This article examines an initiative by the KwaZulu-Natal provincial government to increase the income opportunities emerging from the school feeding programme. Since the inception of the programme, small medium and micro enterprises (SMMEs) had been enlisted to provide schools with ingredients. However in 2006, the KwaZulu-Natal provincial government replaced some SMMEs with women’s cooperatives. By 2009, 12 of the original 42 cooperatives had collapsed, and some schools being serviced by these cooperatives complained of unreliable delivery of ingredients. This article examines the interface between policy and implementation through a case study of four cooperatives in one district. Our data suggests that some cooperatives struggled to take root as a result of a variety of factors which we discuss under the themes of viability, membership and skills. The top down creation of these cooperatives according to inflexible guidelines also resulted in significant problems.

**Keywords:** KwaZulu-Natal, school nutrition programmes, cooperatives, SMMEs, top-down development

In 2006, the KwaZulu-Natal provincial government introduced a measure intended to increase the income opportunities created by the state funded School nutrition programme. Some of the small, medium and micro enterprises (SMMEs) that had been supplying schools with ingredients were replaced by newly created cooperatives. This article reports on a qualitative investigation into the effects of this policy according to some of the actors involved with school feeding at provincial and district levels.

We address five questions, each one corresponding to subsequent sections of the article. First, what are the intended outcomes of school feeding schemes both in general and in South Africa, and what assessments have been offered on the South African programme? Second, why do some policy makers favour cooperatives and what cautions are offered in the literature regarding their implementation? Third, how did cooperatives come to feature in the KwaZulu-Natal school nutrition programme and what resulted from the implementation of
In order to address these questions, we collected two levels of data in 2009 which together amounted to 17 interviews along with documentary material and observations. The first level relates to the implementation of the cooperatives policy in KwaZulu-Natal province. These include interviews with officials at provincial level at the KwaZulu-Natal Department of Education (DoE), the provincial Department of Economic Development (DED), Ithala Development Finance Corporation (a development bank owned by provincial government), training colleges, and Masscash (a major wholesaler of ingredients to service providers).

The second level of data is a case study of cooperatives operating in a single district in KwaZulu-Natal which we will refer to as the case study district. There are 12 districts in the KwaZulu-Natal Department of Education’s administrative system. Each district consists of about four circuits, and each circuit consists of around four wards. The district which we examined was in line with these averages, containing four circuits, each with one cooperative. Interviews were held with members of the four cooperatives operating in the case study district, officials from the KwaZulu-Natal Department of Education at district, circuit and ward level, and school principals located in the case study district. In addition to interviews, observations of members of a cooperative were conducted whilst they were procuring and distributing weekly perishables.

As a qualitative case study, the strength of this research is its ability to reflect some of the coalface issues that resulted from the decision to replace SMMEs with cooperatives, particularly in the case study district. The district was chosen in discussion with the Department of Education, because it had urban, peri-urban and rural sections. In addition, the cooperatives in the case study district demonstrated a variety of scenarios with regard to the viability of the cooperatives. While one cooperative was successful and growing, others were unreliable suppliers of food to schools and in some cases collapsed as businesses. We have therefore captured some of the variety of experiences resulting from this policy intervention. While we cannot assume that the experiences of cooperatives in one case study apply to all others, our vertical contextualisation of the difficulties experienced at the local scale within provincial procedures suggests that the mechanisms of implementation were at least partly
responsible and our study therefore has implications beyond the case study district.

1. School nutrition programmes

International and South African literature underscores the important relationship between nutrition and education (Gardner and Halweil, 2000; Horton, 1999; United Nations, 2007). While a single meal at school cannot address the multidimensional factors causing malnutrition, nutritional deficiencies impact on a child’s ability to learn which in turn has consequences on the child’s future development (Grantham-McGregor, 2005). At best, school nutrition programmes offer a limited response to malnutrition since most damage from malnutrition is done in the years before a child reaches school (Bennet, 2003; Child Health Unit, 1997; Lund, 2008; Shrimpton et al., 2001; World Bank, 2006). Furthermore, a single meal cannot address the multidimensional factors causing malnutrition, and as a result of extreme poverty the provision of a school meal may replace a higher nutritional meal received at home (Child Health Unit, 1997). Yet, positive interventions are still possible at primary school by addressing micronutrient deficiencies, for example (Bennet, 2003; Del Rosso, 1999; Del Rosso and Marek, 1996).

