



Assessing the Role of Agricultural Co-operatives in Contributing to Local Economic Development (LED): A Case of Waterloo Township

A dissertation submitted in partial fulfilment of the academic requirements for a degree of
Masters in Development Studies

By

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December 2021

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DECLARATION – PLAGIARISM

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Acknowledgements

This journey has not been an easy one, but God has always been on my side to forever give me the strength to push forward.

I would like to extend my sincere gratitude to my supervisor Professor Pranitha Maharaj for first recognising my potential and pushing me beyond my limits with her contractive criticism. Secondly, I would like to thank the South Africa Chairs Initiatives (SACChI) chaired by Prof. Maharaj for funding my research. Lastly, I am categorically grateful for introducing me to the opportunity to study for an MSc degree through the Irish Aid Scholarship 2020/21, which was an opportunity of a lifetime.

I duly acknowledge the man and woman who are members of the agricultural co-operatives in Waterloo Township, I am grateful for their conscious willingness to participate in this study. Despite some parts of the data being collected in the middle of a pandemic (Covid-19), I appreciate the enthusiasm and effort taken to arrange the appointments and interviews to make this study a success.

My special thanks go to my mother, your love and your support made me resilient, even though at times I have to explain to you what my research study was all about, which has motivated me throughout this journey. I have also received endless support from my siblings.

Lastly, I would like to thank my friend Nqobile 'Fah' Gumbi, thank you for being a constant reminder of why we are on this academic journey. I will always appreciate your support and advice. Lastly, I would like to give thanks to friend of mine Nqobile 'Fah' Gumbi, thank you for being a constant reminder as to why we are on this academic journey. I will always appreciate your support and advice.

All possible shortcomings in this study are my sole responsibility and should not be directed to any acknowledged person or organisation.

Dedication

This work is dedicated to the almighty God, to my late father Qolwane Sthembiso Mbokazi, and my mom Fikile MaShozi Mbokazi.

Abstract

The co-operative movement is one of the strategies adopted by the South African democratic government to address the triple challenge of poverty, inequality, and unemployment. To that extent, co-operatives have been widely recognised as catalysts for economic development and have been prominently featured in national, provincial, and local development strategies for inclusive growth. While there are many forms of co-operatives in South Africa, the majority focus on agriculture. Agricultural co-operatives have been widely promoted as a vehicle for smallholder farmers to directly participate in the mainstream economy of South Africa. Despite the optimism on the potential of co-operatives, research studies which documents their successes in South Africa suggest that their performance yields 'mixed results,' with insufficient statistical proof of their ability to generate substantial revenue or jobs.

These co-operatives have been supported and established as part of the national, regional, and local economic development strategy. Despite this effort, evidence from previous research has suggested that the performance of co-operatives is below what is expected considering that they receive assistance from the government. This study uses a qualitative approach to interrogate the extent to which agricultural co-operatives contribute to Local Economic Development (LED) using Waterloo township as a case study. A total of 15 members from five different agricultural co-operatives based in Waterloo township were interviewed. Using purposive sampling, this study draws on findings collected from participants who are agricultural co-operatives members located in Waterloo township.

The study findings emphasised lack of access to the market, insufficient resources, including other underlying internal and external factors as the main factors influencing the limited contribution of Waterloo agricultural co-operatives. In contrast, some other co-operatives were found to empower, utilise resources, sustain livelihoods and create job opportunities. Moreover, this study found that some agricultural co-operatives in Waterloo may support the livelihoods of its members; however, there is still a significant limitation in these co-operatives' contribution to local economic development initiatives. Subsequently, this suggests that the Waterloo township economy is less affected by these. This study has noted that although there are many existing active co-operatives in the eThekweni Metropolitan Municipality area, their impact and contribution to LED initiatives remain largely unreported publicly. Therefore, very little is understood about co-operatives in townships and their ability to help smallholder farmers leverage existing resources and maintain livelihoods in a

township setting. However, the study showed that despite many internal and external challenges encountered by agricultural co-operatives in South African townships, they still demonstrate a strong potential to significantly impact the local economy and assist local people in sustaining their livelihoods.

Furthermore, this study argues that there is too much government interference in the co-operative development programme, which causes confusion among ordinary people. Thus, the study recommends that the development of co-operatives should be autonomous, and to enhance the economic contribution of smallholder farmers, there is a need to intensify educational support and lessen government involvement in initiating co-operatives projects.

Keywords: Co-operatives, agricultural co-operatives, local economic development, local economy, smallholder farmers, township economy, eThekweni Metropolitan Municipality.

Abbreviations and Acronyms

ABCD	Asset-Based Community Development approach
CoGTA	Department of Co-operative Governance and Traditional Affairs
DAFF	Department of Agriculture, Forestry and Fisheries
ICA	International Cooperative Alliance
IDP	Integrated Development Plan
INK	Inanda, Ntuzuma and KwaMashu
LED	Local Economic Development
LEDA	Local Economic Development Agencies
MTSF	Medium-Term Strategic Framework
NCASA	National Co-operative Association of South Africa
NDP	National Development Plan
RASET	Radical Agrarian Socio-Economic Transformation
SADC	Southern African Development Community
SEDA	Staff and Education Development Association
SLA	Sustainable Livelihood Approach
SMMEs	Small, Medium and Micro Enterprises
TVET	Technical and Vocational Education and Training

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CHAPTER 1: INTRODUCTION

1. Introduction

The co-operative model has been used across all disciplines, it is defined by the International Cooperative Alliance (ICA) as an “autonomous association of person united voluntarily to meet their everyday economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise” (ICA, 2013:2). According to Thaba et al. (2015), basic principles and definitions of co-operatives are crucial in differentiating them from any other form of business ventures. Co-operatives are believed to have an international history and reputation. There are many told and untold stories about the success and failure of co-operatives all around the world, South Africa is not a different case. In South Africa, Kanyane (2007) and Xaba et al. (2018) agree that there is a need for research and comprehensive evaluation to discover whether co-operatives have performed as suitable social security intervention strategies that can address issues of adverse poverty and a high rate of unemployment and inequality.

Despite that the prevalence of agricultural co-operatives is being traced back to the 18th century in the United States because of an economic meltdown (Williams, 2016), the Rochdale Society of Equitable Pioneers was among the first established co-operative in 1844 by people who suffered from the social dislocation of the industrial revolution. During the First World War, in the former Soviet Union, the co-operative movement grew exponentially as an alternative movement to shield capitalism from penetrating the rural peasantry. By 1915 there were over 35 000 registered co-operatives in Russia, with over 11 million members who supported over 60 million household members (Chaianov, 1991).

A study noted that the African continent was already involved in a co-operative strategy, but it was not formally adopted nor named as a ‘co-operative’ (Wanyama, 2009). However, it can also be argued that modern co-operative movement in the African continent were introduced through colonialism as most agricultural co-operatives were used as an instrument of organised cash crops to contribute into the colonial trade. Accordingly, Thaba and Mbohwa (2015) argue that in the period of the 1800s, South Africa had already been involved in informal forms of co-operation such as stokvels. Currently, many South Africans in black communities are still involved in stokvels where they collectively invest money, whether monthly or quarterly to

buy in bulk and share goods (Matuku and Kaseke, 2014). While stokvels remain a large part of the informal economy, its fundamental collective economic transformation among black communities has been well documented by several authors. Bophela and Khumalo (2019) uphold that the stokvels have played a crucial role in the local economy of many communities. Therefore, under these sentiments it can be argued that these formations have also laid a foundation for the establishment of co-operative enterprises in South African black communities.

This research study focuses on agricultural co-operatives, it interrogates the extent to which agricultural co-operative can make a contribution to local economic development (LED). These co-operatives are located in the township of Waterloo. Accordingly, this chapter provides a contextual understanding of a co-operative movement and LED within the South African context. Secondly, theoretical underpinning of this study is presented to provide a link between the research context and the existing frameworks available. Lastly, this chapter provides an outline of the thesis.

1.1 Background of the study

For Ortmann and King (2007), the first establishment of co-operatives in South Africa was in KwaZulu-Natal, which represented the first province to adopt a co-operative practice in South Africa. Prior to 1994, white farmers were the primary beneficiaries of productive and successful agricultural co-operatives. Satgar (2011) believes that the co-operative sector was dominated by these farmers, and their co-operatives obtained massive support from the government. According to Thaba and Mbohwa (2015:21) central to the development of the co-operative programme was —to develop and build white farming communities", this meant that farmers from other races could not be efficacious. Post-1994 under the democratic government, the constitution provides the right for association and the right to economic development. For the first time, all South Africans were entitled to pursue collectives and or co- operative forms as equals (National Co-operative Association of South Africa, 2003).

According to the Department of Agriculture, Forestry and Fisheries (DAFF, 2015), agricultural co-operatives make up the majority of all registered co-operatives in South Africa. In 2015 the number of agricultural co-operatives that were registered was 1 703, making KwaZulu-Natal (KZN) the leading province followed by Limpopo. These profiled agricultural co-operatives are considered as functioning and active. DAFF (2015) further noted that the 1 703 co-

operatives surveyed generated about R157,7 million in annual revenue, thus contributing 0.49 % in the South African economy during the 2014/15 financial year. The co-operative sector has received a considerable attention from government as it is perceived to have potential to foster its Local Economic Development (LED) programme.

The South African government intends to tackle the challenges of unemployment and slow economic growth through LED initiatives. LED was introduced as a tool to assist in addressing socio-economic challenges such as unemployment, poverty, and inequality by creating viable economic activities that will directly contribute to the economic growth (Moloto, 2012). The Department of Co-operative Governance and Traditional Affairs (CoGTA) defines LED as an approach towards economic development which encourages local citizens to work together to achieve sustainable economic growth and development, thereby creating economic benefits and improved quality of life (CoGTA, 2020). The International Labour Organization (ILO) defines LED as more than just economic development but as promoting participation and local dialogue, connecting people and their resources for improved employment and higher quality of life (ILO, 1996). Co-operatives in South Africa are a crucial vehicle for LED, thereby improving the livelihoods of disadvantaged people. As an alternative to corporate businesses, co-operatives are viewed as a local economic development strategy (Khumalo, 2014) to create jobs and alleviate poverty (Philip 2003).

It is significant to note that in the South African context, LED is motivated by the high levels of poverty, unemployment, and the need to address the racial, economic segregation brought by apartheid legacy. Also, the common internationally accepted motives of employment growth and wealth creation in response to factors such as de-industrialisation and global competition are motivations for LED (Nel and McQuaid, 2002). Consequently, LED has grown as a response to several challenges ranging from the persistence of slow economic growth, the changes in the national and global environment, and the failure of the state to intervene at the local level to address persistent poverty and unemployment. After the first democratic elections, the national, regional, and local government were evident in ensuring that the LED initiatives are supported within various policy documents, this includes the 1996 Constitution, the 1998 Local Government White Paper and the Municipal Systems Bill (Khumalo, 2014).

The Constitution of the Republic of South Africa prescribes for local government to promote the social and economic development of the community. The White Paper on Local Government (1998) introduces the concept of developmental local government. Defining it as 'local government committed to working with citizens and groups within the community to

find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives' (Patterson, 2008:7). LED has been faced by many challenges and some of those are still yet to be introduced. While LED is meant to be implemented by the local government, it has Local Economic Development Agencies (LEDA) that are established to facilitate the programmes at a local level. The failure of local government's capacity to make LED work followed the establishment of LEDA to mitigate the repercussions. Authors such as Khambule (2019) alludes that while LEDAs are introduced globally to recognize the contribution of the local economies and attract investments, the South African context reveals that it was mainly to address the challenges of the failing LED.

Over the years, there has been a transition in the co-operative movement from being an economic model for the poor to becoming a more critical factor in the global and local economy (Okem, 2006). Since then, co-operative development has been recognised as one of the strategies to facilitate LED. However, there is still much needed to enhance its contribution to reduce unemployment, poverty, and to contribute to LED. With the unemployment rate in KZN increasing to 28.5% in the last quarter of 2018 (Statistics South Africa, 2018), it is disappointing to learn that co-operatives have had minimal impact in addressing poverty and unemployment. Despite both the government and private sector's support and efforts in developing the agricultural co-operative sector in the province, these organisations have continued to fail. Kanyane and Ilorah (2015) argue that the reason behind the failure of co-operatives in South Africa is due to a lack of governance, practical support networks, financial support, and the unrealistic expectations of the true nature of co-operatives derived from the lack of knowledge.

As the focus on co-operatives and the agricultural sector as an essential tool in combating hunger, expectations concerning the performance of co-operatives in agriculture are increasing. In many cases, those involved have been disappointed at the actual results. However, co-operatives are still regarded as the foundation of local economic development in South Africa. Hence, this study assesses the role of agricultural co-operatives in contributing to LED in Waterloo, eThekweni Municipality.

1.2. Motivation of the study

Interestingly, there has been increasing attention to co-operatives in South Africa since its adoption in the constitution. It is unclear if co-operatives have met their primary goal of emancipating the poor out of the economic peripherals by ensuring that they are located to the

mainstream of the economy. In the local government, co-operatives are seen as an integral part of the local economic development to reduce the determination of spatial economic inequalities that are visible in cities and townships (Malefane, 2013). However, several studies conducted within the past decade indicate that current co-operatives are not performing at a level that the government has anticipated in the Millennium Development Goals (Okem, 2016; Khumalo, 2014; Gala, 2013). According to Khumalo (2014), co-operatives are potential drivers of economic development in the local communities. The economic contribution of co-operatives towards local economic development has been stagnant (Moloto, 2012; Khumalo, 2014). Hence, it is crucial to assess the co-operatives' role in contributing to LED so that one can understand the factors affecting their growth and development. Such assessments could inform policy on LED and its relationship with co-operatives and potentially improve organizational performance.

As a response to a national call by the South African government, provincial and local leadership adopted and implemented the co-operative movement. "The primary aim of the strategy is to ensure that an enabling environment is created for the development of viable and self-sustainable co-operatives that contribute meaningfully to the local, provincial and global economy" (eThekweni Cooperative Development Strategy, 2015: 5). Another strategy by the local government of the eThekweni municipality was to implement the co-operative strategy as part of the LED programme. Accordingly, this programme focused on enhancing local economies, including the township informal economy, thus, the restructuring of the township economy is one of the primary visions of the LED programme in townships (Scheba and Turok, 2020).

According to the eThekweni Municipality (2017), in their State of eThekweni Economy 2016/17, the agricultural sector has shown an impressive growth rate in 2017, which is contrary to its performance in terms of creating job opportunities. This report has demonstrated that the agricultural sector has potential since its initial growth of 31%, but it fails to utilise this potential significantly. Therefore, the municipality has taken the initiative to increase this sector's contribution by introducing the co-operative strategy. Agricultural co-operatives are meant to improve smallholder farmers' livelihood by promoting the collective use of resources to benefit its members. This is done either through selling the produce together to make a profit or providing employment for community members. However, the study conducted by Bandyambona (2014) in the Inanda, Ntuzuma and KwaMashu (INK) areas which is one of the

most popular townships in KZN, shows that agricultural co-operatives based in townships still fail to achieve their purpose of creating employment and combating hunger. The trends of local economic growth in the last five years have not been promising and show a need for strategic intervention from policymakers, government officials, and farmers.

As noted by Khuzwayo (2016), it is mostly agricultural co-operatives that are seen as effective poverty reduction strategies. While Mntambo (2012) acknowledges the positive role of agricultural co-operative's in economic development, especially in restructuring local economies in disadvantaged communities, it has not been thoroughly explored. This study further observes that studies such as that of Xaba (2020), Khuzwayo (2016), and Mntambo (2012) on agricultural co-operatives in South Africa focuses more on the success, failure, sustainability, and social contribution without dwelling on the impact it has on the local economy. There is a lack of comprehensive research that focuses on the effect of agricultural co-operatives on LED at the municipal level. Building on past research central to agricultural co-operatives, local economic development and livelihood strategies are crucial for developing the agricultural sector. Accordingly, this study is significant as it explores the link between agricultural co-operatives and the potential impact on the LED. A study conducted by Gala (2013) in Limpopo observed that there is a narrow focus on agricultural co-operatives. This study aims to assist policymakers in developing the most appropriate strategy to make agricultural co-operatives more effective in achieving job creation, benefiting communities economically to propel their economic growth.

1.3. Problem statement

Smallholder farmers in eThekweni townships are currently facing many challenges, such as access to funding, access to markets, access to information and access to technology, which are driven by internal and external factors (Mutero et al., 2016). Moreover, for a long time, these smallholder farmers were not recognised for their contribution in addressing socio- economic issues within the municipality (eThekweni Municipality, 2016). It is only in the last ten years that the government has announced the promotion and the use of a co-operative strategy among smallholder farmers. Moreover, in 2015, the municipality adopted the co- operative development strategy to show its commitment to the radical transformation of its economy (eThekweni Municipality, 2016). Speaking at the launch of the co-operative development strategy, the then-mayor James Nxumalo denoted that the sole intention of this programme is to foster local economic development through effective development and increased

participation of Small, Medium and Micro Enterprises (SMMEs) and co-operatives in the mainstream economy (eThekweni Municipality, 2014). Despite this effort by the municipality and the provincial government to support the development co-operatives, the programme is still noted to have little or no significant impact on the local economic development. The state of eThekweni economy 2016/17 reported that the unemployment rate was at 21.8% which was a slight fall as compared to 22% in 2015, which shows that the intended goal of the government to improve local community's livelihood and to create employment through co-operatives is yet to be achieved (eThekweni Municipality, 2016). Therefore, the aim of this study was to question the magnitude to which agricultural co-operative can enhance and promote LED initiatives by improving employment and livelihoods.

1.4 Objectives of the study

The overall aim of the study is to critically explore the role of agricultural co-operatives in improving local economic development in the eThekweni Metropolitan Municipality townships.

The study interrogates the extent to which agricultural co-operatives in Waterloo township contribute to local economic development and household livelihoods in the eThekweni Metropolitan Municipality. The specific objectives are:

1. To interrogate how agricultural co-operatives utilise local resources to enhance the local economic development of the Waterloo Township.
2. To examine the prospects and constraints faced by the local agricultural co-operatives in contributing to the household livelihood and the LED of Waterloo Township.
3. To identify sustainable measures that government can embark on to assist existing agricultural co-operatives within eThekweni townships as to enhance Local Economic Development.

In order to achieve the study objectives, the following questions are addressed.

1. What are the available local resources that agricultural co-operatives can use to enhance local economic development in Waterloo Township?
2. What are the challenges facing agricultural co-operatives in ensuring the development of the local economy in Waterloo Township?
3. Can agricultural co-operatives sustain a livelihood for people within the Waterloo Township?

4. How can agricultural co-operatives effectively contribute to the Local Economic Development of the eThekweni Municipality?

1.5 Theoretical Framework

This study is underpinned by two theoretical frameworks: Asset-Based Community Development approach (ABCD) and Sustainable Livelihood Approach (SLA). It is contended that a theoretical framework provides the structure by showing how a researcher defines his or her study philosophically, epistemologically, methodology and analytically (Grant and Osanloo, 2014). Thus, the theoretical framework is most likely to influence the research findings since it guides both the researcher's choice of research design and data analysis plan.

Since agricultural co-operatives are locally driven, it is vital to study the relationship they have with their environment and the local people. Furthermore, agricultural co-operatives are said to sustain the household livelihoods for its members. These two approaches are vital in guiding this study so that the researcher will assess the extent to which these agricultural co-operatives influence the livelihoods of the members and the LED of Waterloo township as well as the eThekweni region.

1.6.1 Asset-Based Community Development (ABCD)

The ABCD approach is a new approach that was generated out of the west in the 1990s (Fuimaono, 2012). The ABCD approach focuses on identification and use of the strengths, gifts, talents, and resources that communities can mobilise for sustainable development (Majee and Hoyt, 2011). This framework is used to assess the use of local resources by agricultural co-operatives to foster local economic development. Furthermore, it has been suggested that this strategy of development is best at mobilising local resources to increase the capacity of the community to improve local social and economic conditions (Phillips and Pittman, 2014). John Kretzmann and John McKnight were community development workers who developed this approach in seeking an alternative approach to community development in 1993 in the United States.

The ABCD approach provides a set of principles that guides proper practice to sustain community economic development (Mathie and Cunningham, 2003). Six fundamental principles ensure that this practice is purely a community-driven process rather than an externally driven project. Below is the summary of these principles and practice adopted from Mathie and Cunningham (2003):

"Appreciating and mobilising individual and community talents, skills and resources. Community-driven development rather than being driven externally. Recognition of social capital and its importance as an asset to foster the power of association of community people and their external institutions. Participatory approaches to development, drawn from the principles of empowerment and ownership of the development process. Community (local) economic development models that emphasise priority on collaborative efforts for economic development through the use of local resources. Engage people as citizens (rather than clients) in development to encourage efforts that will strengthen civil society" (2003:1).

In terms of approving or disapproving these principles, past research shows that if well applied, communities are likely to have meaningful and sustainable development (Fuimaono, 2012). Additionally, Fuimaono (2012) advises that significant community economic development is only achieved when community members are committed to dedicating themselves and their resources to their development. The last principle of co-operative principles established by the Rochdale society "concern for community", shows that co-operatives as an economic model is rooted in the grassroots, they are expected to have a strong concern for the immediate community in which they operate (ICA, 2007). Therefore, co-operatives may be a stable platform to practice the ABCD approach in local communities.

