cooperative. The cooperative assists clients with company registration, tax forms and disburses loans to low income earners.

Financial Situation

The cooperative obtained R150, 000. 00 from LIBSA to buy office equipment.

Employment Profile

The cooperative has 5 permanent members

Market

The cooperative's clients are SMME's in Limpopo Province.

Table 38: Registration and Employment Details.

Year registered	Number of cooperative members	Number of employees	Gender
2006	5	0	3 males and 2 females

Table 39: Summarized Projected Annual Savings and Loss Statement

Gross Revenue	R74,000.00
Expenses	R107,850.00
Gross Savings	Nil

The cooperative has been operating for the past 10 months. When they started the cooperative had a turnover of R1, 000 a month and currently their turnover is now R22, 000 a month. The cooperative members earn R2, 500. 00. The total amount of salaries is R12, 500 per month.

Constraints:

- Need more office equipment and office furniture.

Table 40: Level of education

3 members	University graduates
2 members	Technikon graduates

Table 41: Training

Institution	Training
LIBSA	Cooperative Management

Analysis of Performance

The cooperative was established 10 months ago. When the cooperative started turnover was R1, 000. 00 per month but this has improved as the current turnover is now R22,000 per month. The cooperative is being run on solid business grounds and this is attributed to the educational background of the members.

5.4 SEKHUKHUNE DISTRICT

5.4.1. Sekhukhune Stone Crushing

History

This cooperative was registered on 2004. The cooperative was established because there was an opportunity for creating jobs through mining in the community.

Core Business

The cooperative specializes in crushing stones into concrete. The cooperative members crush the stones using hand held hammers as they do not have crushing machines.

Financial Support

The local chief has donated land on which they are currently operating.

Employment Profile

The cooperative has 19 members.

Market

The cooperative's main clients are the builders in the community.

Table 42: Registration and Employment Details

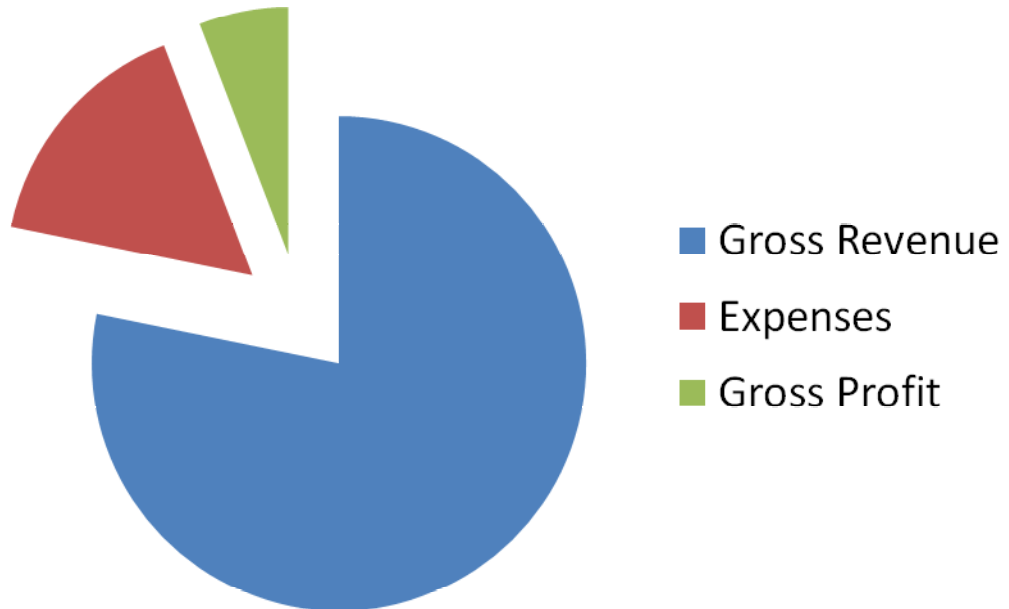
Year registered	Number of cooperative members	Number of employees	Gender
2004	19	0	14 females and 5 males

The cooperative retains the money they are making for meetings and training and share what's left at the end of the year. They share between R400 to R500 a member.

Table 43: Summarized annual profit and loss statement

Gross Revenue	R23,520.00
Expenses	R4,800.00
Gross Profit	R18,720.00

Figure 8. Financial Summary



From table 43 and figure 8 the estimated annual profit for the cooperative members is R18, 720

Constraints:

- The cooperative needs stone crushing machinery.
- The cooperative also requires a truck to deliver products to clients.
- Staff bus.
- An office.

Table 44: Level of education

2 members	Grade 12
3 members	Grade 9

8 members	Grade 7
4 members	Grade 5
2 members	Grade 3

Table 45: Training

Institution	Training
LIBSA	Production Management
Mining Qualification Authority	Safety, management skills and bookkeeping

Analysis of Performance

The cooperative has no sustainable markets. They are not applying conventional business principles in running their business. In addition the revenue and the reported profit are very low to sustain the growth and existence of the cooperative.

5.4.2 Marble Hall Hawkers Association Cooperatives

History

The cooperative was registered in 2005. The cooperative was established because of the need for retail products in the community, there is no cooperative or company that is offering the same services in their community.

Core Business

Marble Hall Hawkers Association Cooperative operates a trading business. The business was created to serve the Marble Hall Hawkers Community. It sells the goods at wholesale prices. Goods are bought in bulk in Pretoria for reselling in Marble Hall. The cooperative has a membership of eighty five (+85) people. Membership consists of hawkers from Marble Hall.

Financial Support

The cooperative obtained R500, 000.00 for capital expenditure from LIBSA. Before they secured funding from LIBSA, cooperative members used to contribute R20, 00 each on a monthly basis for office use and stationery.

Employment Profile

The cooperative employs one person.

Market

The cooperative's clients are hawkers in Marble Hall.

Table 46: Registration and Employment Details

Year registered	Number of cooperative members	Number of employees	Gender
2005	9	1	5 males and 4 females

Table 47: Summarized annual profit and loss statement

Gross Revenue	R240,000.00
Expenses	R186,000.00
Gross Profit	R54, 000. 00

The salary of the employees is R900 a month.

Figure 9. Financial Summary



From table 47 and figure 9, the estimated annual profit for the cooperative members is R54, 000.

Constraints:

- The cooperative needs a till, calculator and recording system.
- Unable to finance salaries because the business is generating very low income due to lack of markets.

Organizational dynamics

The cooperative lost some of the members because of organizational dynamics.

Table 48: Level of education

4 members	Grade 12
2 members	Grade 11
1 member	Grade 10
2 members	Did not go to school

Table 49: Training

Institution	Training
LIBSA	Corporate Governance
University of Limpopo	Corporate management

Analysis of Performance

The cooperative has no sustainable market; however, from the financial statements which are summarised above, there are good prospects for this cooperative provided suitable markets can be identified.

5.4.3 Ndebele Trading Cooperative

History

The cooperative was first registered in 1978 under Lebowa Cooperatives Act. The cooperative re-registered as Ndebele Cooperative in July 2003. The cooperative was started because of the need of agricultural products in the surrounding areas.

Core Business

Ndebele cooperative is an agricultural trading cooperative. The cooperative is about to start an egg production project since the demand of eggs in the community is high.

Financial Support

In the year 2006 LIBSA funded the cooperative through Sekhukhune Central Trading. This was to enable the cooperative to source goods in bulk so as to reduce the purchase price. With the exception of R1, 030.05, all the funds were acquired from the transaction that involved the selling of goods by Central Trading Committee. It obtains less than R4000 a month from rental fees.

