

**SCHOOL FEEDING IN KWAZULU-NATAL:
CHALLENGES FACED BY LOCAL WOMEN'S
CO-OPERATIVES AS SERVICE PROVIDERS**

by

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Abstract

This study identifies and explores the challenges faced by Local Women's Co-operatives as service providers to the school feeding programmes in KwaZulu-Natal. It was motivated by the need to provide information, which could be used as a basis to ensure that the nutritional and educational objectives of the National School Nutritional Programme could co-exist with local women's economic empowerment. A review of literature will demonstrate that, within the developmental framework, school feeding programmes are a valuable strategy and that there are diverse views as to whether co-operatives should be the preferred institutional model.

The findings of this study suggest that the Local Women's Co-operatives are presented with significant challenges. These challenges arise as a result of the co-operative as an organisational form and from the method of conceptualisation and implementation of the Local Women's Co-operative model. The consequences are that the objectives of both the National School Nutritional Programme and the promotion of women's initiatives are placed at risk.

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Declaration

Submitted in partial fulfilment of the requirements for the degree of Masters of Development Studies in the Graduate Programme of the School of Development Studies, University of KwaZulu-Natal, Durban, South Africa.

I declare that this dissertation is my own unaided work. All citations, references and borrowed ideas have been duly acknowledged. It is being submitted for the degree of Masters of Development Studies in the Faculty of Humanities, Development and Social Science, University of KwaZulu-Natal, Durban, South Africa. None of the present work has been submitted previously for any degree or examination in any other University.

Signature

Date

Acronyms and Abbreviations

COPAC	Cooperative and Policy Alternative Centre
DGRV	German Co-operative and Raiffeisen Confederation
DOE	National Department of Education
DOH	National Department of Health
DTI	Department of Trade and Industry
FET	Further Education Training College
FFC	Financial and Fiscal Commission
FRAC	Food Research and Action Centre
ICA	International Co-operative Alliance
ILO	International Labour Organisation
Ithala	Ithala Development Finance Corporation
KZN	KwaZulu-Natal
KZN DED	KwaZulu-Natal Department of Economic Development
KZN DOE	KwaZulu-Natal Department of Education
LWC	Local Women's Co-operative
Masscash	A division of Massmart Holdings (Ltd)
MEC	Member of Executive Council for Education
NSNP	National School Nutritional Programme
OECD	Organisation for Economic Development
PDOE	Provincial Department of Education
PSNP	Primary School Nutritional Programme
SFP	School feeding programme
SGB	School Governing Body
SMME	Small, Medium and Micro Enterprise
WFP	World Feeding Programme

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Chapter 1: Introduction

The global use of school feeding programmes (SFPs) as an intervention policy has increased significantly over the last two decades. As defined by Bennet (2003, 7) “SFPs are interventions that have the twin objectives of addressing medium term nutritional and long term educational needs of school going children.” The recent prominence of SFPs has been boosted by the Millennium Development Goals in which the first two goals include the eradication of hunger and the achievement of universal primary education. In South Africa, the SFP as a policy intervention had its roots in President Mandela’s first policy speech in 1994 in which he announced that all primary school children would get fed a nutritional meal (Lund 2008, 45). Even though the SFP has been in existence for 15 years it is only in recent years that expenditure on the programme has increased significantly.

Taking into account the importance of education and nutrition within the developmental framework and the current educational and nutritional status of South African children, the South African SFP is a necessary and valuable programme. Whilst there is a lack of consensus as to whether SFP can address the nutritional needs of school-aged children there is strong support for the view that educational outcomes can be enhanced. Currently six million primary school children throughout South Africa are fed each school day at an average cost of R1.50 per meal, which equates to an annual national spend of R 1.6 billion (National Treasury 2008, 40). The responsibility for the programme rests with the National Department of Education (DOE) having been transferred from the National Department of Health (DOH) in 2004. Although the DOE is ultimately responsible for the programme, each of the nine provincial Departments of Education (PDOE) is responsible for the daily administration and implementation of the SFP in its own province.

