Evaluation of co-operatives as a developmental vehicle to support job creation and SME development in the waste sector

A Green Fund / DEA Funded Research Project

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BACKGROUND – THE NEED

1. Background – The Need
2. Co-operatives in South Africa
3. Key research findings
4. Conclusions
SA Q1 unemployment rate was 26.4% (12 year high) (StatsSA, 2015)
- Expanded unemployment rate (1) of 36.1%
- ~60% of the unemployed have less than a high school (Grade 12) qualification (StatsSA, 2012)
- South Africa sits with high numbers of uneducated, unskilled, unemployed citizens

(1) Includes those people who are not seeking work but are available to work
South Africa’s employment challenge therefore is two-fold –

- Create large numbers of low-skill jobs for the currently unemployed
- Grow economy to create new job opportunities
  - New economic sectors, e.g. secondary resources economy (recycling / manufacturing)
  - Upskill and new skills
- The waste sector provides an opportunity to do both
• Immediate opportunities in the waste sector –
  • **Open-spaces cleaning** (e.g. clearing of illegal dumping sites, street cleaning and sweeping, litter picking)
  • Waste **collection**
  • **Sorting** of recyclables
• **Labour intensive** activities that require low skills
• **Low barriers** to entry
Co-operatives are a development vehicle strongly promoted by Government as a means of creating decent, sustainable jobs, reducing poverty, and improving social and economic well-being (strong policy support)

All registered co-operatives, including waste and recycling co-operatives (the dti, 2015)
## CO-OPERATIVES IN SOUTH AFRICA

<table>
<thead>
<tr>
<th>Type of Co-ops</th>
<th>CIPC 2009 data</th>
<th>The dti, Baseline Study</th>
<th>Survival rate (%)</th>
<th>No. of dead cooperatives</th>
<th>Mortality rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading</td>
<td>2 708</td>
<td>47</td>
<td>1.7%</td>
<td>2 661</td>
<td>98.3%</td>
</tr>
<tr>
<td>Transport</td>
<td>856</td>
<td>50</td>
<td>5.8%</td>
<td>806</td>
<td>94.2%</td>
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<tr>
<td>Multipurpose</td>
<td>3 160</td>
<td>187</td>
<td>5.9%</td>
<td>2 973</td>
<td>94.1%</td>
</tr>
<tr>
<td>Recycling &amp; waste management</td>
<td>85</td>
<td>7</td>
<td><strong>8.2%</strong></td>
<td>78</td>
<td><strong>91.8%</strong></td>
</tr>
<tr>
<td>Services</td>
<td>4 209</td>
<td>357</td>
<td>8.5%</td>
<td>3 852</td>
<td>91.5%</td>
</tr>
<tr>
<td>Consumer</td>
<td>128</td>
<td>11</td>
<td>8.6%</td>
<td>117</td>
<td>91.4%</td>
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<tr>
<td>Food and agriculture</td>
<td>6 086</td>
<td>671</td>
<td>11.0%</td>
<td>5 415</td>
<td>89.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1 093</td>
<td>137</td>
<td>12.5%</td>
<td>956</td>
<td>87.5%</td>
</tr>
<tr>
<td>Mining</td>
<td>78</td>
<td>12</td>
<td>15.4%</td>
<td>66</td>
<td>84.6%</td>
</tr>
<tr>
<td>Financial/Credit Services</td>
<td>233</td>
<td>36</td>
<td>15.5%</td>
<td>197</td>
<td>84.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>1 280</td>
<td>202</td>
<td>15.8%</td>
<td>1 078</td>
<td>84.2%</td>
</tr>
<tr>
<td>Textiles</td>
<td>1 247</td>
<td>272</td>
<td>21.8%</td>
<td>975</td>
<td>78.2%</td>
</tr>
<tr>
<td>Home industry (Baking)</td>
<td>334</td>
<td>83</td>
<td>24.9%</td>
<td>251</td>
<td>75.1%</td>
</tr>
<tr>
<td>Other</td>
<td>328</td>
<td>89</td>
<td>27.1%</td>
<td>239</td>
<td>72.9%</td>
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<td>Social</td>
<td>311</td>
<td>90</td>
<td>28.9%</td>
<td>221</td>
<td>71.1%</td>
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<tr>
<td>Burial</td>
<td>65</td>
<td>19</td>
<td>29.2%</td>
<td>46</td>
<td>70.8%</td>
</tr>
<tr>
<td>Arts and crafts</td>
<td>340</td>
<td>103</td>
<td>30.3%</td>
<td>237</td>
<td>69.7%</td>
</tr>
<tr>
<td>Housing</td>
<td>78</td>
<td>25</td>
<td>32.1%</td>
<td>53</td>
<td>67.9%</td>
</tr>
</tbody>
</table>
The aim being to build an evidence base of –
- the **uptake, success and challenges of waste co-operatives** within municipalities
- that will support future co-operative implementation