The most important impact of school feeding programmes is arguably on education outcomes. School meals alleviate the short term hunger that undermines children’s ability to concentrate and perform complex tasks (Del Rosso, 1999; Grantham-McGregor et al., 1998; FRAC, 2008). Feeding programmes can also improve school performance as a result of behaviour, cognitive ability and improved nutritional status (Bennet, 2003; Grantham-McGregor, 2005; WFP, 2004). They can improve time in school through increased enrolment, attendance and punctuality.

The National School Nutritional Programme (NSNP) in South Africa was established to ‘contribute to the improvement in education quality by enhancing primary school pupils’ learning capacity, school attendance and punctuality and contribute to general health improvement by alleviating hunger’ (SA Ministry in the Office of the Presidency, 1994:46). When the scheme was introduced, it was initially managed by the National Department of Health under the programme name of the Primary School Nutritional Programme (PSNP). In 2004 the management of the programme was transferred to the National Department of Education and was renamed the NSNP. This institutional shift reflects a broader tension: whether feeding schemes address health or educational objectives (Kallmann, 2005).
six million primary school children throughout South Africa are fed each school day (National Treasury, 2008). Of all the provinces, the KwaZulu-Natal Department of Education (KZN DOE) feeds the most children and has the largest allocation of funding from National Treasury. In the 2008-2009 financial year, more than 1.4 million primary school children in 3812 schools in KwaZulu-Natal were targeted for school feeding (DOE, 2008).

According to reviews of the PSNP and NSNP in South Africa the programme is limited both by design and implementation (Kallmann, 2005; Wildeman and Mbebetho, 2005; Monson and Hall, 2006; Poswell and Leibbrandt, 2006; Fumbar, 2007; National Treasury, 2008). In terms of design, the programme only offers one meal a day for specific schools covering certain age groups, and therefore excludes many hungry children (Kallmann, 2005). Regarding implementation there were many reports of administrative problems (Kallmann, 2005; Fumbar, 2007) and inadequate budgeting (Wildeman and Mbebetho, 2005; National Treasury, 2008). As a result many eligible children were not receiving meals as they should (Monson and Hall, 2006). Within the Free State and KwaZulu-Natal, 25% of schools within the target quintiles one to three were not receiving meals (Poswell and Leibbrandt, 2006).

The reviews also indicated that there is divergent implementation of the programme. Under both the Department of Health and Department of Education, operational responsibility was devolved to provincial government which formulated their own strategies for targeting vulnerable primary schools (Kallmann, 2005; National Treasury, 2008). Fundamental differences include grades and individuals targeted, the targeting method, the number of days children are fed, procurement processes, number and nature of service provider, and supplementary funding. There is little research on the most efficient and effective model of service provision or the viability of including economic development as one of the objectives of the NSNP.

2. Cooperatives: the silver bullet?
Cooperatives have been presented as a panacea for many development challenges (Attwood and Baviskar, 1988; Braverman et al., 1991; COPAC, 2008; ICA & ILO, 2005; Philip, 2003). According to the International Cooperative Alliance, Cooperatives are defined as ‘An autonomous association of persons united voluntarily to meet the common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise’ (ICA 1995, no page. This wording was also used by the DTI 2004:7). The special
properties of cooperatives enable economies of scale, pooling of capital, greater leverage and the sharing of knowledge (US Overseas Cooperative Development Council, 2007). Cooperatives are also said to enable higher-risk, higher-return activities than would be possible in single owner enterprises (Birchall, 2003). Beyond these economic benefits, the democratic principles and values of cooperatives facilitate empowerment because members have control over the resources being invested and the decision-making process (Birchall, 2003:20).

In South Africa, sustained high levels of unemployment led the government to consider cooperatives as a way of fostering economic and social development. This was signalled in the 2003 Presidential Growth and Development Summit, which endorsed special measures for the promotion of cooperatives (NEDLAC, 2003). Charged with developing a cooperatives strategy, the Department of Trade and Industry produced *A co-operative development policy for South Africa* (DTI, 2004), which in turn resulted in the 2005 Cooperative Act. This policy emphasis has greatly boosted the number of registered cooperatives. According to Mphalwa (2008) there were 12 188 new cooperatives registered nationally in the period 2005 to 2007, which in total is three times the number of cooperatives that were registered in the preceding 82 years.