Employment Profile

The cooperative has one (1) employee.

Market

The cooperative's market is the community in Sekhukhune.

Constraints

- Lack of financial support

Organizational dynamics

The cooperative lost some of the members because of conflict between members.

Table 50: Registration and Employment Details

Year registered	Number of cooperative members	Number of employees	Gender
1978 re-register 2003	8	1	6 males and 2 females

Table 51: Summarized annual profit and loss statement

Gross Revenue	R56, 000. 00
Expenses	R12, 000. 00
Gross Profit	R44, 000. 00

The employee earns R500 per month and the cooperative retains whatever cash that is left after meeting all the operating expenses at the bank to share among the members at the end of the year.

Analysis of Performance

The cooperative is not performing well due to the conflict among its members. The members of the cooperative are not applying conventional business principles in running their business.

5.4.4 Mathabathaba Financial Cooperative

History

The cooperative was registered in 2000. The cooperative was established because of the need for financial services in the community, there is no cooperative that is offering the same services in their community.

Core Business

This is a financial service cooperative. The cooperative provides services such as savings, loan and funeral scheme for the community. It also has a fixed deposit facility. The cooperative banks with ABSA. People in the community are able to deposit funds into the cooperative's ABSA account

Financial support

LIBSA built and furnished a house for the cooperative for use as an office. In July 2006, the South African Micro Apex Fund (SAMAF) also funded the cooperative

Employment Profile

The cooperative has six permanent employees.

Market

The cooperative's clients are people in the village.

Table 52: Registration and Employment Details

Year registered	Number of cooperative members	Number of employees	Gender
2000	12	6	8 males and 4 females

Table 53: Summarized annual savings and loss statement

Gross Revenue	R1, 476, 600
Expenses	R140, 580
Total savings	R1, 336, 020

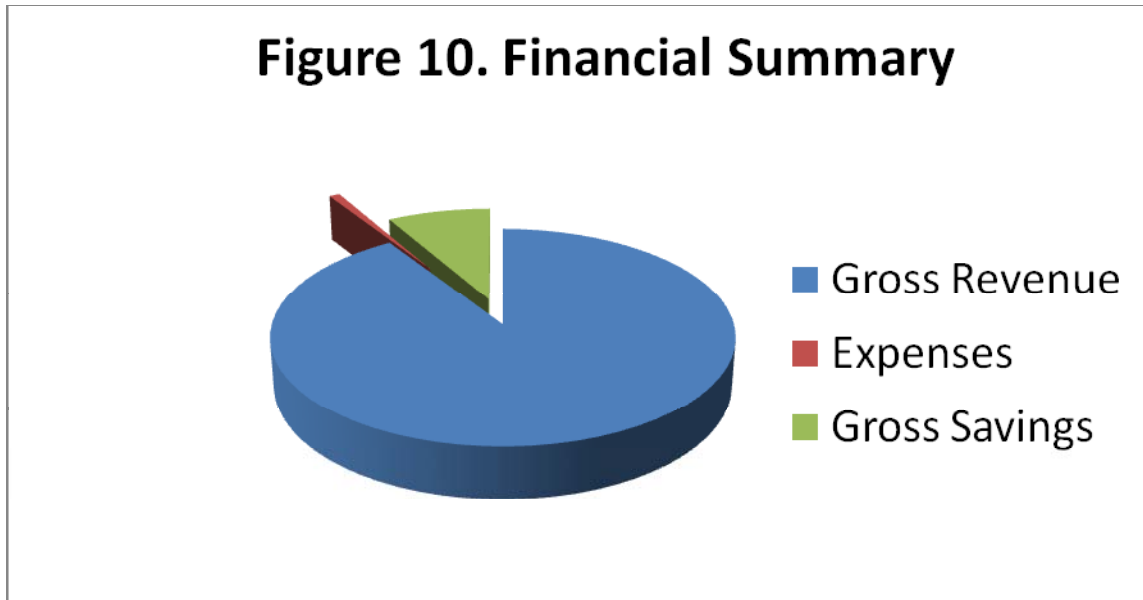
Manager earns R3, 000. 00

Three loan officers earn R2, 400.00 each

Assistant earns R1, 600. 00

Security earns R900. 00

Total amount of salaries is R7, 900.00 per month



From table 53 and figure 10, the estimated gross savings for the cooperative members is R1 335 420. 00.

Table 54: Level of education

1 member	University degree
4 members	College diplomas
1 member	Technikon graduate
3 member	Grade 7

Table 55: Training

Institution	Training
SAMAF	Cooperative Management
Bank Seta	Trained members on importance of savings

Analysis of Performance

From the financial summary it is clear that this cooperative is doing very well. The members of the cooperative are paid salaries monthly. The cooperative is being managed on sound business principles. Seven (7) of the members have grade 12 and diplomas.

5.5 WATERBERG DISTRICT**5.5.1 Ikageng Bo Lephale****History**

The cooperative was registered in January 2007. Before registering a cooperative they were a CC. They registered as a cooperative to get support from Government.

Core Business

Ikageng Bo Lephallale cooperative is involved in the clothing and fabric manufacturing.

Financial Support

A company called Gumba/Exxarro donated a building, tables, chairs and lockers.

Employment Profile

The cooperative has 8 employees.

Market

The cooperative has a tender with Eskom to do overalls for them for the next 2 years.

Table 56: Registration and Employment Details.

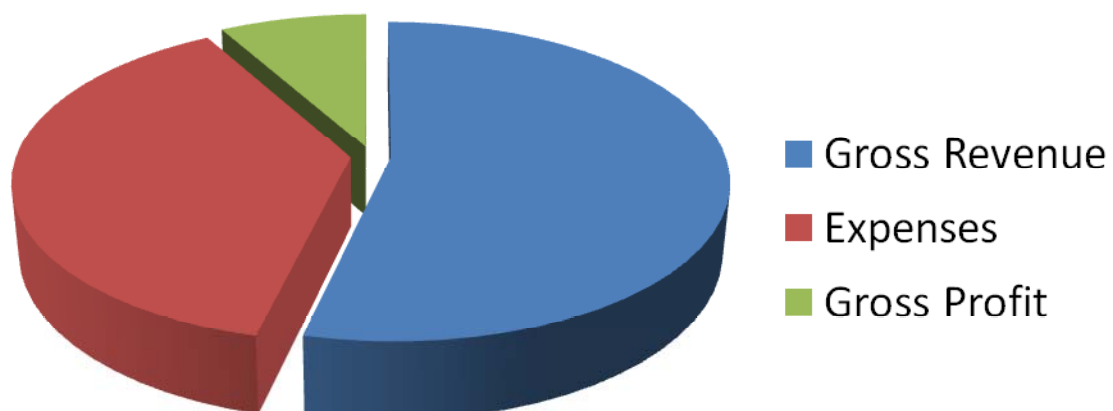
Year registered	Number of cooperative members	Number of employees	Gender
January 2007	8	0	All females

Employees do not have salaries.

Table 57: Summarized annual profit and loss statement

Gross Revenue	R7, 200. 00
Expenses	R5, 100. 00
Gross Profit	R2, 100. 00

Figure 10. Financial Summary



From the table 57 and the figure 10, the estimated annual profit for the cooperative members is R2 100, 00.

Constraints

- Need a sewing machine.

Organizational dynamics

The cooperative members reported internal conflict.

Table 58: Level of education

1 member	Diploma
2 members	Grade 12
2 members	Grade 9
3 members	Grade 8

Table 59: Training

Institution	Training
LIBSA	Business management
	Market management

Analysis of Performance

The cooperative members are not applying conventional business principles in running their business. Performance of the cooperative has been affected by the conflict among the members.