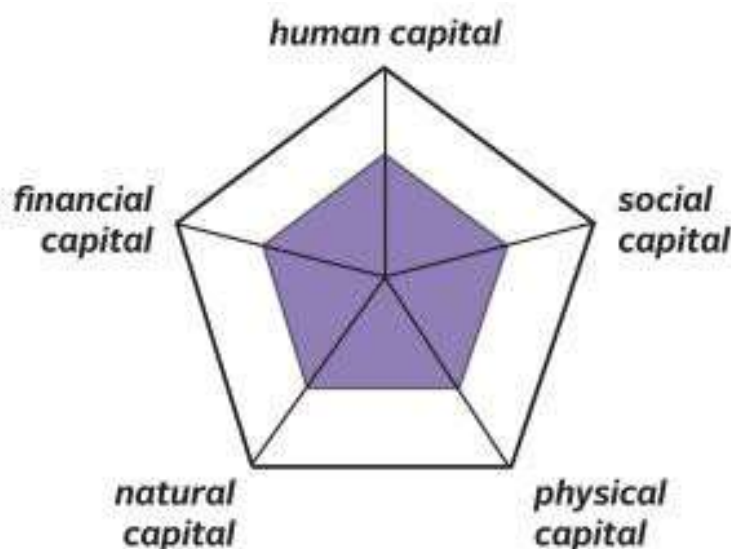
Local associations such co-operatives, have a potential to lead the community development process and leverage extra assistance and rights, which could stand as the power of ABCD. These organisations serve as conduits for identifying and connecting all of a community's assets in ways that enhance their power and effectiveness. The ABCD method's users are purposeful in their desire to lead by stepping back. Existing groups and networks (formal and informal) are thought to mobilise and demonstrate the potential of available resources in the community. Phillips and Pittman, (2014). Rather of being pushed by external entities, community-directed development is carried out.

It is argued that the co-operative (any form) structure alone allows for the implementation of alternative development initiatives in the community they reside in. According to Majee and Hoyt (2011), co-operatives promote development which is not only people-centred but also democratic. Since co-operatives are locally driven, they utilise local resources for their sustainability, and they can also resolve conflict in times of competition for resources where members of the community agree to use a particular resource collectively. Zeuli and Cropp (2004) argue that co-operatives in the agricultural sector also play a role in protecting local

natural resources since they rely on them; they do not over-exploit them thus the local ecosystem is maintained.

1.6.2. ABCD and agricultural Co-operative in Waterloo

Figure 1.1: The livelihoods assets



Source: Urban Camps, 2014

Figure 1.1 illustrates the five types of assets communities possess and mobilise to improve their livelihoods. According to Kretzmann and McKnight (1993) the ABCD approach recognises five critical assets available in any given community, these are; physical (necessary infrastructure such as buildings, roads, livestock etc.), natural (land, soil, water), social (formal and informal networks, relationships), human (people, skills and knowledge) and financial (savings and credit institutions and shops). As referencing from an economic metaphor, these assets may be seen as 'capital' based on their respective productive streams. Therefore, throughout the study, these will also be referred to as capitals.

This study significantly assumes that if agricultural co-operatives in Waterloo can identify existing resources, it could eventually contribute to the development of the township economy. The township economy is perceived to be playing a large part in facilitating economic development of any township; therefore, according to the Integrated Development Plan (IDP) in accordance with the Municipal Systems Act, Act 32 of 2000 it could be fundamental for the local economic development. Appreciating and utilising local resources, for example, using people's skills and talent can assist agricultural co-operatives to discover new ideas that could help to identify new farming strategies. Further, these agricultural co-operatives can make

use of local tuck shops and supermarket to strengthen their value chain. Studies show that increasing access to local resources to people can make them have a sense of ownership, thus increasing their contribution in creating a sustainable community (Matimelo, 2016). This study suggests that agricultural co-operatives should locate local resources at the centre of their development to make an impact on the development of a community as a unit.

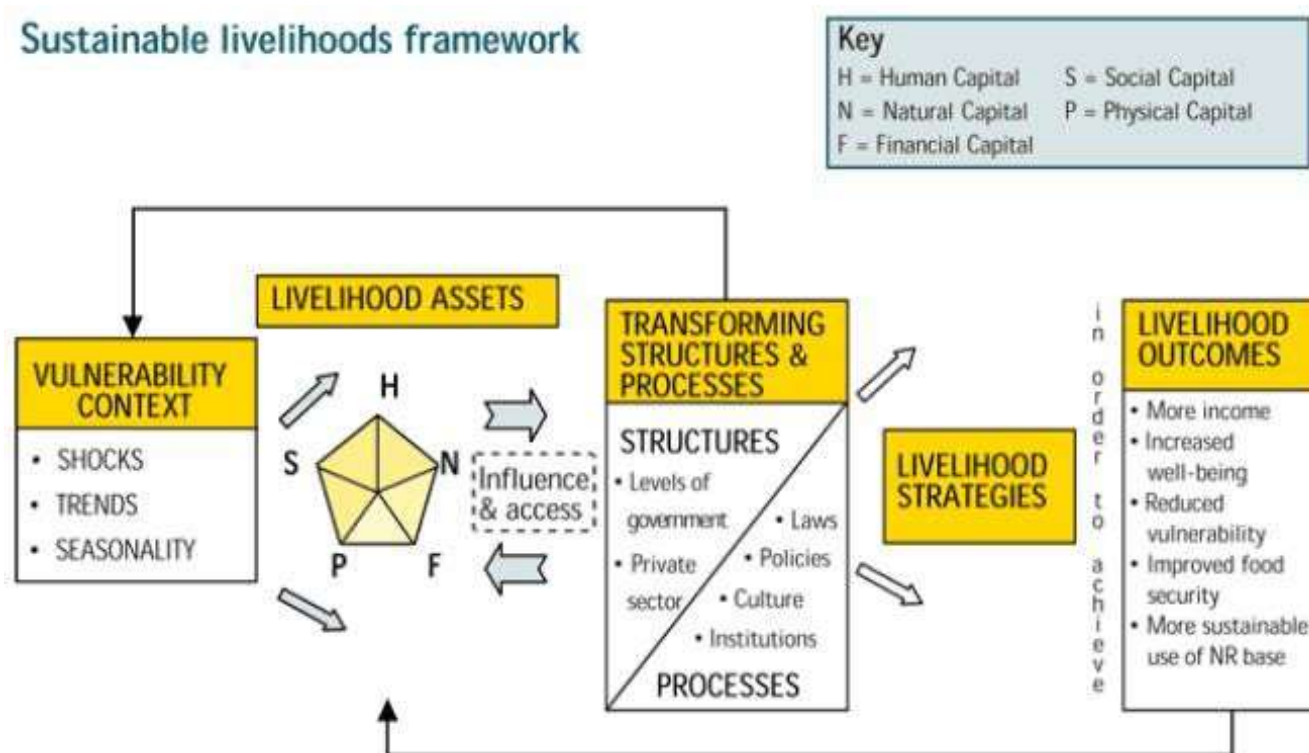
1.6.3. Sustainable Livelihood Approach (SLA)

Though this study does not solely focus on poverty or food insecurity, it is important to consider the aspects of poverty along the way. Therefore, this study uses the sustainable livelihoods approach to assess whether participation in agricultural co-operatives strengthen individual's or community's livelihoods. This approach is built on the belief that people need a range of resources to achieve a positive livelihood outcome (Malahlela, 2014). People own and combine different kinds of assets to help them achieve the livelihoods that they desire. The SLA is not different from the ABDC approach in that it also recognises the same five types of resources or capitals upon which livelihoods are to be built. Therefore, the success of both these frameworks lies on the sufficient ownership and use of these assets.

According to Morse et al. (2009), the sustainable livelihoods approach is a methodology for breaking down and changing the lives of individuals encountering disadvantage and poverty. Moreover, it is a participatory approach, given the recognition that all individuals have capacities and resources that can be advanced to enable them to enhance their lives. Kollmair and Gamper (2002) defines a sustainable livelihood as that which is resilient to the community and can achieve some of its economic and political goals in terms of securing alternative sustainable livelihoods method. Kumar et al. (2015) argue that the development of co-operatives was motivated by sustaining livelihoods. As he notes, "the primary goal of co-operative members is to improve and sustain their means of survival" (Kumar et al., 2015:45).

Ferguson (2012) significantly noted that many international development organisations had adopted the sustainable livelihood framework as a deliberate strategy, therefore, using this framework through a co-operative model has proven to have some sort of advantages. Co-operatives reputation as self-help organisations with the ability to enhance people's livelihoods and well-being is global and collective among institutions. Moreover, the concern for the community derives many co-operatives from working towards the sustainable development of their community. Moreover, the SLA has a standard framework to which it operates, it is delineated in the below diagram.

Figure 1.2: Sustainable Livelihood Framework



Source: DFID, 2000.

Figure 1.2 shows the sustainable livelihoods framework and how livelihood assets are mobilised by structures and processes to create livelihood strategies in a vulnerability context. The sustainable livelihood framework (see Figure 1.2), though not perfect, is used as a principal framework for this study to understand people's poverty context, their interaction with transforming structures and processes. This interaction exists between poor people's livelihood assets and transforming structures and processes for enhanced livelihood outcomes.

Nevertheless, Kollmair and Gamper (2002) comments that the approach depicts stakeholders as being placed in the vulnerability context where they have access to particular assets, through the predominance of the social, cultural and organisational environment or transforming structures and processes. These assets gain meaning and worth. This context influences decisively on the livelihood strategy that is available to people in search of their self-defined beneficial livelihood outcomes Kollmair and Gamper (2002). This framework presents the core factors that affect people's livelihood and the relationship these have on one another. It must be noted that the SLF is not a linear process that is suggesting a start and an end; this is a continuous process (Matimelo, 2016). SLA suggests that poverty cannot be resolved unless the factors that affect people's assets are entirely understood. The vulnerability context identifies shocks, trends or seasonality as some contributing factors that bring about a context of

vulnerability for poor people. The section of livelihood assets introduces the assets of individuals situated within the framework of vulnerability, indicating that, despite their conditions, people under severe poverty are empowered with assets. This section shows an interrelationship between them for the survival of the people.

The transforming structure in the framework shows the impact that organisations, such as government, the business sector, or traditional officials, have in improving or destroying the significance of livelihood resources as they create and enforce policies and cultural norms. To obtain desired livelihood results such as improved income and being food secured, individuals participate in different livelihood strategies to ensure that their livelihood results are achieved. This framework asserts that even though there is economic growth within the community or country, it does not immediately lead to development, except if individuals' skills are utilised. Available economic opportunities are engaged (Matimelo, 2016). Furthermore, SLF presents an explanation that poverty is not only about low income, but a lack of factors such as good health, education, infrastructure, or a sense of hope in life may contribute to the poverty levels.

Furthermore, while the framework goes beyond conventional interpretations and approaches to poverty eradication, Bandyambona (2013) expresses that its shortfall is the linear focus on specific on manifestation or dimensions that are considered significant as far poverty reduction is concerned, which is vulnerability, low-income levels, and social isolation. Therefore, he suggests that it must consider these in a broader sense that allows for the flexibility of stakeholders as well as communities.

Since the livelihood approach is people-centred, it also seeks to gain a realistic understanding of their strengths, in this case, the 'resources' or 'capitals'. Therefore, it is vital to analyse how people endeavour to manipulate these strengths into positive livelihood outcomes. However, there have been critiques of this approach for over-emphasising capital and capability and deliberately ignoring the multidimensionality of livelihoods (King et al., 2013). Nevertheless, the approach shows an acknowledgement that more attention needs to be focused on the different factors and processes that either limit or enhance the capacity of poor people to live in an economically, ecologically, and socially sustainable way (Bandyambona, 2013).
Tazzsingh4

Each agricultural co-operative in Waterloo makes use of different assets and capabilities to carry out several activities to sustain their business and meet their livelihood. They make decisions based on which vegetables to plant, what are produce pricing, targeted market, and

their value chain. The decision is based on environmental influences and access that the business faces. Therefore, the researcher saw the variable in the sustainable livelihood framework to be relevant for assessing the agricultural co-operative's activities that help in sustaining livelihoods. This framework is believed to be useful in assessing the effectiveness of the existing efforts to reduce poverty, therefore, since co-operatives are one of the strategies for poverty alleviation in the country, it would be best to assess this strategy through this framework.

1.7. Organisation of the dissertation

This dissertation is divided into five chapters. Chapter one presents the background to the study. The chapter commences with a background of the development of co-operatives, specifically agricultural co-operatives in South Africa. This chapter also presents the motivation for the study, the research objectives and questions as well as the theories that guide this research. Chapter two presents the literature on existing studies on the development of co-operatives around the world. It begins with a brief description of the transition of the co-operative movement from the developed nations into the developing nations. It further explores at the experiences of the development of agricultural co-operatives from an international, national and local perspective in the Southern African Development Community (SADC).

Chapter three is composed of the methodology and research design used in this study. This chapter begins with a description of the area of the study, research design, sampling procedure used, data collection and analysis methods used. Chapter four presents the findings of the study, followed by the interpretation of these results. Major themes include characteristics of selected agricultural co-operatives as well as motivations of members to join the co-operative, and existing challenges that affect the contribution of these agricultural co-operatives to livelihoods and further to the local economic development. Chapter five provides a discussion and conclusion, with a presentation of recommendations. The presentation starts by discussing the main findings of the study in alignment with existing research and theoretical frameworks. The last section of the chapter concludes the study and presents recommendations.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter presents a review of the literature from global and local studies. This chapter reviews the literature on co-operatives and local economic development. Further, it will outline a relationship they have with one another. This chapter will provide a general understanding of co-operatives and further provide insight into the origin of the co-operative movement from an international to a local perspective. Successful practices of this venture will be reviewed in countries such as Italy, Brazil, Tanzania and Kenya. The literature review will also focus on the concept of township economy and LED practices in South Africa. It will also explore the literature concerning agricultural co-operatives in Africa, South of the Sahara as the predecessors of agricultural co-operatives across Africa. Finally, challenges impeding the potential of agricultural co-operatives will be reviewed.

2.2. Understanding the concept of co-operatives

Since the development of modern co-operatives back in 1884, Okem (2016), observes that co-operatives have proved to play an active role in improving the socio-economic status of people around the globe since they create job opportunities and enhance individual income. Thus, many developing countries, including South Africa, have adopted a co-operative strategy as a cure for extreme poverty and unemployment rate. Khumalo (2014), contends that co-operatives are invariably one of the conventional alternative approaches that can be used to improve livelihoods around the world especially in a country that is experiencing economic transition such as South Africa. Out of all the forms of co-operatives, agricultural co-operatives have been widely promoted as a means of economic development for subsistence farmers in South Africa (Moloto, 2012). Hence, agricultural co-operatives have the potential to influence not only the farmers but also the community that they serve, as they contribute to poverty alleviation through income generation.

Given the multidisciplinary nature of the term co-operatives, there have been many advancements of this term across the literature (Ring and Van Den Ven, 1992). Therefore, there are many different definitions of the term, co-operatives. Centner (1988: 95) indicates that a "co-operative is a non-profit organisation comprising of persons with a common

objective of collectively achieving a goal whereby each member has a voice in the selection of management and proportional participation in benefits accruing from the association's activities". This definition demonstrates that a co-operative is a collectively owned organisation to achieve a common goal. However, this definition for the International Co-operative Alliance (ICA) lacks the fundamental principle of co-operatives, which is the voluntariness nature of the organisation. The International Co-operative Alliance (2005) defines co-operatives as an autonomous association of person united voluntarily to meet their everyday economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Okem (2016: 3), argues that "though they are several definitions in the world, this definition is being accepted in most work". In the South African context, co-operatives have been identified as an alternative approach to addressing the issues of poverty and unemployment in previously disadvantaged communities (Thaba et al., 2015).

It can be discerned from these definitions that a group of individuals for mutual benefiting from a co-operative, the benefits could be for social, cultural, or economic and financial needs. From these definitions, it is essential to note that this cooperation needs to be voluntary for each member. From a community development point of view, Zeuli and Radel (2005) note that co-operatives are seen as an essential vehicle to propel community development since they allow for the mobilisation of local resources to promote development. Though some co-operatives are formed by specific individuals to fulfil their own needs, these organisations have an impact on the development of the community in general. For example, one of the thriving agricultural co-operatives in the world is the Zen-Noh (National Federation of Agricultural Co-operatives), was formed by a group of farmers. It has been in existence for more than 45 years, and it has been contributing to the Japanese agricultural industry since its establishment in 1972 (Zen-Noh, 2019). This group of farmers has managed to create and develop 993 farmer co-operatives in Japan, and it has a turnover of

4.70 trillion Yen a year with a global network of six countries/region that they distribute plant crops and animal products across the globe (Zen-Noh, 2019). The socio-economic impact of the Zen-Noh co-operative in Japan has been significant by contributing to the local people.

For the International Co-operative Alliance (ICA), co-operatives are established to empower people, to realise their economic aspirations collectively and to identify collective solutions to fulfil the promise of a better life. (ICA, 2012). The ICA notes that the co-operative movement is significantly increasing, it has 12 per cent of the world's population involved; it

has provided job opportunities for 10 per cent of the population, and it provides service and infrastructure development across the world. Furthermore, the top three hundred co-operatives or group of co-operatives in the world generates about 2.1 trillion USD in a turnover (ICA, 2017). This significantly shows that this movement is increasingly being recognised across continents as a "strategy to foster sustainable economic growth, environmental responsibility and social issues" (ICA, 2017: 12). As it does not only guarantee decent working conditions, it also boosts social transformation and reinforces resilient communities to reduce social and economic inequalities" (ICA, 2005). A co-operative business is different from any other model of business because they are organised and guided by the fundamental principles established by the Rochdale society (Zeuli et al., 2004; William, 2007; Majee and Hoyt, 2011). The report goes on to note that the co-operative identity statement which was adopted in the Congress and General Assembly of the ICA in 1995 provides for the principles that promote; values of self-help, self-responsibility; democracy; equality; equity and solidarity, therefore, the implementation of principles is a way of putting these values into practice (ICA, 2012).

2.2.1. Principles governing co-operatives

The ICA suggests that there are seven principles by which all co-operatives should be guided. Table 2.1 below lists both co-operative principles and values.

Table 2.1: Co-operative Principles and Values

Principles	Values
1. Voluntary and Open Membership *	Self-Help
2. Democratic Member Control	Self-Responsibility
3. Member Economic Participation	Democracy
4. Autonomy and Independence	Equality
5. Education, Training, and Information	Solidarity
6. Cooperation Amongst Co-operatives	Honesty
7. Concern for Community	Openness
	Social Responsibility
	Caring for Others

* Membership is ownership in co-operatives, translating to greater voice in governance and rights to residuals.

Source: Taylor (2015)

Table 2.1 lists the following as co-operative principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence;

education, training, and information; cooperation among co-operatives and concern for the community. It is important to note that the seventh principle 'concern for community' was not originated from the Rochdale Principles. Still, it was purposefully added by the ICA to emphasise that co-operatives should work towards creating sustainable development in communities that they are in (Zeuli et al., 2004).

2.3. Forms of co-operatives

Though there is no general agreement on the types or forms of co-operatives available, this study critical draws from Okem's (2016b) delineation of the forms of co-operatives, it is arguable that although co-operatives are widely used across all sectors, such as financial services, production and distribution, agriculture, home, and health care. Okem (2016b), note that co-operatives can only be categorised based on the nature of the stakeholder involvement; therefore, he argues that there are only four recognised primary forms of co-operatives. The following section discusses different types of co-operatives.

2.3.1. Consumer co-operative

This form of co-operative supplies goods and services for the personal use of their members; they are also regarded as a free enterprise since they operate independently (Ortmann and King 2007). Ideally, this type deals with the purchasing of goods in bulk and selling them at their price. These may operate as supermarkets, grocery stores and retail shops. The rationale behind its formation is to provide its members with goods and services at a cheaper rate than the average price, in a nutshell, a member enjoys quality goods and services at a minimum cost. Tchami (2007) contends that consumer co-operative has been a solution to the developing countries struggling with food insecurity and to the developed nations for the maintenance of the rise in price for consumer goods. The Cultivate.coop (2016) observes that consumers co-operative consists of several types; there are health care, insurance, housing, agricultural and utility co-operatives as well as credit unions.

2.3.2. Worker co-operative

A worker co-operative is defined as a form of business enterprises that are owned and governed by its employees (Birchall, 2012). Okem (2016b) argues that this form can only emerge in one of the three ways; the business may be taken over by its existing workers

during times of economic difficulties. A group of workers join together to start a business of which they concurrently become its employees. Finally, it can happen through the conversion of an existing business into a co-operative business (Okem, 2016b). Its emergence is traced back to Spain, which was the Mondragon Co-operatives that was taken over by workers and became a successful business (Okem, 2016). Accordingly, for Mathie (2012), this form is believed to be the most productive out of all forms as members tend to introduce innovative ideas, creating better resilience to conflicts arising from the income and they create a more conducive working conditions than workers from a conventionally established business form. In the final analysis, this form of co-operative is in favour of an egalitarian ideology since their members are equal owners of the co-operative.

2.3.3. Producer co-operative

This form is also known as a marketing co-operative as it owned by a group of people who produce the same kind of goods (Birchall and Ketilson, 2009). The members of this co-operatives share facilities to produce, process and distribute their goods to cut the individual cost. Therefore, individuals who become part of producer co-operatives enjoy services that would otherwise be expensive if obtained individually (Okem, 2016a). This is mainly found in the agricultural arena, which involves farming, fishing, and forestry, where farmers pool resources together to assist them in accessing the market collectively, producing and selling goods collectively. The first establishment of a producer co-operative was by the Swedish farmers in the late 19th century where the maize farmers from different regions in the country came into a collaboration to increase the supply chain and market access (Ollila et al., 2011). Moreover, producer co-operatives enable individual farmers to gain the strength to survive in the market (Birchall and Ketilson, 2009).

2.3.4. Financial co-operative

The financial co-operatives are not different from any other forms of co-operative as it owned by members who benefit from it. They are also known as Co-operative Financial Institutions (CFIs), these provide other co-operatives with financial assistance. Still, the primary beneficiaries are its members as they are more likely to obtain financial freedom. Thus, this form may include Savings and Credit Co-operative Organisations (SACCOs), co-operative banks and Co-operative Insurance Company (Wanyama et al., 2009). The South African example would be that of the stokvels which involved pooling their resources together to gain

a good return on investments at the end of the year. Birchall (2013) maintains that this form of co-operative is believed to emerge in the United Kingdom in the late 18th century. The minister of Ruthwell village, Henry Duncan, introduced established a parish bank where all local landowners invested or kept their surplus in this bank. The idea was to allow all landowners to be independent and to be able to save for future needs since they were dependent on the daily living of the poor parish relief. This shows that the financial co-operative's characteristics are guided by the values of having concern to its members and its community at large (Okem 2016b). The study conducted by Birchall shows that the CFIs could withstand conditions of economic meltdown without a need for government bailout (Birchall, 2013).