The KwaZulu-Natal provincial government has played a leading role in the promotion of cooperatives, with 40 percent of the total 17 000 registered cooperatives being located in the province (Mphalwa, 2008). The growth in the number of cooperatives in KwaZulu-Natal has been achieved as a result of the provincial government’s aggressive promotion of cooperatives within the new national emphasis (Manzi, 2008). According to the provincial Minister of Finance and Economic Development:

> The provincial Cabinet has committed to a procurement spend of 10% for cooperatives, and this will be monitored closely and reported on a quarterly basis. It will be expected that heads of departments through their heads of supply chain management units will meet these targets and this should form part of the terms of their performance agreements for 2008/09. (Mkhize, 2008)

When asked why cooperatives were promoted as a model an official from an official from the provincial Department of Economic Development replied: ‘Co-operatives address more people than SMMEs as they can benefit more than one person. It is a more inclusive form of
Yet the mere creation of cooperatives cannot alone be taken as an indication of success (Braverman et al., 1991), and commentators have noted that there is little clarity on how many of these are successful enterprises (Theron, 2008). Satgar argues that many cooperatives ‘have paper membership and are dysfunctional’ (2007:10). Within KwaZulu-Natal, the focus on registering as many cooperatives as possible was described by one official as ‘rush hour with many mistakes being made’ (Interview KZN DED official A). A representative from Ithala echoed this sentiment:

There has been a huge rush to register as many [cooperatives] as possible. There was no proper strategy. The strategy flew before it could even crawl. There was a boom without the systems. (Interview Ithala official)

She estimated that, 93% of the 1200 cooperatives funded by Ithala were in default by early 2009 (Interview Ithala official).

According to both international and South African experience, there are a number of interrelated factors which might challenge the viability of cooperatives. First, the role of government in setting up cooperatives frequently makes cooperatives dependent from the outset (Braverman et al., 1991). Governments and other agencies create cooperatives through the top-down imposition of blueprints. Rather than allowing cooperatives to emerge organically at grassroots level, such schemes assume members can simply be educated to adopt and implement the blueprint (Hyden, 1988; COPAC, 2008). However this results in inflexibility and a disregard for existing enterprises. In addition, government-created cooperatives tend not to achieve the autonomous and voluntary spirit often expected of this form of enterprise.

Second, the cooperative form itself gives rise to tensions between democratic worker decision-making and business efficiency, between members’ roles as workers and owners, and between the short-term desire of members to derive income and the longer-term interest of the economic entity (Philip, 2003). Third, the skills required for successfully running an enterprise are often lacking amongst those targeted for participation (Philip, 2003). Fourth, cooperatives as development projects are often expected to operate in adverse economic conditions where the populace is poor and where private entrepreneurs either have failed or
are unwilling to invest resources (Braverman et al., 1991). Confronted with these various internal and external challenges, full membership participation is often difficult to achieve (DGRV, 2007; Braverman et al., 1991) and cooperatives struggle to attain sustainability.

3. Cooperatives in the KwaZulu-Natal school nutrition programme

The income-generating potential of the school nutrition programme for local people supplying food was, from the outset, seen as an important aspect of its value as a development intervention (Lund 2008). There is a division of labour between those who prepare meals in schools and service providers, who provide the ingredients to schools. Meal preparers work at a single school only and are appointed by the governing body of that school. Service providers – who are the focus of this article – are responsible for procuring and delivering ingredients and cooking fuel to schools. Generally dry goods are delivered once a month and perishables weekly. Service providers also pay the meal preparers at each school. Since the start of the nutrition programme in the 1990s, service providers have generally taken the form of SMMEs, and 1100 of these continue to operate in the provincial programme. They are awarded contracts primarily on the basis of price with other factors being considered including quality of supply, previous experience and black ownership. SMMEs are variable in form, with some supplying a single school and others supplying a number of schools. SMMEs often have diversified business interests other than the feeding scheme.

