Creating an Enabling Environment for the Social and Solidarity Economy (SSE) through Public Policies in Durban, South Africa

Related Information

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The City of Durban

or as known in municipal context as

the eThekwini Metropolitan Municipality (eTMM)

eThekwini is derived from the work *itheku* meaning "bay/lagoon". Durban is the third most populous city in South Africa—and the largest city in the province of KwaZulu-Natal (KZN).

MAPS OF COUNTRY, PROVINCES, DISTRICTS AND eTHEKWINI METROPOLITAN MUNICIPALITY

National Government comprising nine Provinces. National Government is responsible for policy while the Provincial Legislature in each of the nine provinces of South Africa are responsible for their own policy strategy. KwaZulu Natal indicated in light pink color (J W Produce n.d.)

Each province is divided into districts. 47 District municipalities representing 278 municipalities. KwaZulu-Natal's district municipalities indicated in orange. Wikimedia (Wikimedia Commons 2016)

Map of KZN with its districts including the metropole of eThekwini indicated in light yellow on the coastline of KZN (KwaZulu-Natal Department of Transport n.d.)

Map of the eThekwini Metropolitan Municipality area: Durban is indicated (KZN Online n.d.)

The SSE in the context of the three levels of government

- **National Government**: Responsible for approving laws and policies by Parliament.

- **Provincial Legislature**: Develop and approve strategies for these laws and policies.

- **Local Government (eTMM or Durban)**: Implementation guidelines for the strategies of the provincial legislature are developed and executed on municipal level

Synergistic relationships on all levels of government together with stakeholders are required and a prerequisite for successful implementation.

Size of the SSE in South Africa

- Active entities are operational while inactive entities are either dormant, did not submit their annual reports or is a "shelf company" (bought by for instance an attorney to be kept in the office until a client want to purchase a company). 30% of non-SSE companies are active while 80% of SSEOs are active

- Accordingly, the focus is on ACTIVE SSEOs and ACTIVE non-SSEOs for purposes of analysis.

- The SSE sector, in terms of fuctional entities is much larger than estimated.

- Therefore, the SSEOs represents **17%** of the total of all **active** registered entities in both sectors while the remaining 83% represents the non-SSEOs.

Policies and Institutions

- The eTMM's main approach capitalize and synergize existing policies, frameworks and acts. Through the Cooperative Development Plan the eTTM empowered workstreams such as grass-cutting to become cooperatives with contracts through the Preferential Procurement policies.

- The Durban Chamber of Commerce and Industry (DCCI) leverage existing legislation on Enterprise Development to assist the SSE in becoming sustainable and provides training.

- Universities' community programmes and partnerships with the government agency SEDA (Small Enterprise Development Agency) established incubators on their campuses.

- Policies such as Corporate Social Responsibility, Broad-based Black Economic Empowerment (BBBEE) and the Enterprise Development Policy are utilized by corporates to assist the SSE.

Stakeholders and Actors

- The eTMM is the exemplar in local government context in creating an enabling environment for the development of the SSE Organisations SSEOs.

- Durban Chamber of Commerce and Industry (DCCI) – supports the SSE through training, mentoring and other services.

- All levels of government are actively participating in the promotion and development of the SSE.

- Universities – University of KwaZulu Natal and the Durban University of Technology leverage existing legislation to train the SSEOs in management of enterprises.

- Several institutions such as apex bodies, associations, financial and cooperative banks are actively involved in promoting and developing the SSEOs

- International Labor Organization sponsored the facilitation for a Draft Green Paper on the Social Economy.

Marketing SSE Goods and Services

eTMM: Facilitate access to markets where possible – local, national, international. Link SSE to retail outlets, The Annual Durban fair exhibit their goods, create a platform for networking for business with the private sector.

GOVERNMENT AGENCIES: Example SEDA. Training in inter alia marketing and providing linkages to commerce and industry as well a

DCCI: DCCI links the SSEOs to clusters within the Chambers, geared to assist the SSE to make a more significant impact in communities

ORGANISATIONS, ASSOCIATIONS OTHER STAKEHOLDERS: Promoting SSE, linking to opportunities.

FINANCE AND ACCESS TO FINANCE

MAIN POLICIES WITH INCENTIVES TO FINANCE THE SSE

- Preferential Procurement through the public and private sector is deemed to be part of enterprise development. The private sector receives tax breaks for Corporate Social Responsibility (CSR) and Enterprise Development.

- eThekwini Metropolitan Municipality does not provide direct funding but in the case of charities or social enterprises the eTMM provides an annual grant.

- Small Enterprise Development Agency (SEDA) has a Cooperative Incentive Scheme with a 100% grant of R350,000 to registered primary cooperatives.

- The Small Enterprise Finance Agency (SEFA), the Independent Development Corporation (IDC) and Cooperative Banks provide loans to SSEOs with certain conditions.

Training and Capacity Building

Stakeholders believe training and capacity building are key to SSEOs' sustainability and scalability.

Example

- The eTMM's training programmes (also known as non-financial support) cover several management areas such as governance, financial literacy, marketing, solving conflicts.

- Incubators are sponsored by SEDA for the eTMM as well as the two universities.

- Some social enterprises, the DCCI, sector apex bodies and government departments provide training and capacity building for the SSEOs.

Scaling up and Monitoring and Evaluation(M&E)

- Scaling up requires access to finance, planning, funding and the right systems, staff, processes, technology and partners. Connecting with other enterprises and networking enables this process of scaling up the enterprise – apart from hard work and access to finance.

Monitoring and Evaluation

- The formalized framework with which the eTMM will monitor and evaluate the cooperatives to ensure that planned milestones are achieved, has been approved. M&E would serve as an early warning system to alert for underachievement. The continuous sharpening and focusing will assist eTMM in the mobilization of appropriate interventions.

- Projects and grants are monitored and evaluated by the private sector funders themselves.

Thank you!