2.4. The co-operative movement

2.4.1 International perspective of the co-operative movement

For this study, it is essential to note the term movement is used to explain the change or development of co-operatives. Zimbelman (2007), notes that historians have found evidence in the cooperation of people in the early days in Greece, Rome, Egypt, and Babylon (about 2000-1600 BC). Zimbelman continues to observe that these early humans were involved in cooperation to increase their chances in hunting activities, fishing, and farming. Amongst others, the Natives American and African tribes were involved in this form of cooperation (Zimbelman, 2007). For centuries, Shaffer (1999), highlights that literature has shown that the co-operative movement has attracted few scholars as opposed to the other aggressive movements such as capitalism, socialism, and communism. The scholars who first laid their interest in this movement during the 18th century was Philippe Buchez, Francois Charles, Ehenne Cabet, Robert Owen and William Thompson (Shaffer, 1999; Williams, 2007).

In the present days, many scholars are increasingly acknowledging this movement as a phenomenon worth studying. Okem and Stanton (2016) maintain that since 1498, there have been many attempts to venture into a co-operative society; the Shore Porters Society in Aberdeen was first to demonstrate co-operative form qualities. The establishment of the co-operative movement in the United States was in the form of a resistance movement against the oppressive monopoly and oligopoly conditions faced by farmers in the international, regional, and local level. Though literature shows that the first modern co-operative was established in the 18th century, Tchami (2007) note that it was Charles Fourier in France who

established a first worker co-operative practice to help workers to fight poverty by pooling their resources and living together. However, Shaffer (1999) argues that the first co-operative that was founded in France was a producer co-operative by the name Cheese Makers Co- operative in the 1750's.

There are several arguments in terms of was first co-operative movement pioneers; this argument has been among the earlier scholars that have been mentioned above. The co-operative strategy has a long history which can be traced back to as early as 1498 with the establishment of "Shore Porters Society" in Aberdeen (Mazzarol et al., 2011). Moreover, this strategy had further developed by the mid-18th century in countries such as France and Scotland (William, 2007; Birchall 2011). It is significant to note that on record the modern co-operative was then established in 1844, which was the Rochdale Society that was a consumer co-operative in the United Kingdom (Shaffer, 1999, Williams 2007, Okem and Stanton 2016). The establishment of the Rochdale Society was a response to the industrial revolution that caused many of the Rochdale members to suffer from poverty. Therefore, this co-operative was a response mechanism by members who were skilled but had no jobs to poverty alleviation (Williams, 2007). The pioneers of the Rochdale society were inferior as compared to their social peers, "they lacked real economic or political power or high social status" (Fairbairn, 1994:4) therefore the initiative of starting a co-operative was motivated by poverty and misery that surrounded them. Significantly, the Rochdale society structured their first working principle, which dealt with the nature of capital in a co-operative in the 1960s (Fairbairn, 1994).

It is important to note that the Rochdale society was not the first co-operative ever established. Still, it was the first one to succeed by learning and avoiding mistake made by a new co-operative (Thomas and Hangula, 2011). Among many others the Rochdale Principles became a prototype for many co-operatives around the world that existed and even the ones that exist today, these principles became well known all over since it provided a basis of principles on how co-operative should operate. Over the years, the co-operative movement began to expand worldwide, countries such as Britain, the United States (US), Spain and so on, adopted this practice. Please refer to table two showing the order in which the formally registered co-operatives emerged worldwide.

2.4.2 The African perspective of co-operative movement

The co-operative movement has significantly spread all over the world, as noted by Okem and Stanton (2016). Although the African continent has already had their own culture of cooperation, this is expressed by Mbiti in his book, *'African religion and philosophy'* where he notes that people's cooperation was driven by the phrase or belief of "I am because we are. And since we are, therefore, I am" (Mbiti, 1990: 145). However, this type of cooperation was different from that of the term co-operatives today, but it was underpinned by similar principles and values (Okem and Stanton, 2016). It can be observed in light of the above that for us to understand the co-operative movement in an African context, it is significant to take a close look at the two eras, which is classified. The first era was running from the immediate post-colonial period in the 1960s to the mid-1990s and the second era was occurring during the global economic reforms from the mid-1990s to the present (Wanyama et., al 2008; Wanyama 2009; Okem and Stanton 2016). Co-operatives that existed from this period were not sustainable and did not survive, as Mercier (2017) accentuated that the state was justifying the lack of direct ownership by farmer members in their co-operatives with the low level of literacy from majority of them and therefore not qualified to make management decisions.

Nonetheless, the decisions that were taken on behalf of them led to mistrust and confusion about whose interest was real being fulfilled, which made them fail at the end (Varman and Chakrabarti, 2004). After the African continent gained its independence, the co-operative initiatives were then governed and supported by the government, and the state-controlled those co-operatives in terms of promoting, functioning and guidance (Wanyama, 2009). The second era of this movement was sought to liberate co-operative from such state control and for to them gain independence from the state's interference (Wanyama, 2009).

It is vital to note that the origin or the development of co-operatives from developed nations is different from that of the developing world. Williams (2016) notes that "co-operatives have originated, survived and thrived under totally different social and economic circumstances in those two parts of the world" (William, 2016:2). Therefore, one cannot make a practical comparison between the two. This was because "historical and theoretical materials are much more available for the co-operatives in the developed world than for co-operatives in the developing world" (William, 2016: 2). Co-operatives may not be compared, but they are still

driven by a similar desire to propel economic emancipation for poverty alleviation in their communities.

The neoliberal system failed many international institutions, and they were left with no choice to search for an alternative. In response to this situation Kwakyewah (2016), note that the UN declared 2012 as the International Year of Co-operatives (IYC) as a way to emphasise the contribution of co-operatives towards poverty reduction, employment creation, and the promotion of social integration (IYC, 2012). After the liberalisation, many co-operatives collapsed due to the inability to function hand in hand with the government (Wanyama, 2009). As the strict state supervision eroded, co-operatives were left without an alternative mechanism rather the Rochdale principles to guide them. They had to effectively address the issues of poverty and unemployment facing the continent, and they had to perform the role that the government had previously played to address such issues (Wanyama et al., 2008).

The co-operative movement was introduced as a strategy for poverty alleviation in Africa (Wanyama et al., 2008). Since it had been established that continuous increase in the poverty rate in the developing nations needed a positive response, this was then also to be in line with many policies and international instruments under the United Nations (UN), the International Labour Organisation (ILO), the International Co-operative Alliance (ICA) and the European Union (EU). The broad argument that was shared was that the co-operative strategy or movement is different from any other strategies in that it identifies economic opportunities, it allows for the empowerment of the disadvantaged to advance their interest and provides security by converting individual risks into a collective risk (Wanyama et al., 2008). This strategy seems to have worked around the world.

Currently, this movement has significantly grown in the African continent as the ICA extends that 40 per cent of the households are now involved in co-operatives, that is at least 7 out of 100 Africans are members of a co-operative (ICA, 2017). Though there is this much involvement, the World Bank (WB) indicate that there is still 41 per cent of the Sub-Saharan African population, leaving under extreme poverty (World Bank, 2017). This statistic could mean that the co-operatives are not being effective in addressing the issues of poverty due to other factors such as corruption and maladministration. The ICA has taken the initiative to unite, promote and develop co-operatives in Africa by "providing technical assistance for co-

operative development; and Collaborating with national governments, United Nations organisations, and African regional organisations" (ICA, 2017: 11).

2.4.3. The co-operative movement in South Africa

As noted above, a co-operative strategy is not a new strategy to be used in Africa and so too in South Africa, since literature shows that it can be traced back to the 19th century (Schoeman, 2006; Satgar, 2007). Literature also indicates that in the 1800s South Africans were involved in mostly informal co-operatives (Thaba et al., 2015), these were known as stokvels, where people came together to form a group of savings. As cited in Schoeman, (2006: 22) Van der Merwe (1996), he defines stokvels as "a rotating credit union formed by a group of participants who agree to make regular contributions to a common pool on a specified regular period (monthly, weekly or fortnightly). Money in this pool is then paid out in full or partially to every participant, either on a rotation basis or in times of financial need". Although stokvels predate co-operatives, they are also co-operative, but Schoeman (2006), argues that the social aspects of stokvels distinguish them from co-operatives.

The Department of Trade and Industry (DTI) is of the view that the framework of the early co-operative was not in adherence with the seven principles of the ICA as amended from the Rochdale Society (DTI, 2012). Furthermore, Schoeman (2006) highlights that academic such as Van Niekerk took the initiative to research to establish a new immense legislative and regulative framework to guide co-operatives development in South Africa. Before 1994, the Co-operative Act of (91/1981) guided the co-operative sector, and the Act provided that co-operatives must be part of the socio-economic strategies (Satgar, 2007). Thaba et al (2015), additionally note that this sector was dominated by white-owned agricultural co-operatives, which receive massive government support. Moreover, its primary purpose was to build a white farming community in which concurrently developed into business ventures, which had control of all the agricultural processes in rural areas. Therefore, this movement in colonial South Africa was mainly focused on agriculture. Jara and Satgar (2009), maintain that white farmer co-operatives were taken as an essential tool of agricultural commercialisation and achieving successful rural development.

Evident from the above paragraph, Jara and Satgar (2007) observed that the history of the co-operative movement in South Africa was directly shaped by the way colonial and apartheid planning structures functioned in the society and economy. Consequently, the first co-

operative formally established was the Pietermaritzburg Consumers Co-operative, registered in 1892 under the then Companies Act, this was owned by white farmers (Van Walt, 2005). This represented the first registered co-operative in South Africa, and Natal as it became the first province that adopted the co-operative practice in South Africa in the colonial era. Many others of which were explicitly owned by the white minority followed this trend. Later on, in the mid-1920s to early 1930s, the colonial government reiterated that the only people who should benefit from co-operatives are the ones who were classified as falling under the first economy (DTI, 2010). Therefore, co-operative development focused mainly on the minority of the population.

The newly democratically elected government of the Republic of South Africa in 1994 adopted the co-operative strategy as a way of addressing the triple challenge of poverty, inequality, and unemployment (Okem and Lawrence, 2013). With both the Broad-Based Black Economic Empowerment (BBEE) Act 53 of 2003 and the Co-operative Act of 2005, the democratic government strategy was to bring black people to the mainstream of economic development. Schoeman (2006), maintains that successful co-operatives have been proven to contribute to the empowerment of the previously disadvantaged communities in South Africa. Currently, the ensuing controversy on whether or not to approach co-operatives in the same manner as SMMEs and their causality in the legislation of black economic empowerment has led to confusion and inconsistency concerning the independence and democratic profile of co-operatives. As Mntambo (2012) alludes that the BEE approach has a get rich quick logic that fails to assist with the sustainable way of institutionalising co-operatives.

Although the government did not consider the previous co-operative development Act of 1981, Thaba et al. (2015) highlight that a new co-operative development Act of 2005 was established. In this respect, this new Act breaks out the bias of the previous Act of 1981 which promoted the assistance of the development of white-owned agricultural co-operatives and simultaneously proclaimed the international principles and values as defined by the ICA Statement of Co-operative Identity (Satgar, 2007). Furthermore, Jara and Satgar (2009), argue that this new policy provided the full guidelines on developing a formal co-operative, and most importantly it incorporated some special provision for the housing, worker, financial service and agricultural co-operatives.

2.5. Agricultural co-operatives

Though this work has presented a background on the co-operative movement from an international perspective to the national and the local perspective; within the South African context, this study mainly focuses on the agricultural co-operatives. Therefore, it is vital to provide a theoretical background within the parameters of the agricultural co-operatives. Like many others, agricultural co-operatives have a long history of which is traced from the late 19th century within the same period of the Rochdale consumer co-operative. Studies that have been done on agricultural co-operatives suggest that their formation is motivated by the desire to increase economic benefit (Bijman, 2002; Burt, 2004; Gala, 2013; Okem, 2016b). Furthermore, Kriyokapic-koko (2002), contends that this justification is justified by literature across the world. Since agricultural co-operatives are born out of adverse economic conditions, this means that farmers come together to pursue co-operative solutions on the challenges that they may encounter as individual subsistence farm. Historically, Tortia et al. (2013) note that agricultural co-operatives have been the most recognised institutional and organisational tool that independent farmers used to enable themselves to survive under the centralised market power controlled by local and transactional retailers.

Literature has significantly shown that co-operatives play a prominent role in the agricultural sector in both the developed and the developing nations. Therefore, a term co-operative has been recurrently explained about the agricultural activities. An agricultural co-operative is then defined as "a co-operative that produces processes or markets agricultural products and supplies agricultural inputs and services to its members" (DAFF, 2005: 2). In light of this definition, Cropp and Ingalsbe (1989), note that agricultural co-operatives can be arranged in three functional categories. This may consist of; marketing co-operative (handles advertising and selling farm produce); farm supply co-operative (deals with purchasing in volume, manufacture, process or formulate, and distribute farm supplies and inputs such as seed, fertiliser, feed, chemicals, petroleum products, farm equipment, hardware, and building supplies) and service co-operative (assists at gailcresswelcropning access to services and facilities that would be otherwise denied). Agricultural co-operatives have been most prevalent in linking developing countries with developed nations through export commodity trading (Chambo, 2009). Moreover, agricultural co-operative's principal function is to enhance smallholder farmers' economic and livelihoods by promoting agricultural technology, ensuring competitive product marketing, enhancing social ties within their community, and

linking support to government and development agencies.

2.5.1. International experience on agricultural co-operatives

Before we take a close look at the South African agricultural co-operatives, it is vital to make few international references on the mode of agricultural co-operatives to provide context to the primary debate and draw lessons from the countries that have successful agricultural co-operatives.

2.5.1.1. Italy

Since the early development of the co-operative movement in Italy, more than 80 per cent of the local agricultural production has been refined and marketed, employing a well-developed net of co-operatives. Melinda co-operative started as a family enterprise and its one of the best examples of agricultural co-operatives in Italy. Melinda is now a consortium 16 co-operatives specialising in growth and production of apple-based goods. These fruit co-operatives have successfully been sustained from the 17th century, and their apple products are being distributed in every supermarket in the Country of Trento (Melinda, 2019). For Moloto (2012), Italian co-operatives are supported by the government and therefore, from the preceding, one could make an expression that their agricultural co-operatives can make a significant contribution to local economic development. Today, Melinda has more than 6000 associated producers and with a turnover of about 180 million Euro (Antonella et al., 2009).

2.5.1.2. United States

The co-operative development in the United States is also divided into eras which could be categorised as the American regime; the immediate post-war period; Martial Law regime and under the restoration of democracy in so far as agricultural co-operatives were concerned (Araullo, 2006). Demko (2018), argues that the economic contribution of agricultural co-operatives in the United States have shown a decline over time as it been observed that between the period of 1913 to 2016 there has been a steady decline of agricultural co-operatives registered. During the same period, the number of the membership as well size of these co-operative registered a decrease (Nilsson et al., 2012). Furthermore, statistics show

that between the year 2000 and 2016 agricultural co-operatives were recorded to be sitting at 1,953 in 2016 as compared to the 3,1953 of 2000 (USDA, 2017). Nonetheless, there are a few agricultural co-operatives, which can be taken as a successful practice in the United States. One may draw from the experience of Land O'Lake farmer-owned co-operative which has employed about 10 000 people, operating in 50 states, with a total membership of 3,667 and having a 15 billion net sale of which 194 million returns to members. Accordingly, US agricultural co-operatives are not a useful guide from which South Africa can learn.

2.5.1.3. Brazil

Latin American agricultural co-operatives have a long history since the existence of a first formally established co-operative in 1889, the agricultural practices seem to be at a developmental state. Out of all the countries in South America, Brazil has proven to have a high economic contribution coming from the agricultural production which dominated by co-operatives. Today Brazil is the world's best producers of coffee and sugarcane, the other primary sources of production include rice, tobacco, corn, wheat, and cotton. Statistics collected by the Organisation of Brazilian Co-operatives (OCB), in 2018 indicate that number of agricultural co-operatives in Brazil was currently sitting at 1,618 many of which are competing with large farms specifically in the export market and other agribusiness related matters (OCB, 2018). Though agricultural co-operatives in Brazil face deliberate operational dilemmas, they are still taken as a critical mechanism that can empower small and medium individual farmers to expand their potential in market competition.

There is a great extent to which the Brazilian agricultural co-operatives contribute to the economy, which shows that their existence is influential. Arias et al. (2017), additional note that in 2015 there was a significant rise of the employment rate with a 10.36 per cent of which the main contributors were agricultural co-operatives employing 180, 000 people. Moreover, in the same year agricultural co-operatives contributed significantly to the export market with an export volume of US 5,3 billion and more than 60 per cent of food distributed to the entire population is produced by the co-operatives (Arias et al., 2017). Given the statistical evidence provided above, one may conclude that agricultural co-operatives in Brazil utilise its potential towards the contribution of the local economy.

2.5.2. Agricultural co-operatives in Africa: Apartheid and post-apartheid era

Smallholder farmers are frequently seen as "small" business owners that have a limited contribution to the economy in comparison to their equals in other streams of the economy. As a result, the desire for survival drives the majority of smallholder farmers to work together in order to acquire negotiating power and market access. Agricultural cooperatives were and continue to be the only vehicle for acquiring bargaining power of small and weak farmers particularly in Africa, which was the primary motivation for their establishment.

This literature review has demonstrated thus far that the establishment of agricultural co-operatives can have positive economic outcomes. However, the survey of literature in this regard, what is called, 'rural co-operatives' in Africa, reveal that these arrangements can have weaknesses and challenges (Ortmann and King, 2007a). This is a result of the apartheid regime government structure, as Cotula (2009) elucidate that during this era there were issues regarding the communal land which was under the traditional authorities as well as the land that is held by the state and farmers continue to struggle to get full access to use the land. Thus, this has created many problems for many emerging agricultural co-operatives in Africa and continues to remain a hinderance for these ventures to expand. However, the strengths of the agricultural co-operatives were successive because of colonial administrations or trading companies raised rural co-operatives to speed monetisation of the rural economy and to control peasant production. Therefore, the encouragement of "European models were often based on the notion that indigenous organisations could not spur economic development" (Breschi and Malerba, 2011: 818). This meant that the legacy of this colonial arrangement affects the flourishing of the indigenous farming co-operatives. Nonetheless, Weding and Wiegratz (2018) indicate that in the African continent, smallholder farmers have been central to the alleviation of rural poverty since they were the majority in the continent. Moreover, against the backdrop of apartheid regime, smallholder farmers have been considered as an economic transformation strategy for rural people in terms of sustaining livelihoods and reducing rural poverty.

However, Wanyama (2009) mentioned that many traditional forms of agricultural co-operatives have survived the impact of colonialism and the negative impact of the structural adjustment policies. It has also been observed that in some cases, these co-operatives have given rise to the emergence of influential civil society organisations in the form of unions'

federations, resulting into the structural re-organisations of the co-operative movement (Wanyama et al., 2008). Furthermore, while the impact of apartheid was prevalent in that the development of agricultural co-operatives, it required a transformation from purely being a white farmers organisation to a strategy that works for all farmers including small rural farmers. The removal of state support as a way of radically transforming the sector witnessed some white commercial farmer co-operatives perish, it is assumed that this declined was caused by this transformative move, however, the negative impact over the years is not clearly stipulated in literature.

Nevertheless, it has been accepted that agricultural co-operatives can play a significant role in local economic development where the agribusiness model is widely expanding, and issues affecting farmers are being tackled collectively. Chief among these challenges is the limited bargaining power of smallholder farmers concerning established buyers and the selection of large-scale growers into contract-farming arrangements, thereby causing gatekeeping in the markets. In both cases, lower transaction costs can result in a pattern of exclusion and thus create a competitive disadvantage for emerging agricultural co-operatives (Ortmann and King, 2006).

The advantage is that the plurality of ownership structures and organisational goals also helps to prevent the formation of monopolies, provides opportunities for innovation, and limits duplication of information (Wanyama, 2009). Co-operatives play a crucial role in mitigating the risk rooted in the production process using loss-sharing mechanisms. They facilitate the introduction of agricultural production innovations where producers would not receive the necessary push from market forces alone (Birchall, 2012). For instance, sources of information may not be available or suitable for the smallholder farmer's needs, while co-operatives can provide them, and many have benefitted from these LED activities.

The 4th annual report presented by the Department of Agriculture, Forestry and Fisheries (DAFF) on the state of agricultural co-operatives indicated that in 2015 they were 1 703 registered agricultural co-operatives in South Africa (DAFF, 2015). This number has grown significantly as compared to the stats shared by the DTI in 2002 that they were only 675 registered agricultural co-operatives. The South African agricultural co-operatives are perceived as playing a crucial role in poverty eradication, equal distribution of wealth,

employment creation, food security and as an active contributor to the economic activity (Tsholoba, 2015).

However, since white farmers previously dominated agricultural co-operatives sector, Cishe and Shisanya (2019) argues that this makes them remain more organised than the emerging smallholder co-operatives in South Africa. It is also difficult for smallholder farmers to make serious inroads into the established rural or township economy, which was favourably disposed towards white Afrikaner males (Davenport and Saunders, 2000). As it is mentioned in the previous paragraphs, the new democratic government had to come up with norms and standards to create new agricultural co-operatives that will lead to local economic development.

2.5.3. Successful practice of agricultural co-operatives in Africa

In the African region, despite the negative impact of colonialism regime, there are still many success stories on the agricultural co-operatives. Many in this regard have attracted local economic development because of the support and commitment it received from the government (Bates, 2014). This section draws on a paper organised by Williams and Satgar under the Co-operative and Policy Alternative Centre (COPAC) of 2008 documenting successful co-operative in Africa. A number of agricultural co-operatives appeared on this study which was also part of those sustainable practices of co-operatives.