From July 2006 SMMEs supplying some schools were replaced by purpose built cooperatives. Together, the 42 new cooperatives were to supply 17 % of the programme’s target children. Those schools not selected to be supplied by a new cooperative would continue to be serviced by the existing SMME infrastructure. Various role players interviewed named the provincial Member of Executive Council for Education (MEC) as the main driver of the introduction of cooperatives (Interview KZN DOE official B; KZN DOE official E; training college official A; KZN DOE official G). The MEC’s approach, of course, should be located within the context of the provincial drive to spend at least 10% of the supplier budget on cooperatives, which, in turn, follows the national prioritisation of cooperatives. For its part, the provincial Department of Education identified the school nutrition programme as the most appropriate way of promoting cooperatives (DOE, 2008:19). The new cooperatives were created in a top-down fashion with a number of parameters stipulated by provincial government flowing from the recommendations of a provincial
NSNP team. In contrast to SMMEs, cooperatives did not have to compete on price and were guaranteed a set payment per meal per child. A provincial Department of Education spokesperson explained that:

As the decision to use cooperatives is a political decision, they will continue to fall outside the quotation system. If [they were] part of the quotation system, chances are that the cooperatives would not be selected (Interview KZN DOE official B).

It was decided that there should be one cooperative for each of the circuits in the province (approximately four per district). Schools to be supplied by a circuit’s cooperative were distributed evenly between the four or so wards that made up that circuit. There were no major criteria for schools being selected, other than that together the schools had to make up 5000 learners. Principals had no input as to whether their schools would be supplied by cooperatives. One principal explained that he was notified without any warning or input from himself that his current SMME was to be replaced by a cooperative, even though the SMME was a black woman from the local area who was doing an excellent job as a service provider (Interview school principal A).

The performance of the four cooperatives in the case study district examined for this study has been mixed. By early 2009, only one cooperative was still supplying all the schools that it was originally assigned, and indeed the number of schools supplied by this cooperative has been increased. A principal of a school supplied by this cooperative was positive about service received. However, two of the other cooperatives are barely functioning and are providing food to a greatly reduced number of children. The fourth cooperative has been suspended and is not supplying food. Some of the schools no longer supplied by the non-performing cooperative have been transferred to the successful cooperative. The balance of the schools has been allocated to SMMEs.

Some school principals have said that service from the poorly functioning cooperatives is unreliable:

My dealings with the cooperative are very frustrating. Firstly, kids are not being fed on certain days. This is particularly bad at the start of the school year and school terms and has a major negative impact on kids. We often have to do internal collections to make sure the kids get a meal. Secondly, I have to play an active role in doing the administration for the cooperative, as they have no idea. If I did not they
would not get paid and the children would not get fed (Interview school principal C).

Another principal interviewed describes similar experiences with a cooperative:

The service levels were very poor. Often children would not get fed. Sometimes it was their only meal a day so it was disastrous for these children not to be fed. I often had to phone members of the cooperative when they failed to deliver food but they would either switch off their cell phones or not answer them. I never knew who the responsible person was as different members would arrive all the time (Interview school principal A).

The discussion now turns to an examination of the difficulties reported in relation to the cooperatives under the topics of viability, membership and skills.

4. Implementation difficulties

4.1 Viability

Cooperative members had few personal assets and little in the way of a business record of accomplishment with which to raise their own finance. Anticipating this, the provincial Department of Economic Development secured financing for all of the cooperatives through Ithala. Rather than the cooperatives submitting individual applications for finance, all applications were approved by Ithala en masse. A total facility of R 300 000 was made available to each cooperative of which R 280 000 was a loan and had to be repaid within a year. The balance of R 20 000 was free funding provided by the provincial Department of Economic Development. Once the Ithala loan had been drawn down and loan repayments had commenced, access to financial support effectively ended. Opportunities to buy on credit were minimal. A Massmart representative stated that ‘credit will not be given to cooperatives, but only to individual members who have financial muscle’ (Interview Massmart official).