5.5.2 Ikageng Bo Seleka

History

The cooperative was registered in October 2000. Before then, they used to be a community project since 1998.

Core Business

The cooperative is an agricultural and livestock cooperative. Products produced are chicken, watermelons, butternuts and tomatoes.

Financials

Members contributed R100.00 before funding was obtained.

In 1998 Eskom donated R40,751.71 for poultry and R98,971.14 for sewing machines, R2,858.00 for welding equipment and R49,979.47 for vegetables.

Eskom also donated R5, 730.00 for gardening in 2001.

Lowveld Business Service donated R200, 000.00 for fencing the cooperative.

The cooperative received R57, 242.29 from the Canadian High Commission for a gardening project in 2000.

LIBSA funded the cooperative with R100, 000.00.

Employment Profile

The cooperative has 5 permanent staff members and 3 casual workers.

Market

The cooperative market is the Lephalele community.

Table 60: Registration and Employment Details.

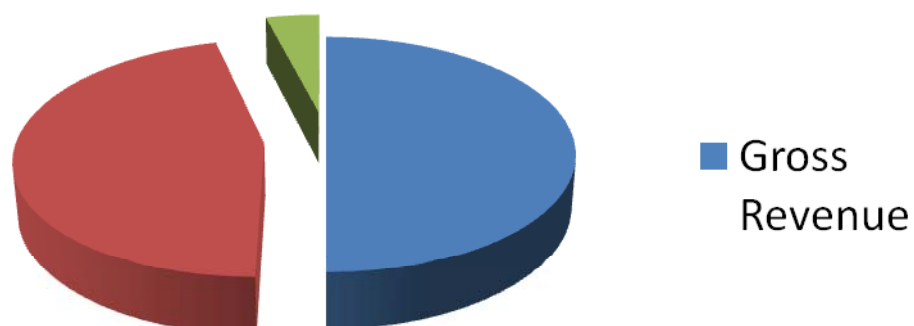
Year registered	Number of cooperative members	Number of employees	Gender
2000	6	3	4 males and 5 females

Table 61: Summarized annual profit and loss statement

Gross Revenue	R312,000.00
Expenses	R295,200.00
Gross Profit	R2,580.00

The cooperative members earn R500. 00 a month

Figure 11. Financial Summary



From the table 61 and figure 11 the estimated annual profit for the cooperative members is R2, 580.00.

Constraints

- The cooperative needs a vehicle

Organizational dynamics

The cooperative members reported internal conflict.

Table 62: Level of education of members

2 members	Grade 12
1 member	Grade 6
3 members	Grade 3

Table 63: Training

Institution	Training
LIBSA	Cooperative Management
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative members are not applying conventional business principles in running their business. The cooperative has no sustainable markets. Expenses reported by the cooperative are too high and are resulting in low levels of profit. This has affected the general performance of the cooperative.

5.5.3 Thabang Tlala Babirwa Pebble Stone

History

They registered in 2003 as a cooperative but started working in 2000 as a community project.

Core Business

Thabang Tlala Babirwa Pebble Stone is a pebble mining cooperative.

Financial Support

LIBSA provided R1.5 million to build a house, fence in the cooperative house, and to buy machines and office equipment.

Employment Profile

The cooperative has 20 employees.

Market

The cooperative sells all over South Africa. The cooperative main client is Mr. Cliff Malan a landscaper in Pretoria.

Table 64: Registration and Employment Details.

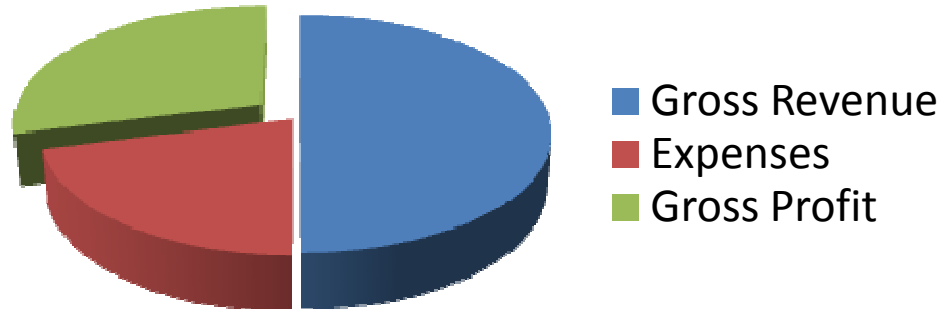
Year registered	Number of cooperative members	Number of employees	Gender
2003	19	1	19 females and 1 male

Table 65: Summarized annual profit and loss statement

Gross Revenue	R54,400.00
Expenses	R22,880.00
Gross Profit	R31,520.00

Members of the cooperative do not receive any salaries during the course of the year. They only receive salaries in December, which amounts to R1, 500.00 for each member.

Figure 12. Financial Summary



From the table 65 and figure 12, the estimated annual profit for the cooperative member is R31, 520.00.

Constraints

- Lack of marketing resources

Organizational dynamics

The cooperative members reported that they are experiencing internal conflict.

Table 66: Level of education of members

2 members	Grade 12
1 member	Grade 11
16 members	Grade 3

Table 67: Training

Institution	Training
LIBSA	Cooperative Governance
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative has no sustainable markets. The gross turnover is very low and cannot support the business.

5.5.4 Bakone Bakopane

History

The cooperative was registered in 2004. The cooperative was established because there was a need of mining in the community.

Core Business

Bakone Bakopane is a livestock cooperative.

Financial Support

The cooperative received funding of R1.5 million from LIBSA for operating.

Employment details

The cooperative has 14 employees.

Market

The cooperative sells to people in the community.

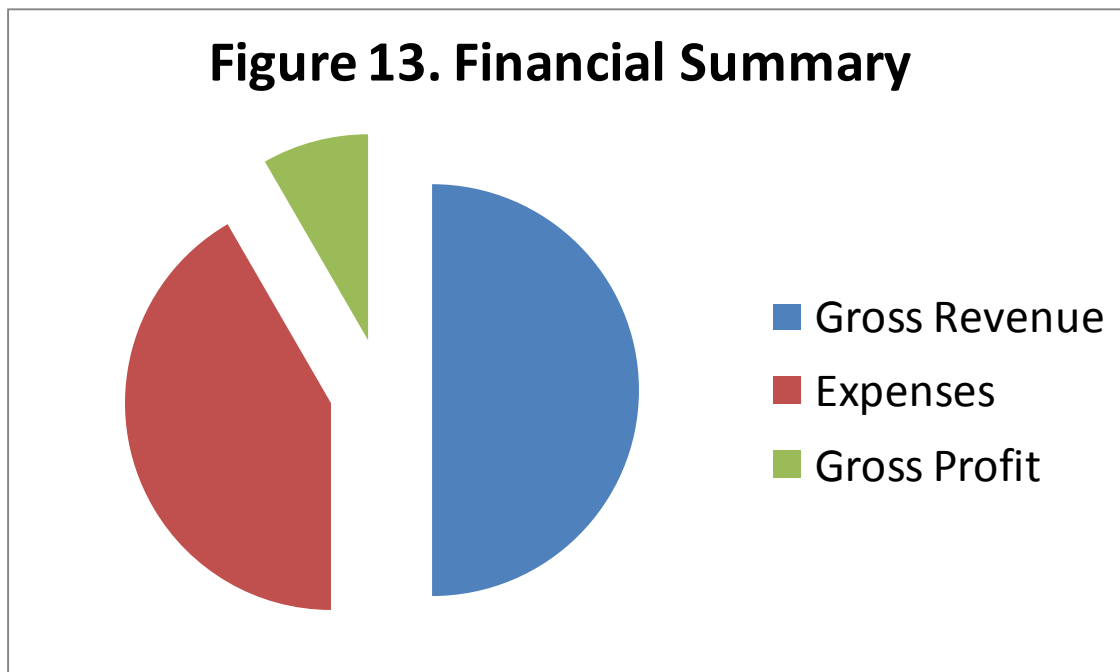
Table 68: Registration and Employment Details.