2.5.2.1. Ethiopia

Most of the Ethiopian residents live in rural areas, and they depend on agriculture to secure their livelihoods. With the long history of coffee production, it no surprise that the world's most excellent coffee is produced in Ethiopia, and it has become a primary commodity which residents are dependant in (Satgar, 2008). Furthermore, Mazibuko and Satgar (2009) assert that though the agricultural co-operatives producing coffee have encountered challenges in accessing international markets, they were still in a capacity to produce 142 992 tons of coffee. The Oromia Coffee Farmers' Co-operative Union has been a critical contributor in the coffee farming industry in Ethiopia, in 2007 it was recorded that this co-operative had about 128 361 farmer members in 129 different primary coffee co-operatives. This co-operative has been able to secure fair trade and thus been successful in building relationships in the international markets.

2.5.2.2. Tanzania

According to Williams and Satgar (2008), half of the Tanzanian population depended on agriculture to sustain their livelihoods, and their agricultural sector contributes 80 per cent to the economy. After Tanzania gained its independence, the agricultural co-operatives played a significant role in the export market since it accounted for more than 80 per cent of exports commodities ranging from tobacco, cashew, coffee and cotton. Kagera Co-operative Union is one of the Tanzanian greatest and largest agricultural co-operatives which has founded more than 60,000 primary farmer co-operative union and has an estimation of reaching 200,000 employments of farmers since its establishment in the 1900s. Over the years this co-operative has been a central point of accessing the international agricultural market in Tanzania.

2.5.2.3. Kenya

Kenya remains a country in Africa where a co-operative model has been practiced effectively and successfully, furthermore the ICA (2008) note that Kenya has been ranked on top due to the co-operative membership. In the Kenyan population, almost eight out of ten individuals are members of co-operatives, and the size of the co-operative union is increasing dramatically. In 2011, the overall number of these unions were 14, 228. Kenya's co-operative movement is a crucial player in the economy, managing over 43 per cent of Kenya's gross domestic product (GDP), this movement employs over 300,000 people, in addition to creating many more opportunities for self-employment (Kenya CO-operative Society Yearbook, 2011/2012). It should be noted that the agricultural sector initiated the emergence of the co-operative movement in Kenya because most co-operatives were based in agriculture, after then as extended by Wanyama (2010) there has been a rapid increase in the number of agricultural co-operatives.

With many success stories from the Kenyan co-operative movement, the Co-operative Bank of Kenya has been a prominent example for many countries around the world. Its primary goal is to mobilise savings and provide credit facilities for the co-operative movement, especially the agricultural co-operative unions that had difficulty obtaining credit to promote the output of marketing members (Bandymbona, 2013). With 55 years in operation, the bank has been able to assist agricultural co-operative amongst others to secure loans to keep their co-operatives running. Williams and Satgar (2008) notes that this bank has been at the forefront of the Kenyan banking system. This bank has encountered several challenges.

However, the Co-operative Bank has continued to expand and provide competitive services to millions of Kenyans, despite being in a highly competitive market with 43 commercial banks.

2.5.2.4. Agricultural co-operatives in South Africa

From many other South African successful practices of agricultural co-operative that one could choose from, the Heiveld Co-operative have remained the best example. This co-operative produces one of the most excellent organic rooibos tea in the world, with a market niche that expands to North America, Europe, East Asia and the whole of Africa. With more than 20 years in the industry, this co-operative produces over 200 tons of rooibos which can be sold to Fairtrade organisations and international markets. According to Williams and Satgar (2008) in 2007 it had 11 farms situated within the Western Cape province of South Africa. Its membership grew from 12 members to 51 members in 2008. This has shown that individual farmers saw an opportunity to raise their quality of life, and they have purchased more land to expand. It has provided permanent and seasonal job opportunities for over 1000 people in South Africa. Furthermore, this co-operative has played a vital role in supporting community-driven initiatives by sponsoring community projects, schools, churches, and has provided an educational scholarship.

2.6. Role of South African agricultural co-operatives in LED

2.6.1. Overview of LED in South Africa

It is contended that the concept of LED should be understood from a local perspective to measure its intended effect. Khumalo (2014) note that LED should be understood from a local perspective. However, this study expresses that global context is crucial to appreciate the concepts of historical development and to extract good practices that can be implemented locally. Literature shows that internationally, there is a significant role of this concept in job creation, alleviation of poverty and improving quality of life in individuals. It has been widely recognised by scholars, development practitioners and other stakeholders. In the South African context, LED is described as initiatives implemented at a local level, especially with a collaboration of different stakeholders to address precisely socio-economic problems and to identify economic opportunities (HSRC, 2003). Therefore, in this case, agricultural co-operatives are one of the examples that local communities' practice to contribute to local

economic initiatives. As noted by Rogerson and Rogerson (2010), creating and enabling local business environment for small enterprise and co-operative development is essential to the LED practice.

During the mid-1980s Nel and Rogerson (1995) alludes that in South Africa the significant research focal points for researchers were economic and development planning so as to achieve economic growth, this then laid an interest in government to establish local driven initiatives. While Mayer (2008) argues that in South Africa, LED is being approached in three distinctive angles which are alleviation of poverty, urban planning, and an entrepreneurial approach. Therefore, it is essential to note that LED has then been brought forward or introduced in the developing nations as a solution for poverty alleviation and economic empowerment of communities. Mensah et al. (2013) additionally note that LED is predicated on the belief that community problems such as unemployment, poverty, job loss, environmental degradation and loss of community control can best be addressed through a community-based, grass-rooted, integrated approach.

Nel and Rogerson (2005) contend that LED is a local response to challenges of globalisation, devolution, opportunities and crises at the local level, it has gained considerable recognition as a local response to economic crises and the possibilities and threats posed by globalisation. Consequently, in South Africa LED initiatives have risen in popularity as a reaction to several problems ranging from persistent slow economic growth, changes in the domestic and international setting, the state's inability to intervene at a local level. Therefore, in this context, the term LED is used to describe an increasing number of initiatives, varying from industrial policy and regional planning to community development, which, although part of a LED strategy, cannot be considered entirely as LED (Rodríguez-Pose and Tijmstra, 2005). LED approaches are taking root across much of sub-Saharan Africa (Rodríguez-Pose and Tijmstra, 2007). Currently, however, LED practice is uneven, with South Africa exhibiting a broader range and greater maturity of LED activity than other parts of the continent.

Moreover, LED is more of an integrated development strategy instead of a 'one-size-fits-all' response, with the core objective of mobilising local economic potential by incorporating innovation into all its growth parameters, from infrastructure to local SMEs and their skills (Rodríguez-Pose, 2008). Since LED initiatives are facilitated by local government, Rogerson (2011) argues that the local government has to provide adequate support to small enterprise

development (co-operatives) programs to stimulate local economies. It is contended that bringing together the local governments, the private sector and civil society in pursuit of finding the perfect LED approach helps the community to develop on the 'inside-out,' taking advantage on local resources as opposed to the 'outside-in' that depends on external initiatives (ILO, 2008, as cited in Rogerson, 2011). Additionally, Kamara (2017) significantly notes that the South African government has implemented many LED strategies, and these are mainly associated to their market-orientated approach in which the private sector is playing a core or a main role and municipalities working as facilitators.

Regrettably, Meyer (2014) acknowledges that the initial practice of LED in South Africa under municipalities demonstrated to be impractical once donor or public funding is not available. This has resulted on it to not have no real impact on poverty reduction, and this was because these initiatives were limited to small projects, of which most of them were survival-type measures in the form of community economic development. Consequently, the LED practice in South Africa has encountered several challenges relating to poor implementation in the local government. In various literature, (Shava and Hofisi, 2019; Kamara, 2017; Hofisi et al., 2013) it has been argued that South Africa's disappointing LED outcomes have been due to the resource and capability constraints exacerbated by limited local government experience in fostering economic growth. Moreover, Rogerson (2010) maintain that lack of capacity by the local government, insufficient funding to LED programmes, ineffective LED planning methodologies, poor network coordination from local stakeholders to develop local economies and improve the living standards for the local citizens are some of the strategic challenges of beveling LED.

It is essential to note that in a South Africa context, LED is motivated by the high rates of poverty, under-utilisation of human potential and the need to tackle the country's legacy of apartheid. Further, Rogerson (2011) extends that it is also driven by commonly accepted reasons for jobs growth and the creation of wealth in reaction to variables such as de-industrialisation and global competition. Since these initiatives are established and promoted by the local government, Meyer-Stamer (2003) argue that as far as LED is concerned, South Africa is a unique case. Contrary to other countries where LED is a voluntary activity of local government, often born out of moral imperative or desperation, in South Africa, it is a statutory activity imposed by the government to the citizens.

The poor performance of LED initiatives in South Africa can be as a result of resource and

capability constraints exacerbated by limited local government experience in fostering economic growth (Nel, 2001; Nel and MacQuaid 2002; Rogerson, 2010). Rogerson (2010) also discusses some of the logistical challenges to LED deployment in South Africa as lack of local government capacity; lack of funding for LED initiatives; inadequate LED planning methodologies; weak network coordination. Given this information Kamara (2014) note that local government must provide small enterprise including co-operatives with developmental programmes with adequate support to stimulate local economies, therefore if these officials fail eventually the development of these programmes will never succeed so as the development of the local economies.

2.6.2 Township Economy

The township economy is basically economic activities which can be characterised by many small and medium enterprise that are generally informal (Charman et al., 2020). These enterprises are operated by township entrepreneurs to meet the needs of the community, and they represent a large part of the informal economy in the majority of black communities in South Africa. Scheba, and Turok (2020) extends that the term ‘township economy’ is value-laden and smacks of the old order, the new term ‘local economies’ intricately connected to LED is preferred. There has been a consensus from a number of authors (Charman et al., 2020; LGSETA, 2020; Scheba, and Turok, 2020) on the definitions of ‘township economy’ in South Africa that it reflects the spatial and historical background of the South Africa. Townships are probably the most potent and dynamic political, social, and economic spaces in the South Africa today. They accommodate most of the urban population ‘on a relatively small physical footprint’ (Rogerson, 2016: 35).

Research shows that there is a different small enterprise that are part of the township economy and they play a huge role in contributing to the local economy of a certain community (LGSETA, 2020). Township economies comprise a range of activities within different industry sectors. Some are conducted by large, formal companies, but most enterprises are small and informal. The most comprehensive data on township economies has been collected by the Sustainable Livelihoods Foundation, who have surveyed almost 11,000 enterprises based on township across nine sites in four provinces (SLF, 2016). They have found that grocery, food and liquor services comprise 54% of all township businesses,

followed by local services (34%), including hair salons/barber shops, traditional healers, mechanical/electrical repairs, recycling, churches and early childhood education (educare) centres. From these statistics it was narrated that private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partnerships with public and community role players that will ultimately stimulate robust and inclusive local economies.

A report on township revitalization strategy compiled by the economic development department of Gauteng Province (2014-2019) indicates that co-operatives are part of the plan to develop and enhance the township local economy. Agricultural activities are beginning to be prevalent in the township, according to the Department of Agriculture, Forestry and Fisheries, there are more than 5000 agricultural activities taking place in townships and these play a vital role to provide food security to a number of families in these areas (DAFF, 2015). Despite the limited literature on township agricultural co-operatives, it can be acknowledged that the recent enthusiasm from government for the promotion of this type of co-operatives in township have been well orchestrated. Furthermore, the report on the National Enterprise and Cooperative Development Strategy (LGSETA, 2016/2017) confirms that local government is keen in creating an enabling environment for sustainably growing SMMEs and co-operatives in South African townships to alleviate poverty and create employment opportunities. However, Shava and Hofisi (2019) criticize the slow implementation of these strategies in the local government level since it deters the progress of the LED programmes.

The National Development Plan (NDP) recognises the informal sector which is a large part of the township economy to be creating between 1.2 and 2 million new jobs by 2030. Despite this forecast, COVID-19 also impacts this sector. Informal traders are particularly vulnerable and have been heavily affected by the lockdown, leaving the latter stranded with no idea as to how they will survive. While the pandemic affected most of the country the township economy received a major impact. Despite co-operatives not regarded as an informal economy, co-operatives located in township were affected due to the poor performance of the township economy during the times of the pandemic. According to Darma et al. (2020) other business ventures co-operatives have also been badly affected by lockdowns regulations which resulted in lower productivity, lower income, and delayed payments. This could potentially lead to the inability of member co-operatives to maintain and support their families as well sustain their own livelihoods. While this is an international issue, impact may vary according to different

countries and regions. Therefore, it is worth noting that studies on the severity of the impact of the Covid-19 pandemic on agricultural co-operatives in South Africa are yet to be published to provide a more statistically accurate data.

2.6.3 Agricultural co-operative as an LED strategy in South Africa

Zeuli and Deller (2007) insist that the question of whether we can accurately measure the contribution of co-operatives to economic development is not purely academic rather a developmental question. Therefore, policymakers and community development specialists in South Africa are increasingly asking for such data to find rational decisions about promoting alternative business development opportunities. Policy framework regarding agricultural co-operatives as well as their role in local economic development is recognised in the National Development Plan (NDP). It acknowledges that co-operatives have many economic spin-offs including helping "small producers achieve economies of scale and establish linkages to markets and value chains, also in rural development projects" (National Planning Commission Report, 2012: 225-228). The NDP also notes that these co-operatives also encourage "... economic transformation and black economic empowerment by facilitating and encouraging communities to establish and manage small enterprises, co-operatives and other collective forms of enterprises (NPC, 2012).

The WB, ILO and ICA have recognised the economic and social role that co-operatives play in the developing countries, thus, creating a requisite capacity to combat poverty and fostering equity. In South Africa, Shava and Hofisi (2019) assert that since the local government promotes co-operatives in South Africa, they are effectively used as drivers for economic growth which municipalities adopt to innovatively promote and regenerate employment. Furthermore, Luvienne et al. (2010) noted that the implementation of co-operative in South Africa realises LED efforts by generating employment and sustaining the livelihood of people in marginalised regions. Khanyane (2011) emphasise that using co-operatives as an LED strategy is vital in bridging access barriers to resources, information services, input, and output markets.

Establishing co-operatives as a strategy to assist the municipalities in the effective implementation of the LED strategy is one of the first interventions by the government to address the issue of economic exclusion in South Africa. As extended by Khumalo (2014),

the collective nature of co-operatives addresses the issue of economic exclusion of marginalised groups and promote social cohesion, which is a valid asset for LED in a South Africa context. The author further argues that co-operatives as a strategy for LED have a significant influence on enhancing economic activities in smaller communities where large-scale businesses have found their operations unprofitable.

In some countries, co-operatives have been linked to rapid economic growth and have been effectively contributing to poverty alleviation as well as employment regeneration (Shava and Hofisi, 2019). The South African Co-operative Act, 14 of 2005, emphasises that a self-reliant and self-sustaining movement can play a vital role in the economic and social development by creating employment opportunities, generating of income, facilitating the BBEE and eradicating poverty. In this regard, echoing the NDP, the government's 2014-2019 Medium-Term Strategic Framework (MTSF) glaringly view agricultural co-operatives as part of 'radical economic transformation' and observes that they will support excluded and vulnerable groups such as small-scale producers (DPME, 2014). This includes creating decent employment through inclusive growth and vigorously implementing BBBEE and reducing the high levels of market concentration and monopolies (DPME, 2014). Furthermore, agricultural co-operatives have been extensively advocated as an approach for smallholder agricultural development in especially those in the rural areas in South Africa. As a result, agricultural co-operative registrations in South Africa are significantly increasing

However, as it has alluded to in the previous section, poor intra-governmental cooperation within state departments organising LED initiative like co-operative activities has hindered the distribution of resources, which has left many co-operatives unable to survive. In a study conducted by Shava and Hofisi (2019) in the City of Tshwane, it appeared that new leadership and management resulted in many agricultural co-operatives being perceived as one of the unviable and unsustainable government efforts to create employment and to mitigate poverty. While LED derives its strengths from integrated strategies and from a grassroots level to tackle community issues, co-operatives have been widely used to alleviate poverty in many metropolitan municipalities, and several factors restrict these initiatives (Mensah et al., 2013).

2.6.3.1 Employment creation

According to the definition given by the ILO, employment is defined as "any work, be it for wage or salary, profit or family gain and includes both paid employment and self-employment"

(ILO, 2007). Further, the ICA (2017) note that employment created by co-operatives is the work that is performed both in and within the scope which comprises of both employees and worker-members working in co-operatives. The South African agricultural co-operatives are believed to be employing their members which may also be referred to as self-employment. However, the study by Shisanya (2016) indicated that many members of the agricultural co-operative are still seeking formal employment while they are part of the co-operatives since it was found that some members who deactivated their memberships when they have found employment elsewhere.

The fourth annual report on the status of co-operatives in the agricultural sector indicated that in the year 2014/2015 agricultural co-operatives had created a total of 9 715 jobs, making 6 759 permanent and 2 956 being casual or temporal employment (DAFF, 2015). Though these figures are not perfect looking at the drastic increase in unemployment currently, it should be acknowledged that agricultural co-operative contributes to job creation and therefore working towards building sustainable communities. Through these findings, it is noticeable that these co-operatives create employment for members of their local communities, and they have been showing an increase from the previous years. However, Zeuli and Raden, (2005) argue that agricultural co-operatives as an LED strategy are a significant vehicle for job creation and seeks to address a critical challenge of uneven distribution of wealth in South Africa.

2.6.3.2 Market access

As noted by Shiferaw et al. (2011), the literature on market access emphasises the prevalent pitfalls of markets in the developing world, and Africa is no exception. In many parts of Africa, the systemic problems of poor infrastructure and weak institutions continue to characterise the agricultural sub-sector. Therefore, many countries such as South Africa have implemented alternative structural adjustments and poverty reduction strategies aimed at opening up new market opportunities for economic growth. According to Lyne and Collins (2008), agricultural co-operatives are often seen as suitable structures for facilitating vertical cooperation with, or horizontal integration among, small farmers who would have been excluded from value-added opportunities and discerning markets. Therefore, smallholder

farmers benefit through this collaboration, as Gala (2013) extends that in the SADC region, agricultural co-operatives are considered essential for providing services, for example, market access and extension, to small-scale farmers and agribusinesses that contribute to poverty reduction and economic development.

It is suggested that co-operatives in South Africa as LED strategies are significant in creating access to markets that promote trade for income generation (Shava and Hofisi 2019). Agricultural co-operatives tend to have power over smallholder farmers when it comes to access to market and competition because they can maximise the bargaining power of individual farmers which allows them to get goods and services at more reasonable prices. Therefore, in South Africa, a call for smallholder farmers to join in co-operative did not only help them minimise transaction costs. It also obtained the requisite consumer information, secure access to emerging technology and entered high-value markets, allowing them to compete with the owners of commercial farms (Shiferaw et al., 2011).

Authors such as Shava et al. (2013) and Shiferaw et al. (2011) emphasise the agricultural co-operatives economic role in developing new markets, supply chains and their competitive edge. In a committee meeting held by the department (DAFF), it was highlighted that agricultural co-operatives have been struggling to get access to formal market as a result of stringent conditions. However, it was noted that these co-operatives had shown potential in previous years. During the year period (2014/15) agricultural co-operatives managed to maximise formal market opportunities which ranged from retail chains, local supermarket, hospitals, school feeding schemes, fresh produce market (DAFF, 2015). Agricultural co-operatives in South Africa are using these markets to remain operational. Furthermore, co-operatives, as argued by Birchall (2013) co-operatives, are more effective than other forms of local economic development programmes due to their active role in discovering new markets and inclusivity nature towards poverty alleviation.

2.7. Challenges facing agricultural co-operatives to foster economic development

While several countries acknowledge the value of co-operatives, literature has shown that the problems faced by co-operatives differ from country to country. South Africa, just like any other developing country, is struggling with the triple challenges of poverty, unemployment and inequalities (Williams, 2018). Thus, co-operatives operate under such challenges, and they are one of the strategies set to address this triple crisis. Mabunda (2017) asserts that

there is a common trend on the challenges facing agricultural co-operative in developing countries and these have led to many of them failing, the co-operative idea has often been misused for ideological or political purposes. Governments and parastatals have sought to influence and control the development of co-operatives from above and usually it for their purposes. (Mabunda, 2017).

Whilst there are plethora of challenges this study significantly acknowledges that some challenges are driven by factor arising within the co-operative or member-driven (internal), while some may be as a result of factors coming from structural or outside factors external) but directly or indirectly affect the co-operative performance.

2.7.1. Internal Factors

Several authors have emphasised the issue of incompetency and lack of information as being central to the challenges that some agricultural co-operatives face. As mentioned, the co-operative principles are fundamental and are meant to be practiced with understanding. Therefore, if members do not understand the values and principles underpinning the co-operative model in terms of how it functions and what members' rights are, it usually results in an unsustainable co-operative. In a study conducted by Gala, it was noted that "lack of knowledge to manage co-operatives results in lack of or poor production because members and workers engage in arguments instead of working" (Gala, 2013:40). Moreover, according to Ortman and King (2007), a relative lack of education, training, and information is the result of such ignorance amongst members.

An agricultural co-operative, like any other form of co-operatives, may encounter challenges of governance heterogeneity among members, this would influence their decision-making, as it would be more difficult for management to reconcile the variation in the interests of members to the advantage of all (Cookandandqaa and Burrell, 2009). Furthermore, a study conducted by Mabunda (2017) on the sustainability of agricultural co-operative found that the failure of co-operative in South Africa is typically related to a clash of views among members, conflict of interests, lack of commitment by members and difficulty in managing members. In some cases, members may also lack a sense of ownership because projects are fully funded through grants. Hence there is hardly any financial contribution by the members. Tsholoba (2015), further highlight that lack of self-motivation from the members is most

likely to lead the co-operative into failure. Therefore, members need to have the willingness to participate autonomously in the co-operatives

While it has been acknowledged that agricultural co-operatives are advantageous in nature compared to individual farmers, however there may be internal conflict from the members that may hinder existence of this advantage. A study conducted in Ireland by Power (2019) indicates that members of Dairy Gold co-operative in its early stages found it difficult to choose their partners because some members were biased with the certain suppliers and distributors because of personal relationships, and this resulted in breaking the bond and causing the co-operative to be divided into two. While the conflicts may seem easy to address, it can also be a stumbling block towards the success of the co-operative. Pujara (2016) extends that leadership and understanding between the team members are the success factors. If there is understanding between the members, then it will be easy for visioning and planning of activities.