Of all the 42 loans granted across the province as part of the schools feeding scheme, 12 cooperatives as at February 2009 were in default with Ithala with total arrears exceeding R 1.5 million (Interview Ithala official). Even though personal sureties have been received from individual members, Ithala did not intend to enforce them. The only follow up action taken by Ithala was telephone calls to the members requesting payment. Given this soft approach, it is not surprising that cooperatives are seen by many as a grant programme – join a cooperative and get
money. The understanding of the people is that the money is government money and does not have to be paid back (Interview Ithala official).

Similarly, a training college official cynically stated that ‘if you want to receive money from the government with no come backs, form a cooperative’ (Interview training college official A).

Tangible benefits are, of course, essential for those participating (DGRV 2007). Yet no modelling was done by the provincial Department of Education on the costs and revenues that could be expected by cooperatives. Furthermore, payment adjustments did not match inflation. The amount per learner per meal was kept constant for several years and when it was increased it did not match the increase of the service providers’ costs. Compounding this problem, late payments often occurred as a result of bureaucratic delays or the incorrect completion of forms by the cooperatives. Arrangements with Ithala were described as being extremely complicated and in many instances were not understood by many in the provincial Department of Education, let alone cooperative members. With cash flow a critical factor, the late payment of claims has enormous implications for the day-to-day survival of the cooperatives and for their capacity to procure food to feed learners.

SMMEs selected the schools they wish to supply based on their own sense of the viability of doing so. Cooperatives, however, had no input into which and how many schools they would supply. There was no economic rationale given for the requirement that each cooperative serve 5000 learners drawn equally from the various wards within each circuit (Interview KZN DOE official A). Enrolment figures varied between schools, resulting in variations in the number of schools supplied by each cooperative. This is apparent in the case study district where one cooperative had to supply 14 schools with a total enrolment of 5336 learners in contrast to another cooperative which enjoyed economies of scale from servicing just six schools with a total enrolment of 5085 learners. Furthermore, the requirement that schools had to be drawn from each of the wards in a circuit meant that cooperatives had to service wide geographical areas. Cooperatives were prevented from using their funding for purchasing vehicles and therefore had to hire vehicles to undertake their deliveries. Not only did this effect costs, but service levels are also affected as control was handed to third party transporters. According to a principal, cooperative members also had to use public transport to reach schools to deal with administrative aspects of their work.
4.2 Membership

The instructions from the provincial NSNP team were that there were to be ten members per cooperative in order to exceed the five members required by the Cooperative Act. The cooperatives were not based on pre-existing groups and were created specifically for the purpose of this programme. Once schools were identified within a circuit, individual cooperative members were selected from the parent body of those schools. Individuals had to be black, female, and from a poor economic background. Names of individuals meeting the criteria were put forward by the principals or school governing bodies after a process of election, nomination or name drawing, with the final selection of individuals vested in the ward managers.

The expectation that ten cooperative members could jointly build up an enterprise on the basis of equality and mutuality did not translate easily into practise. In many of the interviews words such as ‘conflict’, ‘tension’, ‘mistrust’, and ‘suspicion’ featured prominently (e.g. Interview KZN DOE official D; member of cooperative B; school principal B). One of the key reasons given for this was that members received equal remuneration regardless of work undertaken, resulting in resentment by those who worked harder (Interview member of cooperative A). An Ithala official suggested that members want to be bosses rather than workers and some members were reluctant to take on difficult or menial work (Interview Ithala official). Friction also arose around how much members should pay themselves versus preserving funds for future requirements and business development (Interview member of cooperative A).

While the literature discussion above suggests that cooperatives are prone to these kinds of difficulties as a result of their design (Philip, 2003), the process stipulated for selecting members further compounded these conflicts. Some members ‘met for the first time at their initial training session’ (Interview training college official B). After the cooperative was formed, members were not allowed to recruit new members or cancel the membership of an existing member. Furthermore, the membership was distributed throughout a circuit since members had to come from each of the wards in the circuit. This made regular communication and meetings not only costly but also time consuming and difficult to arrange. None of the cooperatives had offices with the result that meetings were infrequently held.
4.3 Skills
The provincial Department of Economic Development arranged training through Further Education and Training Colleges. Training took place over a two-month period and it was compulsory for all members. The cost of the training was free for the members, with the colleges receiving compensation from the provincial Department of Economic Development. Level of education and previous business experiences not specified as criteria for membership of cooperatives. As a result, some members had limited formal education and limited business experience. Indeed the essential foundations were lacking for some, and a college official expressed concern that training was extremely difficult because many cooperative members ‘could not read or write’ (Interview training college official B). Once the training was over, support consisted of half a year of limited mentorship from training colleges, after which they were cut loose. The provincial Departments of Education and Economic Development had little capacity with which to offer support for cooperatives and cooperatives reported that they felt that they had no support structures to call upon.