Year registered	Number of cooperative members	Number of employees	Gender
2004	14	0	8 females and 6 males

Table 69: Summarized annual profit and loss statement.

Gross Revenue	R7, 200. 00
Expenses	R6, 000. 00
Gross Profit	R1, 200. 00

The cooperative members do not have salaries.



From table 69 and figure 13, the estimated annual profit for the cooperative members is R1 200, 00.

Organizational dynamics

The cooperative members reported conflict among them.

Table 70: Level of education

1 member	Grade 12
2 members	Grade 8
1 member	Grade 6
1 member	Sub A
Other members	Did not go to school

Table 71: Training

Institution	Training
LIBSA	Goat farming
University of Limpopo	Cooperative Management

Analysis of Performance

The cooperative is not performing well as indicated by the gross turnover of R7,200 and gross profit of R1,200. The cooperative has no sustainable markets.

5.6 Training

There have also been marked developments in training. Seventy five (75%) of the cooperatives that are receiving funding from LIBSA are also receiving training from the organisation. Sixty five (65%) of the training beneficiaries feel that the training is useful though ten percent (10%) advocate for a change of content, since training sessions are repeats of previous sessions. In addition, LIBSA should outsource the training from training experts. It is felt that topics that are most pertinent to cooperative management are bookkeeping, Marketing, Financial Management. The University of Limpopo also offers courses in Bookkeeping and Financial Management. There is no doubt that educated members perform much better than their uneducated counterparts. Mohne (2000) asserts that in order to participate meaningfully in the self employed labour market the members of the business may need to spend a considerable amount of time in education and training mentorship and learner ship. In order to make this possible, a coordinated strategy has to be developed, that will bring education, training organization, employer organisation and workplace and funding organisation.

5.7 Government Involvement

There has been an increased linkage between government departments and cooperatives which is a major success considering government policies in

empowering previously disadvantaged groups. Various government departments have contributed in both financing initiatives and providing markets.

Hereunder, is a breakdown of government departments that have contributed to cooperative development.

5.7.1 Department of Economic Development and Tourism

The Department of Economic Development, Environment and Tourism took over from the Department of Agriculture in 2003. It deals mainly with policy and Strategy and LIBSA is its implementing agency. In addition, it funds cooperatives indirectly through LIBSA

5.7.2 Department of Agriculture

The Department of Agriculture is working with all cooperatives. It assists in the establishment of cooperatives. Successful cooperatives assist struggling or non operational ones to function again. In addition the Department markets the cooperatives on the basis of what they produce. It tries to link them with small farms

5.7.3 District Municipality

District municipality established 6 cooperatives. Four of these are agricultural cooperatives and two are livestock. The Municipality assisted these cooperatives with registration, business plans and marketing. In addition the municipality provided training for the cooperatives through the University of Limpopo. Furthermore through LIBSA, the municipality is also involved in the monitoring and evaluation of the cooperatives.

5.8 Intervention by LIBSA

5.8.1 Funding

Among the cooperatives interviewed, only twenty five percent (25%) of the cooperatives have not received financial assistance from LIBSA. Ten percent (10%) of the cooperatives that have not received financial assistance from LIBSA have received training from the organisation (i.e. LIBSA). One participant from Sekhukhune stone crushers reported that their cooperative has been working with LIBSA for the past 4 years but has not received any financial assistance. LIBSA has promised them funding but has failed to deliver. LIBSA says that it

does not currently have money for funding since it is, itself, waiting for money from the government. The Ndebele cooperative said that LIBSA is not funding cooperatives. The cooperative claims that LIBSA insists that it can only give funding to cooperatives if it gains something in return. A participant from Ikageng Bo Lephale said, "LIBSA is not funding us because we were a CC before."

Among cooperatives interviewed, only ten percent (10%) of them are not involved with LIBSA at all. A participant from Chivirikani cooperative reported that their cooperative contacted and submitted a proposal to LIBSA last year but LIBSA has not responded to their proposal. They are still waiting for the reply from LIBSA. Another participant from Tshiombo cooperative said they contacted LIBSA in Thohoyandou offices last year. LIBSA promised to get back to them but it has not.

Conversely the 60% of the cooperatives who have received funding express satisfaction towards the funding that they received. Most of the cooperatives were able to buy equipment and increase revenue.

5.9 Strengths among Cooperatives

5.9.1 Job Creation

From the study it is quite clear that cooperatives are contributing, though minimally to job creation in their communities. Most cooperatives (more than 50%) are able to retain jobs because most of the original cooperative members are still employed in the cooperatives. There has been indeed marked economic activity within cooperatives. Economic activity is diverse. There is a clear preference for specialising in agriculture. There has also been an increased bias towards mining and construction. Consequently employment has increased in these sectors.

It should be noted that women constitute a large number of the people employed by cooperatives. In addition to being employed members in cooperatives are also acquiring skills and this is most evident in members who are in the mining sector. Because of skills acquired, the members are now able to get jobs in the mining industry close to them.

However 90% of the cooperatives claim viability problems with members earning very low or no salaries at all. Consequently cooperatives do not seem to improve

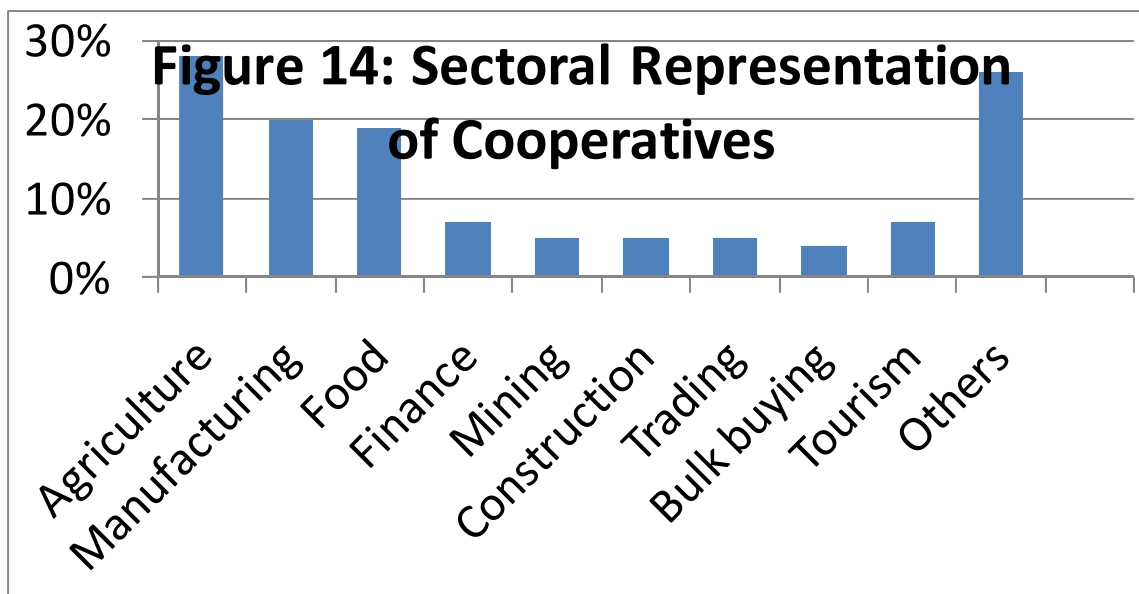
the standard of living of their members. Respondents interviewed therefore expressed the following concerns:

- Inability to maintain themselves and family
- Inability to pay school fees
- Lack of sufficient financial support
- Lack of seriousness in viewing cooperatives as viable first choice business ventures. A provincial manager from SEDA asserts that “People start cooperatives as their second choice and when they get better jobs elsewhere, they abandon them.