Cooperatives are efficiently managed by experienced, trained and professionally qualified staff under the supervision and control of democratically elected boards of directors (Pujara, 2016). Organisation should be led and managed by energetic, professional, and dynamic persons. Business should be conducted in accordance with modern management principles. The managers of cooperative business should be more professional in their market operations. According to Williams (2018) they should be active enough to trace new marketing opportunities as and when they appear and make use of them for their further growth. They should make brilliant purchase decisions by studying the market trends. For example, investing more in fast moving products may increase the returns. Quality should be the key in cooperatives and steps should be taken to reduce the wastages and cost of goods sold. In short, the manager / secretary of a cooperative store should deliver his service in a professional way to prove himself competent and his business successful.

2.7.2. External Factors

Literature shows that factors that affected the sustainability of agricultural co-operatives included access to land, access to finance, access to markets, training and capacity development, effective co-operative management as well as compliance with regulations. Although some of these challenges are internal, Tsholoba (2015) emphasise that they lead to the negative impact on the environmental factors which affect the sustainable operation of a

co-operative such as complexity of the market environment, legislation, competition for markets, competition supply of cheaper resources among other factors. Furthermore, external forces tend to control and influence what is happening in the inside of any venture which then dictates the entire business operations.

According to Van der Walt (2005), another challenge facing co-operatives is the insufficient provision of information and awareness of the business model. Since co-operatives are promoted and facilitated by the government, most co-operatives are unaware of their advantages, incentives or any other relevant forms of government agencies that assist. Nonetheless, Dube (2016) additionally note that sometimes co-operatives know that there are government institutions that promote co-operative development but do not understand the specific role of these institutions.

Moreover, scholars such as Ortmann and King (2007); Chambo (2009); Cisse and Shisanya (2019) have emphasised the challenge of poor infrastructure in most South African agricultural co-operatives, especially those located in township and remote rural areas. Since most agricultural co-operatives are located in previously disadvantaged areas, they tend to experience the poor provision of extension services, inadequate infrastructure as well as lack of resources to carry out day to day functioning of the agricultural activities. For example, fresh produce co-operatives require proper storage for their produce and a proper irrigation system. Moreover, Dube (2016) emphasise that this has become a mission for funders to assist with these facilities, and they are crucial to all agricultural success.

Finally, the issue of bureaucracy in the co-operative sector remains a catastrophe in the implementation of the co-operative policy (Okem, 2016b). Ndwakhulu and Eleazar (2016) argues that government spearheading and funding this initiative entrenches the dependence from co-operative. The study by Okem (2016) showed that most of the study participants (co-operatives) were established either by government or as a means of accessing government resources. Although it cannot be over-generalised on the basis of regional co-operatives based in one province, the correlation between increased government support and the increased number of struggling co-operatives is indicative of a similar experience nationally. This suggests that, overall, there is a problematic understanding of the co-operative movement in South Africa. Xaba (2020) additionally note that too much of government

involvement of the co-operative initiative creates confusion and complicate the practice, this also deprive co-operatives from abiding by their founding principles and values.

2.8. Summary

This chapter outlined the origin of co-operatives in the developed and underdeveloped country perspective. The chapter focused on agricultural co-operatives as one the strategies that have become the South African government's vehicle to promote the LED programme which is to address the socio-economic challenge of poverty, unemployment, and inequalities. However, the literature highlight that much remains to be done to achieve this. This chapter also discussed the current state of the South African LED initiatives and how do agricultural enhance these. The current contribution of agricultural co-operatives to the local township economy was also reviewed. It is clear from the discussion that the challenges faced by the agricultural co-operatives vary from country to country, and these are driven either by internal or external factors.

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

The overall objective of the study was to assess the contribution made by agricultural co-operatives on the local economic development of the Waterloo township. This chapter begins with a discussion of the study context. In this case, an outline of Waterloo township, in eThekweni Municipality, is presented. The chapter follows with a presentation of the selected methodological approach as well as the data collection procedures used to collect primary data. A qualitative methodology has been adopted for this study. This chapter further presents the procedure followed to draw a sample. These elements encompass research design, study area, population, sampling methods, research instruments and data collection procedures, data analysis methods. The chapter concludes by discussing the limitations and ethical considerations and how these were met.

3.2. Description of the study context

This study was conducted in Waterloo, which is one of eThekweni Municipality's smallest townships. eThekweni Municipality is located on the east coast of South Africa in the Province of KwaZulu-Natal (KZN). The Municipality spans an area of approximately 2297km² and is home to some 3,5 million people (Statistics South Africa, 2011). The municipality consists of a diverse society, which faces various social, economic, environmental, and governance challenges. eThekweni is also governed under the dual governance of both the municipality and traditional authorities or AmaKhosi. Approximately 34,8% of eThekweni's municipal area is governed by both the municipality and traditional authority (Sutherland et al., 2016). This dual governance presents challenges of service delivery, especially in those areas under both the municipality and traditional authorities. eThekweni Municipality concurs that the dual governance system in the municipality affects the delivery of service to areas under traditional authorities (eThekweni Municipality, 2017). The townships in the eThekweni Municipality are characterised by a mixture of formal and informal residential settlements. Such as Umlazi township, which accommodates the second largest population of the municipal. The majority of the eThekweni's population resides within the townships this is reflected by the 2011 census statistics with just more than a million residents living townships such Kwandengezi, Umlazi, Inanda, Ntuzuma and KwaMashu and this includes our study area which is Waterloo township (Statistics South Africa, 2011).

Waterloo is a newly established township which is geographically located in the Northern region of the eThekweni Municipality. This area was a Hullet farm before 1994 as this traced by the first settlers who occupied the area in late 1998 due to political instability and overcrowding in the nearest townships like Ntuzuma and KwaMashu. The township is 12 kilometres away from Durban central and few kilometres away from Verulam which is the nearest village. This township is surrounded by areas such as Umhlanga Ridge, the King Shaka International Airport and the Dube Trade Port. Therefore, the population of Waterloo may be characterised by the high level of unemployment, low income and poverty in general. The author endeavoured to gain statistical analysis or report of Waterloo, but there is no official data available. However, from the author's empirical knowledge, the area has a high proportion of unemployed youth between the ages of 18 to 35, most of its residents are employed with the above-mentioned developmental areas.

There are a limited number of economic activities within the township. There is a mixture of formal and informal activities such as street vendors who sell various goods, and it's dominated by retail/small business. The recent promotion and support of SMME's and co- operative enterprise have found its niche in the township, and it has increased the presence of internal economic activities. Figure 3.1 is a map of the Waterloo township which illustrates roads and railways. There are also natural assets such as land, dams and streams in the surroundings.

Figure 3.1: Study setting map – Waterloo Township

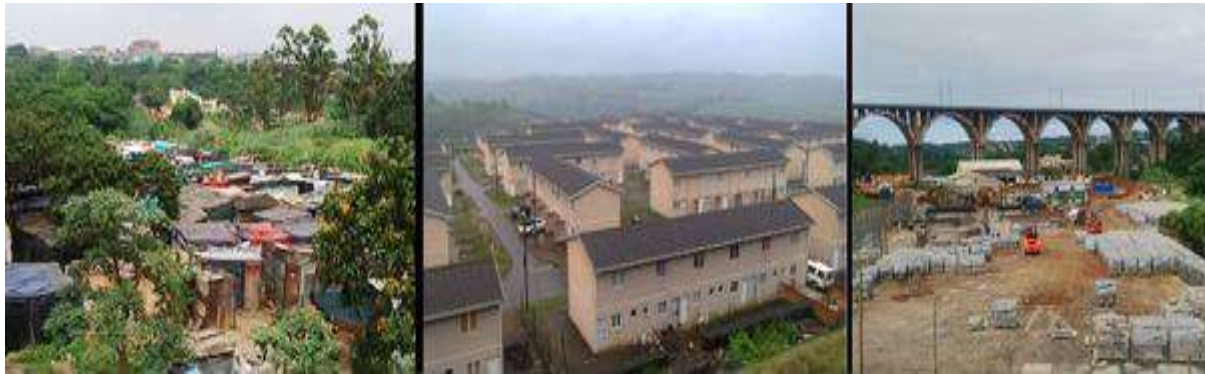


Source: Google Maps 92019).

Figure 3.2. show some images of Waterloo township. The image on the left shows informal settlements, while the image in the middle shows a low-cost modern housing development

project which is often implemented by the municipality as part of their integrated development plan (IDP). The right image shows a construction site, indicating that some parts of the township are constantly being developed.

Figure 3.2: Images of Waterloo Township



Source: Wits University (2018)

3.3. Research Design

Creswell (2009) stated that research design is the plan for conducting the study; further, he notes that it should have a logical meaning that provides links with the research questions, data to be collected and the strategies for analysing data. Leedy and Ormrod (2014) further denoted that logical meaning helps to strengthen the validity of the study. It was therefore notable that research design should be arranged before the initial study could even resume. In light of the above definition, one can conclude that a research design is a plan or strategy that is used by the researcher to seek answers to the proposed research questions. Therefore, the research design of this study outlines how the researcher used the method as well as tools to collect and to analyse the data. Furthermore, Sutton and Austin (2015) extend that the research design is significant in a sense that it allows the researcher to establish a proper plan or protocol of how they can go about conducting or finishing the study.

This study used a case study approach, because it generates an in-depth understanding of a complex issue, such as to assess the effectiveness of the co-operative programme in contributing to the local economy. A case study refers to a thorough analysis of a particular unit or boundary structure such as persons, a program, an incident, a group, an intervention or a community initiative (Henning et al., 2004). Additionally, it used an inductive approach. According to Soiferman (2010), inductive research involves working from the "bottom-up, by

using the views of the participants to build broader themes and create a theory that interconnects the themes" (Creswell, 2014:23). With this said, this bottom-up approach is compatible with all the qualitative features of this study. It allows for new knowledge to be generated from the perspectives of the participants that would allow for rigour.

3.4. Research Methodology

It is contended that methodology is concerned with the research's general theoretical view, that is, the overall nature of the research activity. Moreover, it looks at the viewpoint or angle adopted by the investigator on the issue being asked (Sutton and Austin, 2015). In this study, a qualitative method is used to gather views and experiences of agricultural co-operatives. A qualitative approach is commonly used when dealing with a small sample where its outcomes are not measurable and quantifiable. Leedy and Ormrod (2014) argue that the qualitative approach broadens the understanding of how things happen in a certain way in the social world. Therefore, it is clear that if the researcher wanted to explore people's experiences or understand their views on something, assessing whether something is implementable, the qualitative approach was the most suitable.

The qualitative research is also about generating explanations of social phenomena. The aim is to assist in the understanding of the world we live in and why things happen the way they are (Creswell, 2003). Further, qualitative research seeks to answer questions like, how attitudes and opinions are made, why people behave the way they do, how people are affected by something or behaviour around them. Qualitative research also explores people's views, exploring implementation issues, and understanding why and how practices and culture have developed in the way they are. Additionally, qualitative research lies in its capacity to provide sophisticated textual descriptions of how people experience a particular research problem, essentially providing information on the "human" side of the issue as it is the personal experience of the phenomenon (Tracy, 2010). The fundamental advantage of using a qualitative method over quantitative method is that it provides a comprehensive description and assessment of the study phenomenon without restricting the scope of the study and the

nature of the participant's responses (Collis and Hussey, 2003). This study benefited from the adoption of a qualitative method as the researcher collected information-rich data from interviews.

However, this method has been criticised for its ability to demonstrate biasness since it uses a small sample. Therefore, Bell (2005) argued that using qualitative findings may also be a risky task as it is perceived to be reflecting the opinion of the entire population. In contrast, it is only a proportion of a sample investigated. The efficacy of this approach is firmly based on the abilities and skills of the researcher. In contrast, the results may not be viewed as reliable since they are mostly based on the researcher's judgements, expectations. In this study, a qualitative approach was used to explore the impact of agricultural co-operatives on the local economic development of Waterloo township and eThekweni Metropolitan at large. As this method sought to comprehend issues from the participants perspective, Leedy and Ormrod (2014) state that it ensures that the views of the participants are not detached from their natural context, and it allows the researcher to understand the thought, feelings and behaviour of the investigated population. Therefore, from the above explanation, this method was chosen to allow the researcher to engage with the respondents.

3.5. Sample

The philosophical underpinnings of qualitative research approach direct the researcher to several key features that characterise this kind of research. Jackson (2014) denoted that in most instances, surveying the entire population that is suitable for research is not feasible and essential. Therefore, as a consequence, you select a sample that is representative of an entire population. Sampling is the design task of deciding which elements in a population will be chosen to obtain information needed to complete the study (Loseke, 2013). A sample is a small group drawn from a larger one, to obtain reliable information, which would lead to understanding a part of the whole or even represent the whole (Newby, 2010). When the researcher drew a sample from a population, they ensured that the sample was purposively selected to capture information-rich cases.

For this research, non-random sampling, in particular, purposive sampling was adopted. In purposive sampling, the investigator intentionally selected respondents based on preference and judgment on how they possessed specific features that were indicated or described or even fulfil the specified criteria (Creswell, 2014). Cohen et al. (2007) added that purposive

sampling is useful to access or select knowledgeable people with in-depth information based on the pre-knowledge of the participants by the researcher. The researcher made sure that the selected participants were specifically within the agricultural sector, in Waterloo township, and they had to be part of a co-operative. These specifications automatically eliminated other various co-operatives and preferred a specific sample target.

Moreover, purposive sampling is a non-random technique that involves the identification and selection of specific individuals or a group of people that are competent or knowledgeable about a phenomenon of interest (Etikan et al., 2016). Additionally, the idea behind purposive sampling was to concentrate on individuals with particular characteristics who will be able to assist the researcher in pursuing the study objectives. This sampling method was convenient in the sense that the researcher had access to the database of all registered agricultural co-operatives in Waterloo, and it is accessible via the councillor's office. Therefore, pre-selection was done from the database. This purposive sampling method was convenient for this study, it was able to select co-operatives that have been in existence for at least more than five (5) years and were able to provide in-depth information on their contribution to LED in Waterloo. While there were other types of functioning co-operatives in the community, the researcher deliberately selected agricultural-based co-operative to compliment the study. The elements to which this particular study focused on was largely on social and economic contribution of the selected co-operatives to LED.

3.5.1. Sample Population

As mentioned above the pre-selection of agricultural co-operatives was done before the data collection stage. From the list of seven (7) registered agricultural co-operative in Waterloo five (5) were chosen based on their functioning status. This study consisted of a sample size of fifteen participants from five (5) agricultural co-operatives in Waterloo. The selection criteria included members who have been in the organisation for a long period and excluded new members. The most functioning was classified as those who had regular meetings and undertook joint agenda regularly. These activities were known to the Councillor office since they utilised space as a meeting venue, which was consulted in determining the most functioning agricultural co-operatives.

3.6. Data Collection

Data collection is a very complicated stage where the researcher has to gather information to

answer the research question. Sutton and Austin (2015) note that whatever philosophical viewpoint the researcher chooses to take it dictates the method and tools in which data will be collected. Whatever method or tool of collecting data, the process will require a large amount of data to be generated. Also, there are different tools which the researcher may choose to use to collect either qualitative or quantitative, for example, interviews, focus groups, surveys. Before mentioning the tools used for collecting data in this study, it is vital to note that there are two methods of collecting data that is; primary data and secondary data. Primary data is the data the researcher collects for the first time, whereas secondary data have already been collected and generated by other researchers.

3.6.1. In-depth interviews

It is argued that an interview is a commonly used tool to collect qualitative data. Punch (2014) extends that this tool is an ideal illustration of how the researcher can access people's perceptions, meanings, situation, and definitions of how they perceive reality. Though interviews are classified in different types that is structured, semi-structured and unstructured interview, this study used semi-structured interviews with open-ended questions. The reason for use of this interview-style was that it allowed questions and follow-up questions to take place, and respondents enjoy the freedom to express themselves, there are no restrictions on how questions can be asked (Creswell, 2014). These questions necessarily looked at the challenges and potential for success of agricultural co-operatives. The rationale for structuring the interview guide was so that, as observed by Saunders et al. (2003), the questions addressed the issues posed by the research questions and research objectives. In this study, open-ended questions allowed free expression of information given by the participants interviewed. This was also an opportunity for the interviewer to probe further on answers appeared inconclusive or unexhausted (Appleton, 1993). With that being said, the semi-structured interview questions helped in gathering information about the feelings, observations, and experiences of agricultural co-operatives and their potential contribution to the LED.

Interviews were conducted using a face-to-face method, as opposed to telephonic or mail. This was an opportunity to determine whether the interviewee understands the interview and whether they accepted voluntarily to participate in the study. Further, interviews were conducted in the site where the co-operatives were located to ensure the convenience of both the interviewer and interviewee and that the interviewees are comfortable with the interview session. Therefore, they were more likely to be relaxed and easily approachable in their

location. Moreover, co-operatives work for themselves; therefore, it would have been time-consuming for them to travel to some other places for interviews. Again, some co-operatives would have found it challenging to pay transport costs, should they be required to travel for the sake of this study. It was with these reasons that the interviewer considered to conduct the interviews in co-operatives' locations. A tape recorder was used to record information, and all interviews were conducted in the participant's local language of which in this case, it is in isiZulu. The researcher conducted all the face-to-face interviews with participants. The interviews were conducted in the co-operatives' place of operation, meaning that the researcher organised appointments and visited each organisation. Each participant was interviewed separately in a quiet area, and each interview was approximately 20 to 30 minutes.

3.7. Ethical Considerations

It is important to note that interview could not resume without being approved by the University of KwaZulu Natal Human Ethics Committee. Full ethical approval was granted by the university (approval number: HSSREC/00000200/2019). Permission from the local authority was obtained; in this case, it was a ward councillor of the Waterloo township. Before the interviews were conducted, appointments were made with the participants. Participants were given an informed consent with detail information about the purpose of the study, and they had to sign the form to confirm that they were informed about the study. This also provided them with the opportunity to decline being interviewed or withdraw from the interview at any given time. The researcher had put it clear to participants that their participation was voluntary, and the data collected was sole to be used for research. The participants were assured anonymity throughout the process of data collections. The names of the participants were not recorded in the interview. Also, aliases were used on the verbatim transcripts.

3.7.1 Credibility

Credibility is the value and believability of the study based on the strategies of prolonged observation, triangulation, peer briefing, and member checking (Houghton et al., 2013). The multiple data collection methods that were employed in this study included in-depth interviews, field notes and observations. The use of these multiple data collection methods

ensured the credibility and trustworthiness of the research by overcoming any biases that may emerge from one-on-one engagements with the respondents.

3.7.2. Reliability

Reliability refers to –the extent to which the results are consistent over time and an accurate representation of the total population under study is referred to as reliability if the results of the study can be produced under similar conditions, then the research is considered to be reliable (Golafshani, 2003: 598). Reliability can be challenging to achieve in qualitative research, especially when dealing with a human subject who often have various construction of meanings based on their lived experiences. A method of ensuring the reliability of a qualitative study is to keep an audit trail. An audit trail is determined and established by the researcher documenting the inquiry process through journaling and memoing, keeping a research log of all activities, developing a data collection chronology, and recording data analysis procedures (Creswell and Miller, 2000).

3.7.3. Confirmability

Heigham and Croker (2009) state that confirmability is a process whereby the researcher fully discloses and makes available all the data that they are basing their findings or interpretations on. This process ensures that the data from the research is based on the respondents' viewpoints and not the researcher's biased opinions. In this study, fieldwork findings were documented, and all the data collected was made available, including recorded interviews and transcripts.

3.7.4. Transferability

Transferability refers to how the finding of the study can be transferred to another setting or context (Houghton et al., 2013). The researcher should provide thick descriptions and comprehensive details with verbatim quotations to allow the reader to determine whether the study can be transferred to a different context (Houghton et al., 2013). All the findings provided were from the participants' viewpoints. Verbatim quotations from participants are quoted in the data analysis. The research findings that emerged from this research could potentially be transferred to a similar setting.

3.7.5. Dependability

Dependability in qualitative research means that should the study be reported in detail, then future researchers should be able to repeat the study and gain similar results (Shenton, 2004). Dependability can be achieved by using overlapping methods of data collection, stepwise replications and inquiry audits (Houghton et al., 2013). The researcher needs to ensure that proper research practices are followed and recorded to help future researchers to repeat the study.

3.8. Data analysis

The method of analysis is a search for general statements about relationships among categories of data. Data collection and analysis process cannot be separated, and it is essential to note that the data analysis process relies heavily on how the data was collected (Kobus, 2009). Therefore, the researcher should be engaged in a demanding and active analytical process throughout all the stages of the study (Thorne, 2011). As mentioned above that data was tape-recorded; therefore, the records had to be transcribed before they were analysed. The analysis was done following the completion of interview transcripts and coding. However, McLellan-Lemal (2008) argues that some researchers opt to transcribe verbatim, some decide to paraphrase and summarise responses, while others transcribe only speech passages, they think are relevant to the interview guide questions. This study was set to adopt a thematic analysis style of analysing data.

The analysis of data included a comparison of the outcomes of various treatments of several groups, including the making of a decision as to the achievement of the goals of the research. In this study, the thematic analysis allowed the researcher to capture common themes based on the contribution of the agricultural co-operative to the LED in Waterloo township. Since data was transcribed verbatim it was easier for the researcher to develop different themes based on the conversations with the respondents therefore throughout the data analysis process, the researcher identifies and capture themes and patterns from the recorded interviews. The following steps of the thematic qualitative data analysis are recommended, and they are postulated by Creswell (2009: 126-129) as follows, "planning, managing the data, reading and writing memos, generating themes and subthemes, visualising, representing and displaying the data, and writing the research report". Furthermore, this method of analysis was selected by this study because it was suitable for analysing qualitative data

obtained from techniques such as interviewing, observations and meaning of the verbal text, mainly, that which seeks to examine the content of the research.