Demanding skills were required of cooperative members. Firstly, they had to manage their major costs of procurement and redistribution. With many members having no previous business experience, concerns were raised about the ability of members to do so. One respondent claimed that the cooperatives were getting ‘ripped off’ by suppliers. Secondly, cooperative members had to manage cash flow and to ensure that there was enough cash in the short, medium and long term. Some members had never had a bank account before. A cooperative feeding 5000 children for 20 days a month gives a total monthly outlay of R 130 000. Since payments from the provincial Department of Education being done in arrears, two months of working capital would be required totalling R 260 000, leaving little left over from the start up funding of R300 000. Tardy submission of claim forms resulted in significant cash flow problems in these circumstances.

Thirdly, according to statutory and legal frameworks, a cooperative is a legal entity and is required to meet certain obligations. These include the preparation and submission of annual financial statements and the registration and submission of various tax returns. There was little indication that the cooperatives were meeting these obligations. Whist one cooperative had prepared quarterly reports of inflows and outflows, no annual financial statements had been prepared or submitted. Another cooperative had failed to keep any records and as a
result financial accounts could not be prepared.

Of the four cooperatives within the case study, the only cooperative that had met its obligations as a service provider was managed by a woman with acumen and extensive previous business skills. In explaining the failure of other cooperatives, she lambasted the lack of skills and stated ‘a blind person cannot lead a blind somebody’ (Interview member of cooperative A).

5. Conclusion
By way of conclusion we will now address each of the five questions we set out in the introduction. Firstly, school feeding schemes have multiple development objectives including meeting some nutritional deficiencies of children and enabling their fuller participation in the development process. The KwaZulu-Natal provincial government has added a further objective which was to harness the multiplier effects of the delivery system to create more income opportunities for marginalised women through cooperatives. This raises the crucial issue, which we cannot resolve here, of whether or not this development instrument can accommodate these various objectives and how some prioritisation amongst them might be resolved. If income opportunities are deemed a tertiary objective, for example, what should the policy response be when attempts to achieve the tertiary objective undermine the primary objectives?

Secondly, policy makers favour cooperatives because they are thought to extend income opportunities to more people. Yet cooperatives command something of a blind faith as a solution to unemployment. Many of the problems encountered in this intervention were well documented of other cooperative interventions. These include problems related to uneven membership participation (DGRV, 2007; Braverman et al., 1991), the lack of skills necessary skills (Philip, 2003), and the way in which the volunteerism that is meant to define cooperatives is suffocated by inflexible top down creation (Hyden, 1988; COPAC, 2008). Despite considerable effort being made to address skills deficits, the need for capital, and so on, some cooperatives failed.

Third, cooperatives were implemented in the KwaZulu-Natal school nutrition programme in order to meet a quota. The result was that some viable SMMEs were squeezed out in the process and only some cooperatives were successful. Some school children were not
provided with meals as a result. Fourth, the reasons for some cooperatives failing included problems related to viability, membership and skills, many of which in turn reflect on the design and implementation of the policy.

Fifth, it is possible to imagine an alternative approach to that attempted in this case study. This does not constitute a set of recommendations since it has not been tested, but offers some speculation on a different way of creating cooperatives. Applications by aspirant cooperatives should be individually assessed on merit rather than approved automatically as a result of political imperatives. Cooperatives should be given much more control over their own membership size and composition, and should have control over admitting potentially useful additional members and to excluding non-contributing members. Cooperatives should be able control how many schools they supply and where they are located. Cooperatives should not be decreed into being according to arbitrary membership sizes, membership compositions, schools and turnovers. More substantial support for cooperatives after their implementation might assist them to take root and establish sustainable practices. Finally, cooperatives should not receive normative priority over existing enterprises which might not only be viable but might also meet many of the development objectives set out for cooperatives.

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