The importance of cooperatives contribution to employing normally unskilled and uneducated workers should be acknowledged and applauded. About 95% of the cooperatives are based in disadvantaged communities and 50% of the participants acknowledged that the cooperatives are creating jobs for them.

5. 10 Sectoral Contribution of Cooperatives

The cooperatives under study are widely diversified in the products that they make .The bar chart below gives brief representations of the sectors that the cooperatives are involved.



It is clear from the bar chart above that the cooperatives are found in almost all the business sectors. Some respondents argue that there is lack of markets. However, there is clear contribution to communities close to the cooperatives since they benefit from the products that some of the cooperatives produce.

Table 71: Cooperatives visited.

Cooperative	Nature of Business
Thohoyandou	Peanut butter
Marble Hall Hawkers	Goods for hawkers in Marble Hall
Tshiombo	Petrol and fertilizers
Chivirikani	Jam, salad and iced tea
Sesikisana	Eggs
Bakone Bakopane	Livestock production
Ipopeng Fisheries	Fish for the community
Frontline Financial services	Financial and tax services
Mathabathaba	Financial and funeral scheme
Sekhukhune stone crashing	Concrete for the community
Ndebele	Maize, beans and petrol
Harambe	Bricks for the community

From the above table there is clear evidence that cooperatives contribute in the development of communities.

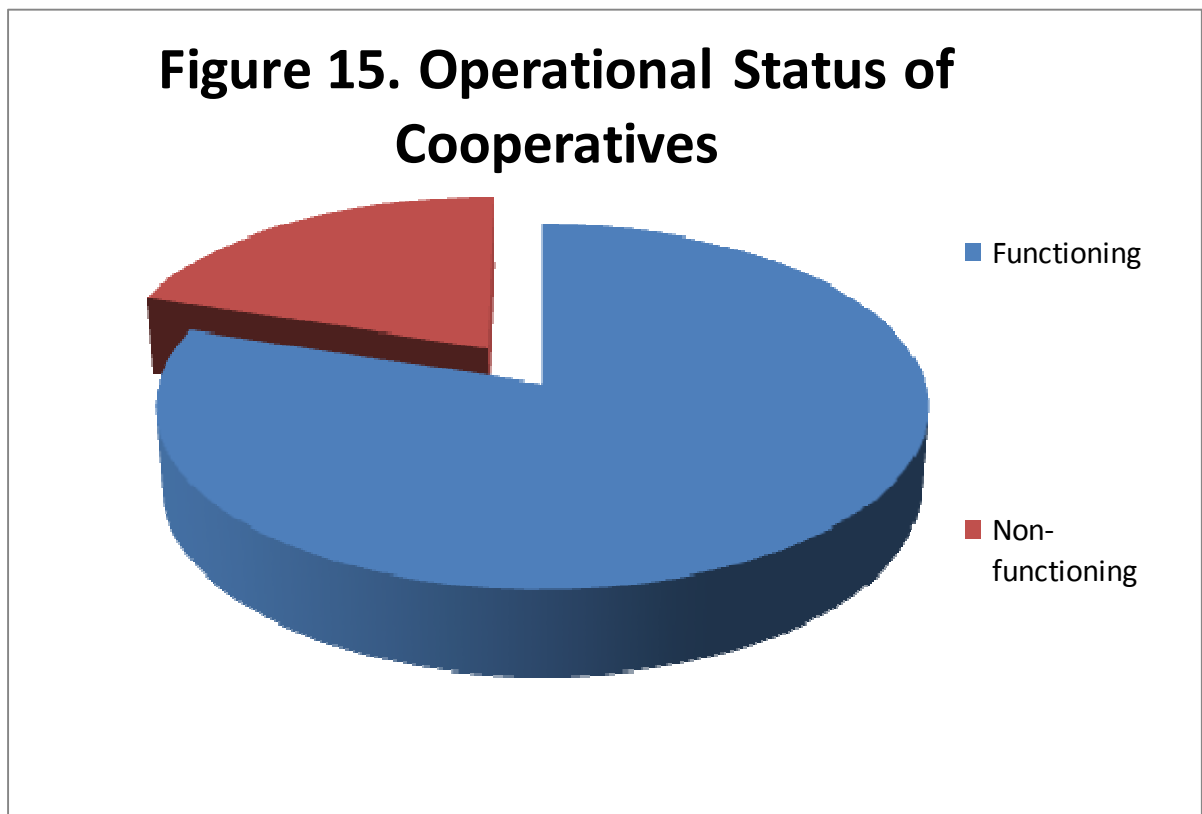
Seventy percent (75%) of the cooperatives reported that their markets are in the communities around the province. Twenty percent (20%) reported that products are sold nationally. Only five percent (5) reported selling products internationally through agency. Sixty percent (60%) of the cooperatives also reported that there

is a huge demand for their products. However, they are unable to satisfy the market due to lack of capacity.

5.11 Level of Success among Cooperatives

The previous chapter provided an analysis of the economic and social impact of cooperatives. To determine the level of success and strength of cooperatives it should be borne in mind that there is a need to look at the institution of cooperatives itself.

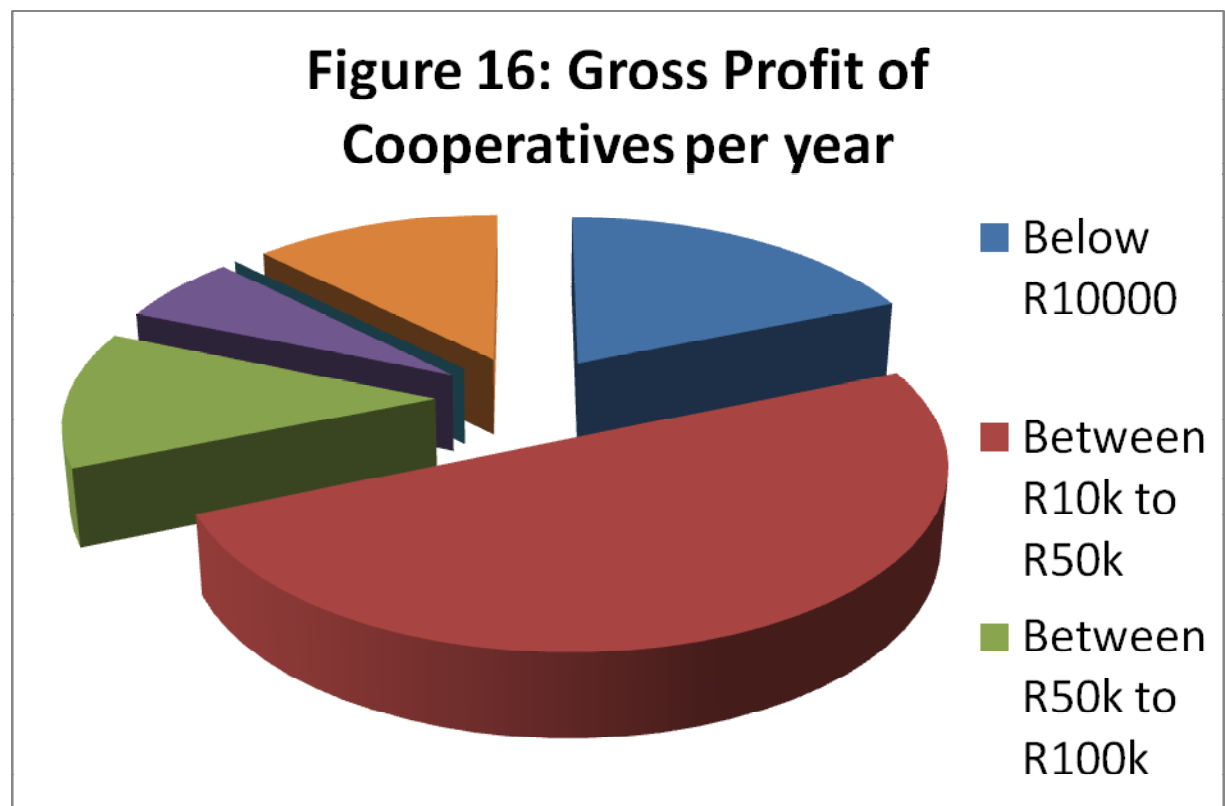
The Pie chart below indicates the number of cooperatives that are still functioning and those that are no longer operational out of the target sample.