3.9. Limitations of the study

Due to the time constraints, this study only focused on the case study of Waterloo in KwaZulu-Natal, where only five agricultural co-operatives were examined. The researcher anticipated getting twenty (20) members of co-operatives. However, due to the limited membership and size of co-operatives, it was not feasible. Therefore, the recruitment of participants was a significant limitation, as only fifteen (15) participants were successfully recruited. Also, setting up schedules for one-on-one interviews was a challenge. Most co-operative members were not always available for interviews. Other limitations of the study were the language barrier that the researcher encountered. This limitation was overcome by using local language; all research questions and all conversation were communicated in IsiZulu.

3.10. Summary

This chapter outlined the study context, research methodology, approach, design and strategies that were used in collecting data in this study. The importance of the chapter is that it provides the basis for the reliability of the collected data. The process of collecting the data is essential in establishing this reliability. As noted above, the research methodology used in this study was qualitative, with a sample size of fifteen (15) agricultural co-operative members based in Waterloo township. The chapter also noted that interviews took place where the co-operatives are located, and this is the exact approach that was adopted in this study, and captured information was tape-recorded then transcribed. Finally, data collected were analysed using thematic analysis.

CHAPTER 4: RESULTS

4.1. Introduction

The introduction of agricultural co-operatives as self-help organisations in the township has been prominent in eThekweni. The co-operative development strategy of eThekweni aims at assisting small-holder farmers in making a significant contribution to the local economy (eThekweni Municipality, 2016). This study aimed to interrogate the extent to which agricultural co-operatives in Waterloo Township contribute to the local economy and household livelihoods in the eThekweni Metropolitan Municipality. This chapter presents results collected from 10 agricultural co-operatives members through in-depth interviews using a non-probability sampling method. The chapter begins by providing the characteristics of selected agricultural co-operatives as well as members. The chapter outlines the motivation of members to join the co-operative. It assesses how these co-operatives utilise local resources and the overall impact they have on the community. Lastly, the chapter looks at existing challenges that affect the contribution of these agricultural co-operatives to livelihoods and further to the local economic development of Waterloo.

4.2. Study sample characteristics

Table 4.1 below provides details on the characteristics of the selected agricultural co-operatives. Five agricultural co-operatives located in Waterloo township were selected, situated in eThekweni Metropolitan Municipality. Selected co-operatives were Abaphumeleli agricultural co-operative, Mangothobane agricultural projects, Phezukomkhono, Washoke, and Yiba Nobuhle agricultural co-operative; and they all deal with vegetable production and marketing. This chapter then provides some background information on these co-operatives. From the below table, the co-operative that is noted to have the highest membership has nine members. Only two co-operatives had more than ten years, and the rest were registered after the year 2010. In almost all co-operatives, female membership outweighed that of males, and it was only Mangothobane that had an equal number of female and male members.

Table 4.1: Selected Agricultural Cooperatives

Name of co-operative	Total membership by February 2020	Member(s) Participated	Gender composition	Registration Year
Abaphumeleli	5	3	Females (3) Male (2)	2014
Mangothobane	6	2	Female (3) Males (3)	2011
Phezukomkhono	8	4	All females	2014
Washoke	6	2	Females (5) Male (1)	2009
Yiba Nobuhle	9	4	Females (6) Males (3)	2009

It is noteworthy that before these co-operatives were formed, most of the members operated as small-holder farmers who shared a piece of unused land. Farmers who were sharing that land became a co-operative; thus, the membership is not more than ten due to a limited amount of land per co-operative. Table 4.2 above shows the characteristics of the ten co-operative members interviewed. Six members belonged to the elderly group, they were aged 60 years and over, and the ages of four members ranged from 35 to 55. Only one male was interviewed, with the majority of the participants being female. Many members were part of the co-operative from its inception, meaning they were the founders, only four reported that they joined the co-operatives after its initial registration. Furthermore, participants were asked about the number of people that were living with that they were supporting, and their responses indicated that household sizes ranged from two to eight. Only one member indicated that they were also had formal employment outside of the co-operative.

Table 4.2: Participant's demographics

No.	Name of Participants *(pseudonym)	Age	Gender	Household size	Employed	Year of membership
1.	Abaphumeleli	55	Female	2	No	2014
2.	Abaphumeleli 01	54	Female	4	No	2014
3.	Mangothobane	50	Female	8	No	2013
4.	Mangothobane 01	59	Male	5	No	2011
5.	Phezukomkhono 01	36	Female	3	No	2014
6.	Phezukomkhono 02	33	Female	8	No	2017
7.	Phezukomkhono 03	52	Female	5	No	2016
8.	Phezukomkhono 04	29	Female	2	No	2017
9.	Washoke 01	41	Female	4	No	2009
10.	Washoke 02	36	Female	4	Yes	2014
11.	Washoke 03	37	Female	6	Yes	2016
12.	Yiba Nobuhle 00	50	Female	4	No	2009
13.	Yiba Nobuhle 01	61	Female	5	No	2011
14.	Yiba Nobuhle 02	54	Male	5	No	2013
15.	Yiba Nobuhle 03	44	Female	3	No	2018

**All names used are pseudonyms*

4.3 Nature of co-operatives

Co-operatives provides men and women with the means of generating an income by selling different products to their market. The money that is generated is at least directed back in the community, by either purchasing in the local shop or paying for a service which is offered by

a local business. In this co-operative study, the impact was measured in two ways; firstly, by the potential impact that they have in the economy of the township. Secondly, by the extent to which they contribute to sustaining people's livelihoods.

4.3.1 Willingness for joining a co-operative

This theme looked at the purpose of participating in co-operatives rather than individual farming. It also sought to find out the self-driven passion since cooperatives are not an individual effort. When assessing the performance of co-operatives, it was vital to consider the individual aspirations of each person that will directly affect the success of the initiative. Therefore, this theme sought to explore the reasons that made the members partake in this venture. The sub-theme that emerged included the reasons behind the formation.

4.3.1.1. Reasons behind the formation

Many people living in the township lacks basic training and necessary knowledge, but they can use their indigenous skills to carry out agricultural activities. The key factors driving agricultural co-operatives were education and training, skills, enthusiasm or passion, and family background. According to FAO (1997), it is significant that farmers engage in agricultural co-operatives with common motives and the passion for farming. Therefore, it was equally important to evaluate this to find the reason why people became part of the co-operative. One of the participants provided the following narrative:

'When I came in this area in 2007, I saw that this community is faced with challenges of unemployment at the same time they had plenty of available land that could be used for farming, so I approached some of the women and introduced the idea of an agricultural co-operative. The sole objective of this co-operative is to feed us. We wanted to go as far as doing poultry farming, but unfortunately, the land was not enough to cater for the chickens.' (Washoke 01, 2020)

Washoke 01 revealed that one of the main reasons for the formation of co-operatives was the lack of employment in the community. From the data collected, it also transpired that most small-holder farmers were very reluctant to form a farmer co-operative since they were already farming individually. According to some participants, the term 'co-operatives' was introduced in an unproductive manner by the municipality, and there was a perception that if they form these co-operatives, they will get an extra portion of land. However, the findings

also revealed that some co-operatives were not formed voluntarily as prescribed by the co-operative principles. Another participant provided the following statement in this regard:

'I always loved farming and I met my neighbor when I moved here and we started to farm together, that is when we were introduced to other women in the area...' (Phezukomkhono 03, 2020).

'I did not have enough land, and people were very hesitant to do collaborative farming. It was only when the municipality came to us as small-holder farmers to introduce this programme and mentioned that they would provide us with additional land as well as a potential funding that is when some people came to join in, and I then started to recruit other members.' (Yiba Nobuhle 00, 2020)

Yiba Nobuhle 00 stated that they formed a co-operative to join the municipal programme for small-holder farmers. Further, as mentioned in the literature review that a co-operative is formed by people who want to achieve a common goal, the study also found that some intentions towards the formation of co-operatives in Waterloo were not similar; neither did they presume to achieve a common goal. As members were asked why they chose to be part of a co-operative, it showed that the majority of the members did lack information on how a co-operative enterprise should be approached, however, they wanted to join and become a member. One participant further explained by providing the following narrative:

'Since this co-operative thing was introduced and mobilised by the municipality officials, many people just joined without having a passion and a common goal that they wanted to achieve in this formation. Most people did not understand how a co-op works; they just heard the term 'funding' at the end; you will find that there is only one member in the co-op that has a sense of willingness.' (Mangothobane01, 2020)

One of the co-operatives stated that the government introduced the idea of co-operatives, and most people who formed co-operatives did not fully understand what they are and how they function. With this said, co-operatives end up being a top-down approach instead of being a bottom-up initiative voluntarily formed by impoverished and unemployed individuals.

Some co-operatives had dedicated members with clear intentions, and they even have set goals to achieve in the coming years. While others are mainly dependent on government support because since the idea of this strategy. When funding runs out, members tend to lose hope on the organisation. One participant stated the following:

Honestly, I have lost energy, and there is no progress. If we continue with such limited recourses and no funding or any kind of tangible assistance coming from the municipality, I do not think I will be able to continue for any longer. (Phezukhono3, 2020).

Phezukhono3 revealed that they had lost the passion for participating in the organisations since the municipality no longer funds them. This finding reveals that there is huge dependency of members on government funding, and once the funding depletes, members lose hope on the organisation. The main aim of determining the attitude and ability of the individuals to engage in agricultural co-operative was to decide if the failure of co-operatives cause a significant contribution to the local economy is due to member's inability to participate, or due to any other factors. Instead of natural development, which is gradual and allows members to gain experience by increasing their co-operative, a dependence syndrome sets in and leads to members being demotivated when no further external assistance is obtained.

4.4 Use of local resources to sustain livelihoods

It is essential to note that most people participate in co-operatives to sustain their lives. Therefore, this theme further assesses the capacity to which these agricultural co-operatives can enhance its member's livelihood. Many people who join a co-operative do not have any formal employment but being part of this venture makes them feel entitled to a sense of employment. Significant community economic development is only achieved when community members are committed to dedicating themselves and their resources to their development (Fuimaono, 2012). Which is why this study explored the extent to which the available resource in Waterloo township can propel and maintain the economic access of members of co-operatives.

4.4.1 Availability and use of resources

One of the questions that this study poses is to understand how agricultural co-operatives in Waterloo make use of available resources to enhance their contribution to local economic development. From the findings, it was noted that all co-operatives use resources, such as human, financial, physical, natural, and social resources, in more or less the same way. They all make use of these selected resources based on their availability. The conceptual framework underpinning the study focuses on the identification and use of the strengths, gifts, talents, and assets that communities can mobilise for sustainable development (Majee

and Hoyt, 2011). Therefore, this emphasises the significance in the use of resources by co-operatives. Below is the table which shows which of the resources each of the co-operative use.

Table 4.3: Use of resource in Waterloo agricultural co-operative.

Resources	Agricultural Cooperatives				
	Abaphumeleli	Mangothobane	Phezukomkho no	Washoke	Yiba Nobuhle
Natural	x	x	x	X	x
Physical					
Social	x	x	x	X	x
Financial					
Human	x	x	x	X	x

It was evident that all agricultural co-operatives in Waterloo had already identified available resources as demonstrated. The above table show available resources that agricultural co-operative makes use of. From this table, it can be said that these co-operatives have limited resources since they all use mainly natural, social, and human resources. However, the use of resources varies per co-operative, and this affects their potential impact on the local economy of the township. It can also be argued that while they use these resources, they are denied full potential to use the resources such as financial and physical resources. Therefore, they are sometimes forced to outsource since some of the essential resources are not available in their community.

4.4.1.1. Human

According to Sachs (2005), this involves the investment to human well-being like health, education, skills, and literacy. Good health is required for an individual to be economically sustainable. In this study, this asset is referring to the skills and talents that community

members have, which the co-operative can use. In all the agricultural co-operatives, farmers use their knowledge and capabilities to carry out the day-to-day functions in the fields.

'Additional to the members we have, we also employ and seek assistance to passionate and successful individual farmers here in Waterloo'
(Abaphumeleli, 2020)

Abaphumeleli stated that they employ passionate farmers to join their co-operative. Additionally, two (Washoke and Abaphumeleli) co-operatives mentioned that they try to employ people from the community who have particular expertise in the fields to assist them since some of their members are not that active. Another participant stated the following:

'we also a young member who is a natural science student, even though he is not around all the time as he stays in school, but he is always willing to help with the knowledge he has in the agricultural field.'
(Mangothobane02, 2020)

Mangothobane02 highlighted that they have one member who was a student at the University of Zululand; they relied on his expert knowledge to guide them. Additionally, they use experts in the respective agricultural field.

4.4.1.2. Natural Asset

According to the data collected and observation made by the researcher, this is one of the essential assets that agricultural co-operative cannot exist without. For an agricultural co-operative to be established, at least a plot of land as a prerequisite is significant. While these resources are natural, it can be very scarce and limited to gain access to them. Therefore, co-operative in Waterloo are strategically located along the main river, which has turned out to be their primary water source. One participant stated the following:

'These trees help us a lot when it is raining by preventing our crop from being washed down, but sometimes in the dry season, they consume a lot of water, causing our crop to dry' (Yiba Nobuhle 2020).

Yiba Nobuhle highlighted that even though these resources are helpful, they sometimes pose a threat to their products because it destroys their produce by using excessive water that was supposed to be consumed by crops.

All co-operatives in Waterloo practised organic farming. Meaning that they do not use any chemical fertilizers, they use indigenous fertilization methods such as cow dung and

vegetable peels and waste as manure. In that way, their land requires extra effort to be kept fertile all the time. Moreover, the land these organisations use belonged to the community, and a ward councillor permitted all co-operatives to utilise the land. One participant stated the following:

'In this co-op, we were given four hectares of land while we have a minimal membership...' (Abaphumeleli 00, 2020).

The Abaphumeleli co-op had one of the most massive lands of all the co-operatives, and they mentioned that it was too much for them since they have a small number of members. As a result, not all the land provided is utilised to maximise production yield due to a few members working the land.

4.4.1.3. Social Capital

Musakwa (2009) sees social capital as values and norms within a community that allows people to connect and network with each other. Knowledge is obtained across networks, and it is through linking that the community will participate in collective action. It was crucial to creating trust through interaction, which was fundamental to success for every project. Co-operatives in Waterloo practised networking as a means of enhancing their contribution to the community. They made use of existing networks they have with people in their daily life, e.g., church, stokvel, society groups, and other social groups. These networks are significant, as they further extend their market opportunities. Also, people from these interactions have become their target market.

'...we sell to our neighbours and sometimes to people from church request to buy our products and ladies from our stokvel support' (Washoke 02, 2020)

Washoke 02 stated that their co-operative sells their products to local communities such as churches and stokvels. By discovering these networks, they can withstand market-related challenges. Another participant stated the following:

'During the Wednesdays in Umhlanga Framers market, we partner with Phezukomkhono because they have good spinach and carrot, we go with them to sell on our slot in the market.' (Washoke 01, 2020).

Washoke 01 revealed that their organisation partners with another co-operative to sell products at a local farmers market. From the findings, only Phezukomkhono and Washoke co-operatives mentioned that they have a relationship, they pool together their produce on

certain market days to be able to sell in bulk, this has assisted them to be competitive in the market. Since some of these co-operatives specialise in different products, the market requires them to sell a variety of products. Therefore, they partner with other co-operatives to maximise their income.

4.5. The impact of the co-operative

The study sought to measure the impact made by agricultural co-operatives on Waterloo's local economy. Hence, it was necessary to evaluate changes in the number of formal and informal economic activities undertaken by the co-operatives. For example, they measured the use of funds as a result of purchasing goods and paying for services outside of Waterloo. The findings have shown that various factors determined the extent to which co-operatives affect one's life. These factors include the contribution to the economy, contribution to one's livelihood, and how co-operatives use local resources.

4.5.1. Impact on the local economy

To address the objective of this study, which is to find out the impact made by co-operatives in Waterloo, participants were asked about the extent to which the money they make within the co-operative contributes to the member's lives as a collective. However, the most crucial point here is to find out whether this money contributes to the community. As it has been argued by Moloto (2012), the economic contribution of co-operatives is not measured by the amount of money that they generate instead of the amount that they use for the benefit of the community. From the results, it shows that the money that these co-operatives make contribute both in and outside the community. It was noted that in some months, co-operatives find it hard to generate income for themselves since many factors determine their product; therefore, the member was asked to respond to the question of their monthly generation based on productive months.

Table 4.4: Monthly income generated

Agricultural co-operative	Estimated average monthly turnover
Abaphumeleli	> R1 000
Mangothobane	> R800
Phezukomkhono	> R1 200
Washoke	> R1 500
Yiba Nobuhle	> R1 500

Table 4.4 provides the average income generated by the sampled agricultural co-operatives in Waterloo. Washoke and Yiba Nobuhle have the highest average monthly income of above R1 500, while Mangothobane has the least average monthly income of more than R800. Therefore, this shows that their chances of contributing to the local economy are very minimal. Judging from the amount these co-operatives make in a productive month, Yiba Nobuhle co-operative mentioned that it is only used for the essentials required in that month, and the rest is saved.

'Before we deposit each month, we keep an amount that will sustain us for a month this money buys essential things like seeds, manure and other emergency needs of the co-operative, all remaining cash goes to our savings account' (Yiba Nobuhle 2020).

This finding generally indicated that these co-operatives have a limited economic contribution to members. The cooperatives do not generate much money, and the income does not lead to a profit. The money that is generated is often used to buy essentials.

4.5.2. Impact on the member's livelihood

As denoted from the first chapter, sustaining livelihoods in co-operatives is one of the fundamental reasons for members to embark on a co-operative journey. The establishment of co-operative opportunities is to allow for the improvement of livelihoods for communities. Moreover, this study has highlighted that co-operatives are a useful tool for communities to

exert ownership over their economic livelihoods. The impact made by agricultural co-operatives in /member's lives in this study is measured by the extent to which it provides some form of income, food for families in Waterloo as well as space and time for members to socialise.

From the onset, it should be acknowledged that the sampled agricultural co-operatives do create self-employment for its members and sometimes temporary employment for people in the community. As most, if not all of the members do not have any formal employment, these co-operatives provide some form of employment. However, this employment does not offer salary rather some benefits, which in turn play a vital role in sustaining their household's livelihoods. Of the five co-ops, only Abaphumeli, Mangothobane, Washoke co-operatives mentioned that they provide temporary employment opportunities for some people in the community who have interest and knowledge in the farming field.

'...we occasionally employ people from the community, and we pay them R60 an hour they spend in the garden' (Mangothobane02, 2020).

'We have also noticed that providing employment to people of our community plays a huge role in the lives; therefore, we try by all means to open opportunities to them' (Abaphumeleli, 2020).

Since these people are unemployed, they are, therefore, depend on this temporary job offered by these co-operatives to sustain their living. Over and above that, these people are allowed to take some extra produce so that they can feed themselves and their families.

'Sometimes, if we have more than enough, we also allow them to take some veggies home to eat with their families' (Washoke02, 2020).

The question of whether youth benefit through this employment was probed in the interviews. It was noted that the creation of job opportunities for the youth remains a challenge for the agricultural co-operatives in Waterloo since most of the people who are members of the co-operatives and those that are offered temporary employment are above the youth bracket.

'Even if when we want to involve them, they just do not want to work, they know farming is labour intensive, so they are not willing' (Mangothobane01, 2020)

'...you know I sometimes invite young people from my church to join us, but they never come they would say things like they don't think it's suitable for

them' (Washoke01, 2020)

From these findings, it shows that youth from this township are hesitant to join co-operatives in agriculture. The co-operatives acknowledge that the work is often labour intensive and may not attract the youth. Hence, young people often do not benefit from these local co-operatives because of their lack of interest in the field of agriculture.

4.5.2.1. Household livelihoods

Members were asked whether they take any produce home to measure the contribution of co-operative at the household level, all interviewed members answered in the affirmative to this question, and findings show that they support more than two people per family.

'first of all, we have taken an initiative of identifying families that are struggling financially and voluntarily providing them with any available products in the garden maybe three times a week' (Yiba Nobuhle 00, 2020).

Yiba Nobuhle co-op highlighted that they go beyond providing their family members, but they also help those who cannot afford to feed themselves. This finding showed the impact co-operatives had on improving the livelihoods of households through the donation of surplus products. Moreover, the impact of co-operatives in improving the socio-economic status of members was also examined. Members were asked if they feel their participation in this venture in any way improved their socio-economic status. Most of the participants mentioned that ever since they joined, they are no longer purchasing vegetables from the supermarket. In that way, they saved money since members buy products at discounted prices.

'The money I spend buying vegetables from Spar is reduced because some of the vegetables are available to us, and we buy at discounted prices since we are members'. (Phezukomkhono 04, 2020)

'It keeps me healthy because it is like I am exercising every time I go to the field. I also eat fresh produce from the garden. Above all, in all, I just like socialising and working with other women' (Phezukomkhono 01, 2020).

On the other hand, some participants have acknowledged the impact it has on their health and social life. This shows that though there was a limited economic contribution, these co-operatives, to some extent, have contributed to the personal lives of the members.

4.5.2.2. Impact on the overall community livelihoods

The ICA (2005) identifies 'concern for the community' as one of the seven fundamental principles governing the co-operatives, stating that every co-operative should have an impact on the community in which they are located, or they are serving. This study aimed to interrogate the extent to which these agricultural co-operatives contribute to household livelihoods and the LED of Waterloo township. Thus far, the analysis above has demonstrated that agricultural co-operative in this township does, in some way, contribute to the household livelihood; however, their contribution to the local economy is limited.