To understand the potential that co-operatives have in –
- extending and enhancing **waste service delivery** in under-serviced areas
- stimulating **job creation and enterprise development**
- in **growing the waste “economy”**

Semi-structured interviews with 30 co-operatives and 18 stakeholders
RESULTS: POSITION IN THE VALUE CHAIN

- Indication of where co-operatives are currently operating
Most co-operatives were involved in the collection and sorting of packaging (plastic, tins, paper, glass).

No preference for any one material type.

Some indicated they collect scrap metal.

No co-operatives reported collecting –

- Waste electric and electronic equipment (WEEE)
- Waste tyres
- Construction and demolition waste
- Organic waste
- Bulky waste streams (e.g. white goods, furniture)
• 46.8% co-operatives interviewed had seen their members associated **one year or less** prior to the registration of the co-operative

• i.e. began association with the start of the co-operative

• Described as a “**top-down approach to fast-track job creation**” or “**forcing**” the registration of co-operatives

“An **autonomous association** of persons **united voluntarily** to meet their **common economic, social or cultural needs** and aspirations through a **jointly owned and democratically controlled** enterprise organised and operated on co-operative principles”
• Distinction between –
  • registered **members** of the co-operative
  • people **employed** by the co-operative
• 37.5% had min number 5 members (often acting as “managers”)
• Employee relationship ranged from formal written agreement, verbal agreement with casuals, to access to equipment
• Members may purposefully restrict to minimum of five members to minimise conflict (see association)

"An autonomous association of persons united voluntarily to meet their common economic, social or cultural needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles"
RESULTS: CHALLENGES AND OBSTACLES

- **Infrastructure**
  - Transport
  - Equipment
  - Premises

- **Operations**
  - Markets / Networks
  - Administrative
  - Governance
  - Financial

- **Capability**
  - Knowledge/skills
  - Training
RESULTS: RECOMMENDATIONS FOR OTHERS

- Individual personality traits
  - Passion and pride
  - Determination, patience
  - Drive and hard work
- Cooperative traits
  - Team selection
  - Leadership and vision
- Operations
- Knowledge/skills

Even though infrastructure was listed most frequently as a challenge by co-operatives, it was the human element that came through in the recommendations – “people issues”
Co-operatives identified the following as opportunities for their growth –

- Separation at source
- Expanding collection areas to service new areas
- Collecting new types of recyclables (currently not collected)
- Operating buy-back centres or material recovery facilities (MRFs)
- Moving up the value chain from collecting and sorting to recycling (reprocessing) or manufacturing
- Negotiating new agreements for access to new markets
CONCLUSIONS

• Waste and recycling co-operatives (as do SMEs) –
  - Have the potential to create significant ‘income opportunities’ in the waste sector
  - Are a developmental vehicle with strong government and policy support
• But, the results show that –
  - Co-operatives currently face numerous challenges
  - Co-operatives have not been integrated into municipal solid waste management systems (operate largely on the periphery)
  - Creating sustainable waste and recycling co-operatives requires “long-term” support (incubation) and investment (not only financial) by external stakeholders (public and private) due to the low skill level of members
• Questionable if we are currently creating sustainable jobs in the waste and recycling sector through the co-operative model
Delivered to the Green Fund –

• Research report
• Good practice guide
• Policy brief
• Academic journal paper
Thank you

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