The above chart shows that the percentage of cooperatives that are still operational is eighty percent (80%) and only twenty percent (20) are not operating in those that were in the sample.

5.11.1 Gross Profits of Cooperatives

It is also necessary to analyse the yearly gross profits of the cooperatives to determine the level of profitability of the cooperatives.



From the above figure it is quite clear that some cooperatives are indeed performing well whilst others are not doing anything other than wait for funding to start operations.

Fifteen percent (15%) of cooperative have gross profits of R10, 000. 00 a year.
Forty percent (40%) have gross profits of between R10, 000. 00 to R50, 000. 00

a year. Ten percent (10%) are making gross profit between R50, 000. 00 to R100, 000. 00 a year. Five percent (5%) are making between R100, 000. 00 to R500, 000. 00 a year. A small number of cooperatives (10%) have profits of more than R1million a year. Other cooperatives twenty percent (20%) are not making any profits in a year. LIBSA reported that cooperatives have low gross profits because “most of the people who are members of cooperatives came from poor background, so whenever they generate income they use it for their own purpose, they don’t let it to generate another income before they can use it. When LIBSA check the cooperative books they find the money missing”. Another challenge is the lack of sustainable markets. As a result LIBSA is negotiating with Government Departments to buy products from cooperatives as Government Departments can help cooperatives to be sustainable. LIBSA reported that because of lack of markets, this year the organization is changing the cooperative development strategy. The organization is not going to fund any cooperative but strengthen markets for cooperatives so that they can be sustainable.

5.12 Critical Issues among Cooperative Development

Findings from this study highlight several key factors that strengthen cooperative success. Cooperatives are often faced with challenges and opportunities that are unique. The following section will briefly review the critical factors that affect the success of cooperatives.

5.12.1 Cooperatives as Business Entities

The study done by The University of Limpopo, University of The North and Potchefstroom recommended that cooperatives change their outlook from a social to a business outlook. This included incorporating business principles that the ultimate aim of businesses was to make a profit and be sustainable.

Contrary to these recommendations the study indicates that more than 50% of the cooperatives are not being managed as businesses. Among some of the challenges identified was the casual treatment of working hours. An example is Sekhukhune stone crushers whose members leave work at 11 o clock in the morning. Findings indicated that 60% of the cooperatives operate half day on Fridays and Dr Moyo who trained cooperative management confirmed that Fridays were a challenge as members want to go home at 1 o’clock.

More than 80% of the cooperatives reported that they want government to assist them to sell their products. This level of dependency on the government suggests a lack of business acumen on the part of members of cooperatives unlike the situation in private companies. Private companies are hardly dependent on government for their survival. Instead of asking for funding, private companies seek skills that would help them and develop marketing strategies that enable them to sell their products. They do not depend on others to make their own profits.

5.12.2 Lack of Business Acumen

In more than 50% of the cooperatives interviewed most of the cooperative members had a common product but did not have business skills. Sadly equipment lay dormant because the members lack creativity in sourcing funding for their projects. For example Sasavona guest house has been lying dormant for the simple reason that there is no equipment. This shows lack of business acumen and creativity. Coupled with this is the issue of poor record keeping. More than 50% do not have records of their financial situation. Though they complain about shortage of skills, it was noted during the study that those who have been trained in recording keeping are not doing so due to inefficiency.

5.12.3 Implementation Strategy

The findings indicate that more than 50% of the cooperatives are struggling. Where there are resources and capacity building means, there is often something wrong with either the original business plans or the commitment to the plans by cooperative members. LIBSA said they fund viable cooperatives that have business plans and show potential.

They consider income projections in business plans. However most of the cooperatives that LIBSA is funding are not contributing to the economy of the Province. In more than 50% of the cooperatives considered, the lives of the people working for cooperatives have not changed. Most of the members are still poor.

It is imperative that LIBSA involves cooperative members in drawing up business plans. They should do business plans in a manner that cooperative members can easily understand so that when something is not going well in the cooperative, members can be able to go back to the business plan and examine areas that are problematic.

5.12.4 Marketing Strategy

Most cooperatives (80%) reported that they need capacity building. They need training that is related to their production/services.

About 65% reported that they have a problem in marketing their products locally, nationally and internationally and 35% reported that for now they can manage as they have a good marketing strategy. Most cooperatives (80%) reported that they need government to assist them to market their products especially if they have to produce for big retailers such as Pick and Pay.

Sixty percent (60%) of the cooperatives reported a huge demand for their products but indicated that they are unable deliver to their clients. Ten percent (10%) reported that their clients are complaining about the quality of their products. Chivirikani cooperative reported that their products were sent back by their clients because of poor quality. The Ipopeng fishery reported they were supplying fish for Department of Agriculture in Swaziland. However, they lost the contract because of production stoppages.

The Provincial Manager for SEDA said that they do a needs analysis of cooperatives, after which they train cooperatives members “in production and quality management so that they are able to increase their productivity and sell products because failure to do so will result in loss.” Cooperatives can benefit greatly from assistance in terms of production strategy before they start operating. This will help them to deliver so that in future they do not experience problems pertaining to loss of clients due to lack of delivery.

5.12.5 Organisational Dynamics

It has been proven by organisational design experts that lack of solid organisational structure are a major cause of organisations breaking down. More than 50% of the cooperatives surveyed have conflicts relating to ownership. Members of the cooperatives who started with cooperatives sometimes want to assume leadership roles leading to the emergence of leadership conflicts. Consequently weak leadership structures lead to non performance of the cooperatives. Cooperative principles such as solidarity, self responsibility, democracy, self help, equality, and equity, thus fail to be recognized in such organizations.

5.12.6 Collaboration among Cooperatives

One principle of cooperatives is cooperation among cooperatives. Unfortunately this important feature of the principle of cooperatives is not apparent in the cooperatives who are participating in this study. It is sad to note that a number of the cooperatives are not even aware of the existence of other cooperatives in their areas. However, some cooperative members reported the importance of cooperation of cooperatives as they can learn from one another, especially, from the more successful cooperatives. The cooperatives can also support each other through buying from one another.