When participants were asked how do they think the community benefit from the existence of their co-operative, the majority mentioned the impact it has on people's livelihoods rather than the economic impact on the community. However, few members openly acknowledge that their co-operatives are not as productive as they are supposed to be, and their contribution to the economy was limited.

'I am not really sure hey, even though we sell to them and employ two people from the community, I think our contribution to the economy of Waterloo is not enough'. (Washoke 01, 2020).

Washoke 02 stated that their contribution to the economy was limited, even though their co-operative employed two members from the community. Nonetheless, the employment opportunities provided by these co-operatives will in the long-term improve the household livelihoods.

4.6. Factors that impede the contribution to the LED

4.6.1. Challenges that affect the contribution of the co-operatives to the LED

There are challenges at the grass-roots level that need to be dealt with before assessing the impact of the co-operative in a wider context. These impediments directly affect the performance of the agricultural co-operatives in South Africa. Some challenges are beyond the co-op itself instead they are triggered by the social, economic and environmental conditions.

Agricultural co-operatives in Waterloo.

The effort put in by the members tend to continue to outweigh the prospects achieved. As transpired in chapter two, challenges that affect the contribution of agricultural co-operatives are both caused by internal and external factors, indeed in Waterloo, agricultural co-operative encounter similar challenges. Those that are classified as internal are those that are driven by

factors within the co-operative. They are usually influenced by individuals. Furthermore, external challenges are those who are influenced by factors outside the co-operative environment. In most cases, these challenges cannot be avoided by the co-operative, and they have little or no control over them.

Internal Challenges

a) Lack of commitment

Members invest their effort and resources to make the co-operative work; members possess different resources, and their willingness to invest relies on their commitment (Coke, 2005). The willingness to voluntarily commit to a co-operative was perceived to be one of the challenges. A question of commitment was posed to participants to find out the level of dedication that members have towards the co-operative. Some members did commit and also understood the challenges that came with that commitment.

'I think if you choose to be a farmer, you need to be very committed, and you must be willing to face all the hard times and good times.' (Washoke01, 2020).

On the other hand, it was reported that some members do not come to the fields regularly but expect to get an equal share with other members who have been involved in the process from the start. According to Gadzikwe et al. (2007), such members are called "free-riders," and they may influence the success of a co-operative. Based on the above findings, it can be said that people tend to see co-operatives as a simple way of access funds without having put in hard work for it.

'This sector does not entertain laziness; some members come once a week but still expect a good harvest' (Mangothobene01, 2020).

'While we work on the same idea, some members do not equally contribute which affects us a lot' (Phezukomkhono 04, 2020).

A co-operative must equally share in the benefits achieved, but, in this case, where members do not contribute equally to these outcomes, it becomes a challenge. If these committed members become frustrated, the potential impact made by the co-operatives is in jeopardy. The members of the Mangothobane Co-operative indicated that although they were passionate about farming, the common concept was not crucial to the success of the co-operatives.

b) Knowledge

Productive co-operatives are well aware of market prospects, skills needed to grow their businesses, where and how to learn those skills, government bodies and other funding agencies and their funding criteria, stakeholders involved in their co-operatives, and their positions and responsibilities. Government departments play different roles, including promoting and supporting co-operatives; it is necessary for all co-operatives to know them so that they will be successful. This has been pointed out as a challenge in one of the co-operatives who mentioned that they do not have this information.

'I think we have limited information; we don't know relevant channels to seek assistance'. (Washoke01, 2020)

'...sometime we when we started we even struggle to find a contact person when we are face with issues' (Yiba Nobuhle 03, 2020).

Insufficient information and knowledge of how co-operative work has been noted as a challenge in member's responses. From the findings, it is clear that members have little or no idea of how a co-operative should be operated. For co-operatives to thrive, they should have equitable access to information for funding, skills development, and markets.

'I think we have limited information of how this formation is operated because I always hear those other co-operatives like the one at KwaMashu change and elects its management every year, but to us, it has always been one person as a director all along, and we do not know how to approach that'. (Phezukomkhono02, 2020)

Phezukomkhono02 stated that unlike other co-operatives who elect management annually, their organisation had had the same management. This challenge shows that such co-operatives do not have a binding constitution that they adhere to as well as stipulated regulations of members. Lack of understanding of this business model and co-operative principles, as well as its expectations, is a recipe for failure.

c) *Lack of mutual trust*

When members do not trust one another, it becomes a challenge, but most of all it breaks the co-operative principle. Co-operatives like Phezukomkhono and Mangothobane mentioned that there were some cases where members were not trustworthy with funds. It is for these reasons that the Phezukomkhono co-operative have decided to take some of their products and sell them individually.

'...we have decided to divide and sell some of our products like maize mills individually to avoid grievances concerning profit' (Phezukomkhono01, 2020)

'When we make contributions, some members think that we use the money for our personal gains since they do not see the returns and I receive many questions regarding the funds of the co-operative' (Mangothobane01, 2020)

Dividing and selling products individually defeated the whole purpose of being in a co-operative. Moreover, it is often argued that when members do not trust the co-operative or do not view it as a sustainable venture that will help them increase their wealth in the long run, they tend to have a strong desire to acquire capital and other benefits as quickly as possible. In this case, some members are more eager for financial gains hence they do not trust those who are responsible for finances in the co-operative.

External Factors

a) Lack of Farming Equipment

Lack of vital farming resources prohibits farmers from increasing production to meet market demands. Production demand is rising, but the resources available to farmers are insufficient. It was discovered that most of these agricultural co-operatives have limited ownership of farming equipment, such as tractors and other essential farming tools; this often delays the farming process. Washoke and Mangothobane reported that in Waterloo they were only provided with one tractor by the Radical Agrarian Socio-Economic Transformation programme (RASET), which they share with other co-operatives in three other townships.

...' we also lack some core resources or farming equipment...We do not have a tractor in Waterloo. We all use one tractor provided by the municipality occasionally because all the co-operatives share it in the three surrounding townships' (Washoke01, 2020). They sometimes found it difficult even to get this tractor, as some members indicated that they have tried to request the tractor on several occasions. Still, they have failed and decided to hire a tractor from the local businesses.

'...we just hire the tractor from the Maza hardware since the one provided by RASET seems to be only provided to their favourites co-ops in other townships.' (Mangothobane02, 2020).

'the RASET people sometimes do not share the tractor with us, we always ask if specific resources belong to certain co-operatives, we never get answers'. (Yiba Nobuhle03, 2020)

This finding also calls for the programme evaluators to monitor the resources provided to be equally accessible to all co-operatives.

b) *Limited of storage facilities*

Lack of storage facilities was a limitation highlighted by Yiba Nobuhle and Phezukomkhono co-operatives. Produce also perishes due to inadequate storage before it reaches the market; as a result, co-operative suffer losses. Furthermore, losses due to storage limitations also arise when the items intended for sale to members of the community are not purchased and need to be stored. Some participants provided the following narratives:

'We also need a storeroom or a cold room to store the produce that is awaiting sale at the market because it gets rotten when it is not in a cool temperature' (Yiba Nobuhle00, 2020).

Sometimes when we have spinach that is left from the Monday market days in Verulam, we are forced to take it with us because it will get rotten, and we find ourselves harvesting another batch for Umhlanga Wednesday market. (Phezukomkhono01, 2020)

Both Yiba Nobuhle and Phezukomkhono stated that their products get rotten because co-operatives do not have cold storage facilities. As a result, these co-operatives found themselves working on a loss because some products lose quality and have to be discarded. Their targeted profit may not be reached under these circumstances.

c) *Transportation*

Some co-operatives have mentioned a challenge in affording transportation costs when they need to take their produce to the market. Formal markets are often located kilometres away from the township (in the village or cities). Co-operatives such as Yiba Nobuhle, Phezukomkhono, and Washoke, who attend the Wednesday's market in uMhlanga and market days in Verulam find it challenging to afford to transport their produce every week.

'The main problem is that the cost of transporting our products to the market every Monday is very high, not even to mention the one on Wednesday in uMhlanga – the farmers market' (Phezukomkhono01, 2020).

Again these costs made it difficult for the co-operatives to generate a sustainable income for themselves hence making a profound economic contribution to the community.

d) Theft

Theft of crops and irrigation pipes in the three co-operatives (Phezukomkhono, Wahoke, and Yiba Nobuhle) was found to be a cause of slow production, in turn, respondents noted that this forces them to do the same thing over again, therefore, leading to little or no progress in their endeavours. Theft of irrigation pipes has been a vast constrain for Phezukomkhono, and it has caused their water source to be inconsistent because they use traditional ways of watering plants, which are often insufficient for crops.

'I think what is causing underproduction is insufficient water. One of our irrigation pipes was stolen, and we are left with the one without a cap, and it is not working very well; therefore, water is not pumped efficiently from the river. This affects our contribution to the economy of the co-operative' (Phezukomkhono 01, 2020).

Theft of crops by those who do not want to plant on their own and are not prepared to purchase products in the open market poses a big challenge for the co-operative members. Yiba Nobuhle highlighted that despite the Municipality sponsorship of fencing to protect their crops, theft remains a challenge.

'The challenge we have is theft of our products, even if it was fenced, they still cut the fence and steal our produce in that we do not have enough to sell and to feed ourselves' (Yiba Nobhle, 2020).

e) Animals

Since these co-operatives are organic farmers, wild and domestic animals, including birds like guinea fowl, are a problem to Abaphumeleli co-operative. These animals may pose a massive threat to their products since they destroy their crops, which are usually ready to be sold. Therefore many customers are lost due to underproduction when it is the season for these animals. According to the respondents, the monkeys also posed a menace to production. To protect against the monkeys the co-operatives need a net which they could not afford.

'I think what is also crucial for them to assist us with protective nets to protect our crops because sometimes we plant vegetables such as maise, cabbage, and spinach, they are eaten by pests or animals and monkeys'. (Abaphumeleli 00,

2020).

This challenge significantly affected their level of production hence determined the amount of produce needed to be taken to the market. It also caused the co-operative to become uncompetitive in the market since it was forced to sell the produce left from these animals.

f) Limited support

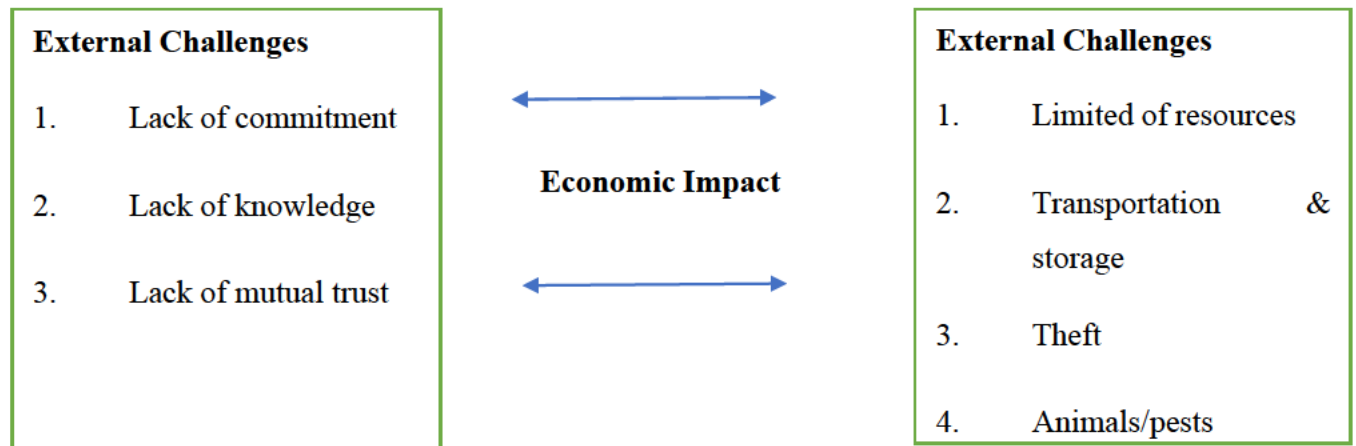
Emerging agricultural cooperatives require financial assistance in order to sustain their development. Assistance may be provided in the form of infrastructure, assets, training, mentoring, start-up capital, incentives and cash or services. Assisting in some or all of the above ways would help them to develop into self-sustainable co-operatives. It is more reasonable to assist cooperatives which have already begun and thus have an agenda or a sense of mission. Only three out of the five co-operative pointed out that they have been assisted by the one or two government stakeholders. However, the assistance remains insufficient since it does not meet the financial needs of the co-operatives.

'...they once helped us with farming equipment's at the start but that was long time ago' (Mangothobane 02, 2020).

'though we have received training from SEDA unit it is still not enough because it was a one-day training after that we never saw them again' (Pheukomkhono 01, 2020).

The programme initiators do not evaluate to check if the training was sufficient for these co-operatives and if members were well equipped to run their co-operative or whether further training is required to ensure the potential success. While these co-operatives have been supported in a variety of ways, however, due to the level of this assistance it has proven that it cannot render them better skills to conduct a more successful co-operative venture. Results have shown that these co-operatives can only sell to a few people who are members of the community, and they support their families. Nevertheless, the assistance has proved to be insufficient because members of these agricultural co-operatives still lack basic necessary skills to operate in a co-operative business.

Figure 4.1: Summary of Challenges



4.7. Market access factors

As mentioned in the literature review section, members of farmer co-operatives tend to benefit from collective selling, and enhanced buying power in the market makes them outweigh the competition from the other individual farmers. Therefore, it is significant to evaluate whether these advantages have been utilised adequately. Smallholder farmer joins a co-operative venture to become more active on the market, because selling as a collective give farmers advantage over those who are selling individually. However, co-operatives in townships have demonstrated to face significant challenges with accessing these markets. In any business form, market is one of the fundamental components to conduct sales

All five co-operatives used direct marketing strategies such as selling to neighbours and surrounding creches to attract and sell their produce. Therefore, often they are directly required to travel to their customers (markets).

'We have also discovered a reliable market here in Waterloo, and we sell for a creche next to my house. They always buy from us so that they provide nutritious food for children' (Yiba Nobuhle, 2020).

All co-operatives have been noted to have had a similar issue concerning market access, and farmers reported that they had limited formal markets, and they believe that this could be the only way they would contribute to the economy of Waterloo. Three co-operatives have

approached a local supermarket (Spar). Still, they mentioned that the proposal was rejected on the basis that they do not produce in large quantity and their products are not always up to a good standard.

'In terms of accessing formal markets, our local Spar does not want to buy produce from us because we produce small portions. Therefore, we do not have a reliable customer which we will supply to'. (Phezukomkhon 2020)

Abaphumeleli co-operative's primary market is community members. Yiba Nobuhle and Mangothobane co-operatives sell in the formal markets in Verulam and Phoenix. Currently, Phezukomkhono and Washoke co-operative sells what is on demand by the market, and therefore they have mastered the tricks of avoiding losses. However, Phezukomkhono as mentioned in the challenges section above, due to members not trusting each other, they sometimes divided the product and allowed each member to sell their portion, which limit their success in markets.

4.8. Summary

This chapter presented the main findings from the interviews. A total of five themes emerged from this study. Factors affecting the co-operatives to bring about income stability were investigated. It was found that strategies used by co-operatives are affected by the daily activities of the co-operative itself and the community. It should be noted that these factors determine the extent to which these agricultural co-operatives would contribute to the livelihood of its members and the local economy of the township. The purpose of this study was to assess the contribution of agricultural co-operatives to the local economic development of Waterloo. Therefore, views gathered from the in-depth interviews indicate that these agricultural co-operatives have limited impact on the economy of this township. However, they do contribute to the member's livelihoods. Moreover, it was discovered that there are challenges which are peculiar to all agricultural co-operatives; however, some are more acute for some co-operative, and they hinder the contribution of these co-operatives to the local economy.

CHAPTER 5: CONCLUSION

5.1 Introduction

The primary aim for this study was to interrogate how agricultural co-operatives utilise local resources to enhance the local economic development using Waterloo Township as a reference point. Interestingly, agricultural co-operatives are perceived to be part of strategy to enhance local economy. Thus, this study seeks assist policymakers in developing a most appropriate strategy to make agricultural co-operatives more effective in the process of achieving job creation, contributing to the township economy and eventually contribute to the country's economic growth. The following discussion is aligned with the study's aims, which was to critically explore the role of agricultural co-operative in improving local economic development in the eThekweni Metropolitan municipality. This chapter will provide a detailed discussion of the findings, recommendations, and conclusion of the study. So far, this study has reached its milestone, and analysis of whether the set objectives of the study were met is necessary. To complete this chapter, first, there will be a discussion of the overall findings of this study, a section of recommendations, and, finally, a conclusion.

5.2 Discussion

The focus of this study was to investigate agricultural co-operatives that are located in a Township, one of the fundamental reasons this was done is to discover the relationship that exists between the township economy and the LED thus finding out how agricultural co-operatives contribute to the programme. Co-operatives. All five co-operatives carry out a wide range of operations, which include the production, distribution, and transportation of their goods. The goals of the co-operatives are similar to those set by the South African government for the co-operatives, however, there is still much yet to be done to achieve these goals. The findings of this study are consistent with the existing literature on agricultural co-operative's contribution to the local economy. The majority of participants mentioned lack access to market and insufficient resources as underlying factors that has limited the contribution of their co-operatives to the local economy and household livelihoods. Similar factors were found in a study conducted in Limpopo by Moloto (2012) where the findings of the study showed that most of the agricultural co-operatives that had shortage of resources had minimal success. Shiferaw et al. (2011) observed that market accessibility for farmers is vital for their success. It remains a challenge for many farmers in Sub-Saharan Africa. The

study's findings support this argument. From these findings, several responses have emerged through the use of primary and secondary data, which have shown that the agricultural co-operatives in Waterloo are not performing well and, as such, do not have a positive impact on the LED. This is due to the internal and external challenges identified by participants.

The study found that the limited contribution made by co-operatives in the LED of Waterloo township was due to a lack of interest and willingness to participate in agricultural activities amongst some members. The findings show that these members are joining the agricultural co-operative with the expectations of obtaining funding and other farmer benefits, which is not good in terms of willingness to participate. They are often easily discouraged to continue when their expectations are not met or when challenges outweigh the benefits. However, findings further show that in these agricultural co-operatives, there are members whose attitudes are positive, and despite the obstacles, these members are willing to continue being part of this venture. The motive of joining a co-operative usually determines the effort members will contribute, therefore it appeared that members who joined because they wanted to get 'easy money' were the ones who did not contribute as much effort as those who participated purely for agricultural benefits. This has caused a problem for those who were committed to the co-operatives since they felt like the rewards earned benefited the 'free-rider' members.

Scholars have expressed that the use of local resources has long been recommended as catalyst to emancipate communities from poor economic status (Majee and Hoyt, 2011). This study explored the significance of availability and the use of local resources in the community where these co-operatives operate. It was discovered that in Waterloo, there are minimal resources that are available for these co-operatives to use. However, they do make a significant impact on an operational basis. The substantial resources that were used were human, natural, and social. The importance of using natural resources like land and water was core to their operation; however, further findings demonstrated that this is impossible without the use of human capabilities. Results showed that the use of networks from other social relationships (churches, neighbours, society groups, etc.) seemed to contribute to these co-operatives. As reiterated by Musakwa (2009) that it is through networks that knowledge and information are made accessible and through links that society can engage in collective actions such as a co-operative programme to tackle socio-economic issues. Furthermore, findings revealed that through these networks, co-operatives could establish a market and create strong relationships with their customers.

It is widely known that if co-operatives have limited resources, they tend to underperform or fail. It is also important to point out that the extent to which members of the co-operative are presented with relevant knowledge and skills affects their overall performance. Hence, this study's findings have complimented these arguments because few training programs have been offered to co-operatives in Waterloo and therefore, they do not perform as well as anticipated. The results further show that the studied co-operatives lack significant technical and business skills. This study supports the assertion made by the ABCD approach that local resources are core elements necessary for creating sustainable development within the community (Fuimaono, 2012). At the same time, the SLA shows that the livelihood outcomes are determinants of successful approaches, which in this case may be an increase in income for agricultural co-operatives.

The suitability of the sustainable livelihood framework in this study is linked with co-operatives ability to use different networks and structures to enhance member's livelihoods. The transforming structure in the framework shows the impact that organisations, such as government, the business sector, or traditional officials, have in improving or destroying the significance of livelihood resources as they create and enforce policies and cultural norms. Therefore, the study findings indicate that both the agricultural co-operatives and the sustainable livelihood framework are entrenched in values that are based on economic development which is also part of the South African development strategy.

Zeuli and Cropp (2004) argue that co-operatives in the agricultural sector also play a role in protecting local natural resources since they rely on them; they do not over-exploit them, thus the local ecosystem is maintained. This was evident in co-operatives that used water from the river; they ensured that their river is clean and in cases where sewage (burst pipes) is disposed it was redirected and prevented from being on the part of the river where they collect water for their crops. Co-operatives are an empowering platform for people to fully exploit the resources of their community, minimize poverty, create jobs, and increase household income (Kasabov, 2016; Nel and Rogerson, 2005). It is in this sense that this study explored the use of local resources to assess their contribution to the LED of Waterloo

township. Furthermore, the triple challenge (poverty, unemployment, and inequality) has led to the implementation of co-operatives in the eThekweni metropolitan as a LED strategy.

It should be emphasised that the core objective of an LED strategy is to alleviate poverty and generate employment opportunities; therefore, this study used these indicators to assess the effectiveness of agricultural co-operatives (as an LED strategy) towards achieving a significant contribution to the LED. Agricultural co-operatives in Waterloo have demonstrated a potential to enhance the standard of living for many households if only co-operative's policies and values are correctly implemented, and lessons learned from other productive co-operatives for the survival of their co-operatives. Many studies suggest that if co-operatives are appropriately managed and operated, they are seized to make a more significant impact on the member's socio-economic status (Bandymbona, 2013; Xaba et al., 2018). In discussing the impact made by these co-operatives, this discussion, therefore, focuses on how these co-operatives help the populace of Waterloo to improve their standard of living.