5.12.7 Monitoring and Evaluation

There is confusion in the manner that monitoring and evaluation is being conducted. Both the government and LIBSA are not taking complete responsibility for this role. There should be clear responsibility over which arm of government does monitoring and evaluation.

5.12.8 Coordination of Programs

There seems to be no communication between LIBSA and LEDET. Both institutions reported that they have a formal relation but their lists of registered cooperatives in Limpopo Province are different. LIBSA reported that there is no communication between them and government officials. SEDA reported that “government is working in silence”. ABSA and FNB banks highlighted that they would like to know about the other institutions working on cooperative development so as to clarify roles.

5.12.9 Growth Patterns of Cooperatives

This study shows that there is an increase in the number of cooperatives in Limpopo. In 2003 there were only nine (9) cooperatives that were in a pilot. Out of these, only two (2) are operational and one of these is facing bankruptcy. The other two (2) moved to Mpumalanga and five (5) have collapsed.

Currently there are 93 cooperatives being assisted by government through LIBSA. The data suggests that many cooperatives, about eighty percent (80%) of them, were registered in the past 3 years. LIBSA is doing a positive job in the establishment of new cooperatives. However, LIBSA is not monitoring cooperatives that existed before it started with cooperative development.

5.12.10 Government's Role in the proliferation of Cooperatives

The study also sought to establish if the government can play a role in the proliferation of cooperatives as drivers of growth in the province

As has been alluded to earlier on it is indeed clear that the government has sought to synergise with cooperatives in a number of sectors. It is clear that there are also some government departments that have been actively involved in cooperatives. However, there is still a lot that government can still do to ensure the longevity and viability of cooperatives.

6. SUMMARY AND CONCLUSIONS

The project objectives were to: to assess the economic impact of cooperatives within the province; to determine the level of success amongst cooperatives within the province; to ascertain if there has been any significant growth or decline in the number of cooperatives within the province; to establish if the government can play a role in the proliferation of cooperatives as drivers of growth within the province and based on the evaluation, make recommendations emanating from the findings of the study.

- Overall viability of cooperatives in the province is marginal.
- There is no significant impact on the standard of living of people since some cooperatives do not pay salaries. Where they do, the salaries paid are very low.
- The marked growth in the number of cooperatives in the province is attributed to LIBSA's relentless efforts in supporting cooperatives
- There is confusion in the manner in which monitoring and evaluation is being conducted. Though mentoring has been identified as one of the mechanisms used to support cooperatives, the extent to which it is used is very minimal.
- Training for the cooperative members is inadequate as it does not cover some of the most salient facets for running a successful enterprise.
- There is still a lot that government can do to ensure that cooperatives are sustainable.
- Based on the research it is felt that cooperatives have potential to drive the economy of the Province in the future if proper capacity building and mentorship are put in place. From this research, there was no stable and sustainable cooperative that has lasted for more than 10 years.

7. RECOMMENDATIONS

- All the above projects should be continued.
- There should be proper media coverage over the success stories of cooperatives.
- Cooperatives should be run on pure and clear business principles to ensure that idealism and reality do not become intertwined.
- There should be a clear definition of roles in the cooperative sector. There should also be one agency responsible for monitoring and evaluation. Monitoring and evaluation should be done in a more systematic and organized manner.
- There should be an improvement of communication channels in the cooperative sector.
- Annual auditing of cooperatives should become compulsory.
- Government Departments must include cooperatives in their tender procedures.
- There is a need to deploy educated youth to the cooperatives to assist in the day to day management.
- The private sector must be involved to support the growth of cooperatives. ABSA and FNB expressed a keen interest.
- There is a need for workshops to address conflict resolution in cooperatives.
- Cooperative members must be coached on the implementation of the business plans. The sector can use cooperative members from successful cooperatives for this purpose. This can also help in the building of cooperative unity.
- The cooperatives that are successful and have achieved economic sustainability must be used as classical success stories to other cooperatives.
- Business plans prepared for cooperatives are often grossly inadequate and should be critically revised and evaluated.

- Production and marketing strategies must be developed before the project(s) commence(s).
- The training must also be divided into 2 groups; the basic and advanced classes.
- Cooperative members must be trained according to their job criteria. They should not be expected to go through all the training modules. Those who are production managers must be trained on production skills, those who are marketing managers on marketing, financial managers on finance, administrator on administration and secretarial course.
- The cooperatives that are successful and have achieved economic sustainability must be used as classical success stories to other cooperatives.
- Production and marketing strategies must be developed before the project(s) commence(s).

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2. Government Gazette No. 27912 (2005) Cape Town, South Africa.
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APPENDIX 1 QUESTIONNAIRE FOR COOPERATIVES

A. Preamble

Hello _____, my name is_____. I come from the Department of Economic Development, Environment Tourism. I am doing cooperative survey being managed by Turnaround partners.

We would very much appreciate your participation in this study. I would like to ask you questions about your cooperative. Participation in this study is voluntary, and you can choose not to answer any individual question or all of the questions. However, we hope that you will actively participate in the study since it is important.

This interview is confidential, so please feel comfortable to speak freely.

We are interested to know about your experiences and what you think about economic growth and development of the province.

There are no right or wrong answers- it is your experience and ideas that are important to us

The interview will take 45 minutes to 1 hour.

Are you prepared to talk to me?

At this time do you have any question about the evaluation? May I begin the interview now?

B. Contact details and cooperative data

1. Date_____ Area_____ Interviewer_____

2. Name of cooperative_____

3. Name of person_____

4. Phone contact details_____

5. Position _____
- 5b. Monthly income -----
6. Number of staff _____
- 6b. Gender _____
7. Annual Budget _____
- 7b. Monthly turnover -----
8. How is your business funded? _____
9. When was your business registered? _____

Your situation

10. Please tell us briefly about your cooperative. What do you do?

10b. Please tell me about LIBSA intervention

C. Understanding the cooperative products

10b. Please list the main products you produce?

11. Which communities/ provinces benefit from your products?

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11b. Please could you tell us about the problems people face in trying to gain **access** to your products.
(Prompt: What different kinds of challenges that people experience e.g. men vs. women)

--

11c. Please could you tell us about the impact of cost in accessing your products?
(Here we are interested in **affordability**- cost of the product, transport to get there and time spent accessing your service)

11d. please tell me about **capacity constraints** of your staff to effectively deliver the products to customers?

(Prompt: - Here we are interested in **availability** and capacity of staff and services)

11e. Please tell me about **resources constraints** in delivering these products to your customers?

(Prompt: - Here we are interested in **resources**)

D. Collaboration:-

12a) Do you or have you ever worked together with another cooperative?

Yes	Go to 12b
No	Go to 12d

If yes, please give examples:

If no, why not

12b) Please tell me what was your experience?

Prompt: - How did working together help you both?

12c) What were the challenges? How did you start working together?

12d) Which cooperative would you like to work more closely with?
How would this help you?

12e) What do you think can be done to link cooperatives?

12f) Do you work together with SMME?

Yes	Go to 12g
No	Go to 13

12g) Please elaborate. Which SMME do you work with?
How does it work? Is there a formal process in your relationship?

13. What are the challenges you face in your relationship with other local cooperatives or SMMEs?

Thank you: - We would like to ask you about **local cooperatives** and their products.

14a. Please could you tell me about other products that are available in your area, other than those that you produce?

14b. What products are not being produced in your area?