In the results presented in the previous chapter, it was reported that the impact made by these co-operatives is not only economic but also significant in the social lifestyle. The findings of this study pointed out that being a co-operative member contributes to living a healthy lifestyle and building positive relationships. The results further showed that the members who are above the age 60 use agricultural practice as a way of keeping themselves active, so instead of sitting at home the whole day they spend most of their time in the garden. Though several authors stress the participation of youth in this venture (Gala, 2013; Bandymbona, 2013), this study revealed the importance of agricultural co-operatives for members who fall in the elderly age-group. Moreover, these results are contradictory to Khanyane (2009), in which he highlights that the South African co-operatives were previously left to be run by elderly people, since this continues to be the case, they remain untenable.

One of the themes that emerged from the analysis was household livelihoods, Shiferaw (2011) notes that the benefits of collective action should be distributed equally among participants, and thus contribute to the households of individuals. The results presented are in line with this argument since all the participants (members of the co-operative) indicated that they support their families with produce from the co-operatives. Moreover, in all co-operatives examined in this study, it was found that they do not pay their members' salaries,

this means that the economic contribution made by their co-operative is limited, however, they do save some money that is intended to buy vegetables since they get these at no cost or discounted prices in their respective co-operatives, this may be an economic contribution which concurrently makes a significant contribution to their livelihood.

The implementation of co-operatives in South Africa realises LED efforts by generating employment and sustaining people's livelihood in marginalised regions (Luvienne et al., 2010). While the co-operatives programme should be commended for its attempts to create employment opportunities, it is still insufficient. The findings showed that even though the studied co-operatives are creating jobs for their members, they always find it difficult to extend those opportunities to the rest of the community.

Over and above, what seem to be a problem is the fact that agricultural co-operatives were introduced by government as a programme of poverty alleviation and employment generation strategy. It has been expected to yield positive results and so far, it has not lived up to the expectation of employment creation for the communities that they are located. Of all the five co-operatives, only two reported that they provide seasonal work to random community members. One can conclude that the economic contribution to the community of Waterloo made by these co-operatives is limited. These findings are consistent with previous research that small agricultural co-operatives tend to have a limited contribution towards creating employment opportunities due to many constraints. However, Shava and Hofisi (2019) assert that since co-operatives in South Africa are promoted by the local government, they are effectively used as drivers for economic growth, which municipalities adopt to promote innovation and generate employment. The findings of this study maintain that the goal set by the government when implementing co-operatives is not yet achieved as far as employment creation is concerned.

The second objective of this study was to examine the prospects and challenges facing agricultural co-operatives, the potential that these co-operatives have to contribute to LED has been discussed in the above paragraphs, it is, therefore, equally important to evaluate the challenges that these co-operative encounters which hinder their potential contribution to the LED. This study notes that there are many challenges faced by agricultural co-operatives in Waterloo, in the presentation of findings, these were categorised as internal and external. Though these challenges are classified in this way, it should be noted that the results of this

study are in line with the findings of other researchers who have previously conducted studies on the challenges affecting the contribution of co-operatives to the LED.

This study noted that internal factors are those arising within the co-operative, which limits their contribution, and these factors remain as challenges to their overall performance. Limited access to relevant information, lack of commitment, and lack of mutual trust were seen to be dominant factors that are internally driven. In the findings, it was clear that there is a complete lack of understanding of the Co-operative Act and the co-operative principles of the International Co-operative Alliance, which serves as a cornerstone for every co-operative practice. As noted in the previous chapter, that failure of co-operatives may be determined by the insufficiency of technical information required to operate a sustainable co-operative, findings show that due to this, they lose out on information like new farming methods and skills that could make farming easier.

It is also important to point out that the degree to which members of the co-operative are equipped with information and skills influences their overall efficiency. On the contrary, and based on the results of this study, only a few training courses have been offered to agricultural co-operatives in Waterloo, and therefore their performance is not of the standard that other co-operatives receive which includes relevant and continuous training. In a study conducted by Gala (2013) on the challenges facing co-operatives, it appeared that lack of knowledge to manage co-operatives resulted in insufficient or poor production as members and workers engage in arguments as well the sense of integrity fades away among members as indicated in the results.

As noted by Ortman and King (2007), lack of education of co-operatives about a co-operative model, its values and principle causes a lack of sustainability. The lack of commitment by some members was emphasised in a study by Xaba et al. (2018), which noted this as one of the significant contributors towards the failure of co-operatives in Mpumalanga. Indeed, the findings of this study were consistent with the literature on this issue. Lack of mutual trust emerged as one of the reasons for the unsustainability of co-operatives, however, Mabunda (2017) notes that this arises as a result of poor management. Likewise, the findings of this study indicated that there is evidence that the management structure of these co-operatives is unregulated, this then causes the members to lose confidence in the management.

This study also revealed a number of external factors which impend the success of these ventures. The foremost concerned the lack of resources, which could play a significant role in

the enhancing the contribution of co-operatives to the LED. The emphasis on lack of infrastructure or facilities that makes the operation of the value chain stable like storage facilities and transportation was noted. Moreover, it was revealed that some co-operatives have a challenge of keeping their farms secured from intruders, which becomes exposed to the wild animals and people of the community who plough without permission. Previous studies have also noted these as impediment, and they are common in most co-operatives. Lastly, there is a significant lack of support, whether financial or psycho-social offered to the agricultural co-operatives in Waterloo, this becomes a challenge to them since the facilitator of the programme is not assisting anymore. These findings are consistent with what is in the literature regarding limited support available to co-operatives and how it constantly creation dependency which becomes problematic for co-operatives at a later stage.

Gala (2013) argues that whatever affects the co-operative members affects the customers; this argument is consistent with this study's findings since it was evident that the lack of critical farming equipment results in low productivity. The polluted water at Phezukomkhono and malfunctioning irrigation system of Washoke co-operative results in low productivity, resulting in customers purchasing produce that is not of good quality. However, the study found that as an alternative, they use the traditional way of watering their crops which sometimes may be highly labour intensive and unaffordable for members. Moreover, storage limitation was another resource required which is not available for all co-operatives, a packing house for sorting and packaging, a cold-room where they store their produce before delivering to the customers or to market for sale. The issue of transportation costs appeared to be a challenge for most co-operatives as they have to hire it every time they are going to the market. This challenge was found to be prominent in a study conducted by Dlamini (2010).

Shava and Hofisi (2019) argue that co-operatives receive little support as LED strategies in the form of funding, skills development, and training, making them merely development projects to improve the lives of people in marginalized communities. This argument is supported by the findings presented by this study, which showed that the studied co-operatives are not provided with essential funding to support their goals. Though some members mentioned the assistance in terms of farming equipment was provided, it appeared that there is no financial assistance provided to co-operatives in Waterloo since their initiation. The findings presented by Shava and Hofisi (2019) showed that a relatively short lifespan in the studied co-operatives was closely connected to insufficient funding. One of the noticeable differences in the results of this study, as compared to existing studies, was the emphasis on the use of available resources. This

study argues that for co-operatives to be productive, they must be able to use all available resources within their communities before seeking assistance from outside the community. This does not, however, intend to ignore the critical aspect of outsourced funding opportunities needed by the co-operatives.

Lack of access to the market has been emphasised in many previous studies (Khumalo 2014; Okem 2016; Shava and Hofisi 2019). These findings are consistent with this study's results, which observed market shortages as a challenge that hinder the success of co-operatives in South Africa. It is argued that small-holder agricultural co-operatives and their location are the key reasons for market limitations (Dlamini, 2010). The findings presented in this study prove this argument otherwise. Even though these agricultural co-operatives are placed in a township where there are economic activities supporting and contributing the township economy, they still struggle to access an adequate market to sustain their business. As mentioned in the previous chapter, all five co-operatives are facing a similar challenge of getting access to a commercial market where they will supply their produce, thus the informal market is used. It is not only challenging to win markets for their goods but also hectic and unpredictable. Most co-operatives find it difficult to obtain regular or formal markets for their produce and are thus confined to local markets. Some of these co-operatives have access to the formal markets in the villages; however, they encounter stiff competition since their production capacity is low.

5.3 Recommendations

It should be mentioned that this study primarily dealt with how the studied co-operatives contributed to the LED measured by employment created, members and community livelihoods secured, therefore, the recommendations presented by this study are primarily focused on enhancing the contribution of agricultural co-operatives to the LED. For co-operatives to be successful and competitive for survival, they need to find viable solutions to address the challenges found by previous studies. Members (participants) of the co-operatives who participated in this study had recommendations about what they believe should be done to deal with these challenges. Therefore, the recommendations presented by this research are

made to encourage progress and sustainability based on the findings discussed above and the reviewed literature of previous studies.

It is suggested that the co-operative programme should be self-driven rather than becoming an imposed idea for community members. People should voluntarily participate in co-operatives as this will minimise the risk of having members who are 'free-riders'. The approach to which co-operatives are introduced to the community has been shown to not work for the government; therefore, a new approach to introduce and teach people about co-operative is necessary for the implementation of effective and sustainable co-operatives. It is suggested that government officials or stakeholders responsible for co-operative developments should consult and give guidance to allow for a fertile environment for co-operative to grow thus allowing community to be owners of their development. Municipality officials' roles should be accommodated to facilitate the programme at the local level, and this will allow natural formation and development of co-operatives rather than a state-driven prescription.

In the previous years, government has always been at the forefront of co-operative development in South Africa, this notion needs to change since it has created a dependency syndrome for existing co-operatives. This study strongly suggests that government should not be involved in initiating co-operatives in communities, the implementation process should entirely include individuals wanting to form a co-operative so that it would be run in their own way. In this case, the role of government would be concentrated in ensuring that they educate communities on how to start a co-operative and provide assistance in that regard. Their role would also be to ensure that co-operatives are informed with new opportunities and are provided with necessary training programmes or workshops. While the eThekweni municipality has a moral obligation to ensure that co-operatives receive state support, this does not give co-operatives an independent and autonomous environment, but instead, they are implemented as part of the state-led growth strategy. Thus, these are not formed in compliance with the member's desires and capacities but rather to fulfil government goals.

The study further suggests that working with the existing structure of co-operation avoids the issue of individualism within co-operatives members. Establishing and formulating structures in communities that serve a common interest can help officials solidify the co-operative environment in townships. Working with these group would be to facilitate and formalise the co-operative structure since these people would have already possess some form of the

grounding principles rather than having people who do not have common interest. For examples structures such as stokvels and community groups that have a track record of working together and achieving common goals, therefore, they create a perfect environment for building co-operatives.

To propel the impact of co-operatives on the LED, a comprehensive training and educative programme is highly necessary. One could draw evidence from Kenyan co-operative movement since they are one of the few countries to offer a tailored university curriculum based on co-operatives education. Thus, this study suggests that co-operative studies curriculum should be introduced in South African higher institutions, for instance, Technical and Vocational Education and Training (TVET) colleges can provide vocational co-operative training in which you are required to satisfactorily complete this training course before becoming a member of a co-operative. This will address the issue of lack of management skills that cause members not to trust each other; it will also enhance the crucial skills like conflict management, collaborative working skills as well as minimising chances of failure. Kenya's experience suggests that the provision of co-operative business model training programs at tertiary institutions has contributed to the number of many successful co-operatives. Therefore, this study emphasises the importance of developing a formal knowledge sharing institution that will transfer an in-depth information on co-operative principles and values.

Moreover, lack of knowledge and skills found in the studied co-operatives has raised awareness of the desperate and immediate need for education and training. These co-operatives are characterised as one of many co-operatives in eThekweni who significantly lack information about how the model works, its values and principles necessary to stimulate their co-operatives into a sustainable and profitable business venture. Therefore, incorporating this model in the education curriculum will not only raise awareness in the community about co-operatives but would reduce lack of understanding and attract more youth since they are the majority group in these institutions.

Co-operatives in Waterloo are encouraged to collaborate; their non-co-operation deprives them of the ability to learn from each other and exchange experiences, expertise, and competences. By pooling resources together, such as purchasing goods, farming equipment, and using the same transport to deliver their produce at the markets a lot of potential could be

unlocked. It could allow them to take advantage of large economies. While skill shortages were emphasised, sharing of skills among neighbouring co-operatives were barely recognized as a challenge by most interviewees, only two co-operatives revealed that they collaborate on some market days, this, however, deprives them a chance to mentor and coach each other since they meet on market days only. Thus, we can conclude that there is no appropriate coaching and mentoring that these co-operatives receive.

This leaves government as the only source of assistance left for co-operatives in Waterloo, which has proven not to be provided efficiently neither sustainable, if this continues, ineffective co-operative will exist thereof government will need to intervene. This study emphasises that government as the only form of assistance will not address all these challenges, and co-operatives are encouraged to use other alternative forms of assistance like approaching the private sector.

The lack of successful supervision and assessment of government services also leads to the township underdevelopment and the failure of co-operatives. The government does not have adequate oversight and evaluation of the co-operative services it provides; therefore, it is suggested that the government strengthen the monitoring and evaluation of the support given to co-operative programmes. In this way, any form of assistance given to co-operatives will be monitored, and this provides the government with the capacity to assess this initiative, which is targeted in helping the marginalised communities. To address the issue of limited resources, participants emphasised and recommended that the stakeholders should assist them with various essential farming resources and should monitor the use of these equipment.

The findings revealed that there is a profound relationship between access to market and overall performance of co-operatives. Failing to access markets may eventually cause an entire agricultural co-operative venture to fail because they live off by selling goods. It is suggested that these co-operatives should target more formal markets, however this will only be effective if the co-operatives address internal and external challenges. Formal markets will require these co-operatives to have a high production capacity and stable management team. One of the reasons for the rejection of the proposal presented to the local Waterloo Spar was that these co-operatives do not produce in large quantities which is often required by this supermarket. However, it is also suggested that government policies should not compromise the support of small business enterprises, there should be regulations in which these big

supermarkets abide by that regulate their operations in local communities or township, for instance, they should buy some local products from local businesses. Furthermore, government programmes such as RASET and SEDA should always assist the co-operative in identifying markets and ensuring that their production meets the quality requirements needed in order to enhance its competitiveness in the market.

Since many white-owned agricultural co-operatives in South Africa have expertise in this area, joint ventures between emerging black-owned co-operatives and their experienced white counterparts should be encouraged to promote transfer of skills while improving market access to existing white-owned enterprises for emerging entrepreneurs. It is interesting to note that agricultural co-operatives in Waterloo Township have been in operation for more than five years. Nevertheless, very little has been achieved, hence the merger of these five small-holder farmer co-operatives within Waterloo township is encouraged as a tactic to enhance socio-economic conditions and sustaining livelihoods of household members.

Unlike most recommendations in previous studies that stress an increase in government support (Moloto, 2012; Gala, 2013; Mabunda, 2017), this study significantly highlights that the approach used to provide assistance should be altered. This does not necessarily suggest that the assistance provided should be cut off rather change the approach to which this is provided. It is also recommended that establishing new policy initiatives for co-operative related stakeholders would help co-operatives rather than create more co-operatives with unskilled, inexperienced, and idle individuals. Government initiatives that aim to support co-operatives should identify existing practices of co-operation within communities this would avoid the top-down approach or imposing the idea of a co-op to members. The co-operative development programme should be evaluated, and government agencies tasked with providing support to co-operatives should go back to the drawing board and use ABDC and SLA frameworks to promote and develop sustainable co-operatives in the future. Future research is necessary to contribute towards the body of literature regarding co-operatives and LED, and there is a strong need for research that addresses explicitly challenges that affect the potential contribution made to the LED.

Conclusion

Notwithstanding the challenges encountered by co-operatives, they remain an essential mechanism for enhancing socio-economic growth for disadvantaged communities and acting

as a strategy for local economic development. This study concludes that agricultural co-operatives in Waterloo has the potential to meaningfully contribute to the LED, however, they are currently hindered by internal and external factors. The critical internal factor found for the limited participation of the Waterloo co-operatives was the lack of willingness to participate. Other internal problems include a lack of mutual trust and inadequate co-operative information. Experiences from other countries have shown that co-operatives can be effective in improving the conditions of the disadvantaged communities with proper support offered to co-operatives.

This study argues that a collapsed state funding and government official's over-involvement in the establishment and functioning of co-operatives remain the prime suspects of failing co-operatives in South Africa. It is therefore plausible to conclude that the support given to co-operatives has been ineffective regardless of the state funds used for this programme. This study further concluded by suggesting that for a co-operative model to attract interested individuals who are involuntarily willing to participate, consciousness raising must be done at a community level with an in-depth understanding to be provided by the higher institutions within the established co-operative training programmes.

Finally, the co-operative movement story and its related tribulations will remain the subject of attention for the government, communities, private sector, and academic researchers as well as donor agencies that see value in helping the country develop a sustainable co-operative sector. This study presents an opportunity for new studies to explore further on agricultural co-operatives based in townships and other local economic development issues. While it is not a panacea to all challenges, the recommended solutions made by this thesis will go a long way in mitigating some of the challenges (either internal or external) that the co-operatives encounter and thus lead to a revived co-operative sector in South Africa. Moreover, it contributes to the generation of knowledge and possibly influences practice in the field of public policy and development programmes.

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APPENDICES

Appendix 1: Interview guide for agricultural cooperative members

The information to be captured from this discussion is strictly confidential and will be used for research purposes by staff and students at the University of KwaZulu-Natal to Assessing the Role of Agricultural Co-operatives in Contributing to the Local Economic Development (LED) in Waterloo township.

Interview guide

A. General Information about the co-operative

1. What is the name of your cooperatives?
2. What is the main focus areas of your agricultural co-operative?
3. How many members in this cooperative?
4. What is the gender and age composition of your cooperative?
5. When and how did you become involved with agricultural cooperatives?
6. What are the objectives of your agricultural co-operative?

B. To identify co-operative's motive for participating in agricultural project

7. In your view, to what extent is the importance of agricultural sector in the district?
8. What drives you to participate in agricultural projects?
9. What do you think are the factors that lead to other farmers withdrawing from agricultural projects?
10. Do you think there is a way any person or stakeholder can contribute to the development of agricultural projects in this district?
11. Are you willing to continue with agricultural projects? Why?

C. Income generation in the cooperative

12. What are the income generating strategies for this cooperative? How did you establish these strategies?
13. How much do you make from these strategies?
14. Do you have a savings account? If yes, how often do you transfer or withdraw from it?
15. What are the factors that impend the generation of the income in your cooperative?

D. The extent to which co-operatives contribute to the Local Economic Development

16. Are you satisfied with the overall performance of your co-operative?
17. How have co-operatives been improving your socio-economic situation?
18. What is needed to enhance socio-economic impact of your co-operative?
19. How much do you make a month from this co-operative?
20. Do you take any produce with you to support home? How many people do you support?
21. Do you think the community of Waterloo benefit from the existence of your cooperative? How?

Appendix 2: Ethical clearance



19 August 2019

Mr Ngqubenhle Mqobi Mbokazi (215008239)
School Of Built Env & Dev Stud
Howard College

Dear Mr Mbokazi,

Protocol reference number: HSSREC/00000200/2019

Project title: Assessing the role of Agricultural Cooperatives in promoting Local Economic Development: The case of Waterloo Township, Kwa-Zulu Natal Province.

Full Approval – Expedited Application

This letter serves to notify you that your application received on 11 June 2019 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid for one year from 19 August 2019.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2–3 months before the expiry date. A close-out report to be submitted when study is finished.

Yours sincerely,



Prof Urmilla Bob
University Dean of Research

/dd

Humanities & Social Sciences Research Ethics Committee
Dr Rosemary Sibanda (Chair)
UKZN Research Ethics Office Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X6001, Urban 4000
Website: <http://research.ukzn.ac.za/Research-Ethics/>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

INSPIRING GREATNESS

Appendix 3: Informed Consent form

UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

APPLICATION FOR ETHICS APPROVAL

INFORMED CONSENT RESOURCE

Information Sheet and Consent to Participate in Research

Date: 06 February 2020

Good morning/day/afternoon/ sawubona. My name is Nqbenhle Mbokazi from University of KwaZulu Natal I am currently enrolled as a Masters student in Development Studies under the School of Built Environment and Development Studies.

You are being invited to consider participating in a study that involves township agricultural cooperatives. The aim and purpose of this research is to analyse the extent to which the agricultural co-operatives in Waterloo township contribute to household livelihoods and to Local Economic Development in eThekweni local municipality. The study is expected to enrol 20 participants, which to be members of the agricultural cooperatives and 5 participants are going to be municipal representatives from the eThekweni Municipality business support unit department. It will involve the in-depth interviews. The duration of your participation if you choose to enrol and remain in the study is expected to be more or less 45 minutes.

We hope that the study will not create direct benefits rather the influence in policy drafting by the government so to enhance the contribution of agricultural cooperatives in the local economy.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number: HSSREC/00000200/2019).

In the event of any problems or concerns/questions you may contact the researcher at 215008239@stu.ukzn.ac.za or +27 74 980 734 or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
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Email: HSSREC@ukzn.ac.za

Participation in this research is voluntary (and that participants may withdraw participation at any point), and in the event of refusal/withdrawal of participation the participants will not incur penalty or loss of treatment or other benefit to which they are normally entitled.

Participants will not be compensated in any way should you choose to participate, and you will not be penalized should you wish to withdraw. However, should a participant wish to withdraw, the researcher would appreciate a notice of withdrawal. This is to maintain efficient organization of interviews. The researcher will terminate a participant from the study if the participant disappears for more than a week without any notice

Please note that all the information that you share during the interview will be kept confidential by the researcher and the research supervisor. Your names and identity will remain confidential, pseudonyms will be used in the research report. The interview transcripts will be stored in secure storage and destroyed after five years.

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CONSENT (Edit as required)

I (Name) have been informed about the study entitled (provide details) by (provide name of researcher/fieldworker).

I understand the purpose and procedures of the study (add these again if appropriate).

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at (provide details).

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

Additional consent, where applicable

I hereby provide consent to:

Audio-record my interview / focus group discussion YES / NO

Video-record my interview / focus group discussion YES / NO

Use of my photographs for research purposes YES / NO

Signature of Participant

Date

Signature of Witness

Date

(Where applicable)

Signature of Translator

Date

(Where applicable)