14c. Are some of these products you mentioned in (14a) produced by more than one

cooperative?

Yes	
No	
Not Sure	

14d. Please tell me more what is the effect of duplication of products?
How is it good or bad to the business and customers?

15. Do you think working together with other cooperatives that have economic advantage can help your business and economy of the province to grow?

Yes	
No	
Unsure	

Please explain your answer!

E. Marketing

16a. How do you market your products to the community?

16b. Do you think they are aware about your products?

16c. Tell me about your marketing strategy?

Prompt: - Do you believe you have the best strategy or you need a departmental office to assist you to market provincial products?

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16d. Do you feel you are targeting the right market for your products?

Yes	
No	

Please explain your answer!

F. Information on cooperatives socio - economic impact

17a. Do you believe your cooperative is adding value to the socio- economic development of the province

Yes	
No	

If Yes, on what way?

If No, what do you think it's needed to be done for your cooperative to play a role in developing the economy of the province?

17b. Do you believe the cooperatives in your province add value to the socio economic development of the province?

Yes	
No	

If Yes, - in what way?

If No, in your opinion what do you think can be done for the cooperatives to play a role in the growth and development of the economy of the province?

17c. What do you think the government can do to assist the cooperatives to play a role in the growth and development of the economy of the province?

17d. In your opinion, do you feel you are creating sustainable jobs for your community?

Yes	
No	
Not sure	

If Yes, - in what way

If No, - why not

If not sure –why

--

18. What do you think can be done to improve the way that the government and cooperatives work together to improve the economy of the province?

--

G. Common goals and networks

19a. Are there any local networks or groups that co-ordinate economic growth in the province?

Yes	Go to 19D
No	Go to 19B

19b. If the answer is no – How is the local response to economic development /growth co-ordination?

19c. How effective is the co-ordination? What are the strengths and weaknesses?

19d. If Yes

Please list the networks you can think of in this area,

Explain its role in economic development

How effective is each one in co – coordinating services, on a score of 1(very effective) to 5(not effective)					
	1	2	3	4	5

	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5
	1	2	3	4	5

H. Formalizing Integration

20a. On a scale of 1-5, how influential has the local Integrated Developmental Plan (IDP) been in shaping the provision of economic growth/ development in your province?

1

Note: 1=very influential, 5 not influential

2

3

4

5

Please explain!

(Prompt: What is the role and influence of the IDP in economic growth and development? How does it affect communities/)

21. In your experience, what has hindered economic growth in this province?

22. In general terms, how satisfied are you with the economic growth of the province?

Please explain

23. Do you have any formal comments regarding economic growth / development in your province?

PART A: BACKGROUND

1. BACKGROUND

1.1 Overview

- To assess the economic impact of cooperatives within the province.
- To identify recommendations for improvement of economic growth and development.

Participants:

Local government officers, Banks and Civil Society.

Time allocation:

- 45 to 1 hour each interview

Please could you tell me just a little about yourself and what you do? In what ways are you involved with cooperatives in the district or province?

(Prompt: This is mainly to give them a chance to settle down and feel comfortable and to introduce themselves fully)

C. UNDERSTANDING COOPERATIVES

1. Which cooperatives do you work with?

2. Which cooperatives do you think contribute to the growth and development of the province's economy?

3. In what way are they contributing to the economic growth and development?
What is in place to support their effectiveness?

--

4. Is there a database or published list of cooperatives for this area?

Yes	
No	Go to 7

5. Please tell me more about it. How is it helpful?

--

6. How do people gain access and use information?

(Prompt: People in your community who are helping other people, e.g. vegetables)

--

7. How do you tell the community about services you offer?

--

8. What in your opinion is the level of awareness about the services you offer?
What do you do to encourage awareness?

9. If they are not aware, why not?
(Prompt: Do some groups have difficulty hearing about the available services? Please elaborate)

D. LEVEL OF INTEGRATION

10. If we think of local services as a team to meet the needs of disadvantaged people in the community... in your view, how well does your local team work together? In what ways are they successful in working together? Where do they face difficulties in working together? (Prompt: How well do players understand what their roles are? Who else is playing? What they do? Discuss overlap and gaps, collaborations and rivalries, joint planning.

10. Please would you now help me to understand how each sector (Local government, Provincial Government and Civil Society) works together to eradicate poverty and increase economic growth? We need to give each relationship score from 1 to 5 and add comments.

0 = I don't know	
1= They have formal system, shared standards and can work as a single team	
2= They regularly work together, but do not have a formalized relationship.	
4= They are separate and don't affect each other positively or negatively	
5. They do not work together well; they sometimes even undermine each other or compete.	

10a. How well does the Provincial Government and NGO's and cooperatives work together?

10b. How well do different cooperatives work together?

10c. How well does the District Government and cooperatives work together?

10d. How well does local municipal services and cooperatives work together?

10e. How well do local cooperatives work together?

10f. How well do local cooperatives and SMM'E work together?

10g. Please tell me more about what you think could be done to improve the way Local, District, Provincial Government and cooperatives work together to improve the economy of the Province?

11. What could be done to improve the way the Provincial Government, NGO and cooperatives work together to improve the economy of the Province?

E. COMMON GOALS AND NETWORKS

13a. Are there any local networks or groups of organizations that co-ordinate economic growth and development?

Yes	
No	Go to 13b
Not sure	Go to 13c

13b. If the answer is NO... How is local response to economic growth co-ordinated? How effective is this coordination? What are its strengths and weakness?

13c. If the answer is Yes... Please tell me about these networks? (Prompt: How do they affect integration of services? How do they affect economic growth and development service delivery?

--

D. INTEGRATION IN PLANNING

14. When you are doing annual or strategic planning do you do it with any cooperative?

Yes	
No	

If Yes, please describe this:
If No, do you think that joint planning might be valuable? What opportunities do you see for joint planning? How would this affect economic growth?

15. On a scale of 1 to 4, how influential has local Integrated Development Plan been in shaping the provision of economic growth and development?

1 = Very influential	
2 = influential	
3= Not influential at all	
4 = not aware	

Please explain:

Prompt: What is the role and influence of the IDP in service delivery? How does it affect the communities?

APPENDIX 2 LIST OF COOPERATIVES SURVEYED

Twenty (20) cooperatives from 5 districts were selected as our sample and are listed in the table below.

Name of the cooperative	BUSSINESS ACTIVITY	District
Thohoyandou cooperative	Peanut butter production	Vhembe
Makula stone crushers	Crushing stone into concrete	Vhembe
Vhembe Colour Stone	Mining of Colour stone	Vhembe
Tshiombo	Agricultural	Vhembe
Giyani Plastics	Manufacturing of plastic pallets	Mopani
Sesikisani	Egg laying	Mopani
Chivirikani Producers Cooperative	Producing jam, dressings and ice tea	Mopani
Sasavona Guest House	Accommodation	Mopani
Marble Hall Hawkers	Trading	Sekhukhune
Ndebele Cooperative	Agricultural	Sekhukhune
Sekhukhune stone crashing	Mining	Sekhukhune
Mathabathaba	Bank	Sekhukhune
Bakone Bakopane	Livestock	Waterberg
Thabang Tlala Babirwa	Mining	Waterberg

Pebble stone		
Ikaeng BoLephalela	Manufacturing	Waterberg
Ikageng Bo Saleka	Agricultural	Waterberg
Peakanyo	Clothing manufacturing	Capricorn
Ipopeng fisheries	Fish breeding and selling fingertips	Capricorn
Harambe	Brickmaking	Capricorn
Frontline FSC	Financial services	Capricorn