Of all the provinces, the KwaZulu-Natal Department of Education (KZN DOE) feeds the most children (1.5 million) and has the largest allocation of funding from National Treasury (R 376 million). The KZN DOE has previously made sole use of small, medium and micro enterprises (SMMEs) as service providers of food to the various schools. A 2002 National Cabinet decision to harness and promote women’s initiatives has been enacted by the KZN DOE with the recent appointment of 42 local women’s co-operatives (LWCs). The intention is to continue the roll out

of LWCs' initiatives with the objective being that LWCs are the service providers for 50 percent of all feeding within the province (DOEb 2008, 19). This equates to the daily feeding of 750 000 children at an annual cost of R 188 million. Crucially, in this regard, the KZN DOE has added a third objective to the SFP, which is the economic empowerment of women within the local communities, with co-operatives being the preferred institutional model.

The political decision to promote co-operatives has been based on the many benefits attributed to this model including their presumed ability to create jobs and advance broad based economic empowerment. Despite these favourable attributes, a wide body of literature raises concerns about internal and external constraints that prevent co-operatives meeting these expectations. In the event of these constraints existing in the LWC model, the ability of LWCs to be efficient, effective and economically viable service providers could be impacted. The major losers in such circumstances will be the children whose meals in terms of frequency, quality and quantity would be compromised. In addition, the promotion of economic empowerment within local communities could be negatively affected as neither the members of the LWC nor the SMME that was replaced by the LWC, benefit from failing co-operatives.

As the significance of LWCs within the SFP increases, a need exists to identify and explore challenges faced by the LWCs that impact on them as service providers. This initial study will provide information that contributes to the discussion on balancing the principal objectives of the SFP with the economic empowerment of local women through cooperatives. Research questions to be addressed in the study include: How has the LWC model, as a mechanism for delivery in the KwaZulu-Natal (KZN) school feeding programme, been conceptualised? How has the LWC model been implemented? Who gains and who loses in the process? What challenges are presented to the LWCs? The need for this study is heightened by the current lack of research on co-operatives in South Africa in general, despite this organisational form having been strongly promoted by Government since 2005.

In order to identify and explore the challenges faced by LWCs the research design took into account the need to provide a descriptive "picture" of the current LWC model in KZN. This was achieved by using the case study methodology with one of the twelve KZN educational districts

selected as the case. At the request of the KZN DOE, and as a result of confidentiality assurances given to the various respondents, the district selected as the case study will not be identified in this report and will be referred to as District X. Furthermore, no co-operative or individual will be named. The principal data collection method employed was semi-structured interviews with a total of 17 interviews held with various role players. A decision has been taken by the KZN DOE to change certain aspects of the LWCs model going forward. As the new model will only be operational after April 2009, research was undertaken solely on the model currently in practice. Accordingly, all references to LWCs will be directed at the existing model with particular reference to this specific district.

The findings of the research will demonstrate that in the case study there are significant challenges presented to the LWCs. These challenges arise not only through the conceptualisation and implementation of the LWC model but also through tensions that go directly to the heart of co-operative as an organisational form. Two of the greatest challenges that are evident are the large amount of conflict within the LWCs and their lack of human capital. Other challenges include speed of implementation and excessive government intervention; lack of physical assets, financial assets and social capital; economic viability; and arrangements with Ithala Development Finance Corporation (Ithala). Identified losers include the children, educators, and members of some LWCs and SMMEs.

The structure of the dissertation is as follows: Chapter 2 presents a literature review on school feeding. This chapter demonstrates and justifies the importance of SFPs within the developmental framework. The chapter also provides details on the SFP within South Africa and describes previous research. Chapter 3 presents a literature review on co-operatives. Areas covered include a background on co-operatives, an overview of co-operatives within the South Africa context and an outline of previous reports and evaluations. Chapter 4 looks at the methodology used in the research and describes the case study methodology, limitations of the research process, selection of case, data collection and analysis and lastly, ethical issues. Chapter 5 and Chapter 6 present the findings of the research with Chapter 5 providing a descriptive “picture” of the LWC model in KZN. Thereafter, Chapter 6, based on various themes, identifies and explores the challenges faced by the LWCs. Chapter 7 returns the findings of the study to literature and provides

recommendations on how the KZN DOE as custodians of the LWC initiative may address the identified challenges. Finally, the chapter will conclude the report with closing thoughts.

Chapter 2: Literature Review - School Feeding

Despite SFPs having been widely implemented in both developed and developing countries, the strategy remains controversial. According to Del Rosso “SFPs have gained a reputation over the years for being expensive, fraught with implementation problems and ineffective in meeting health, nutrition or educational objectives” (1999, 3). The objective of this chapter, based on a review of literature, is to demonstrate that SFPs are indeed a valuable strategy within the developmental framework. Before looking at SFPs in detail, the chapter begins with an overview of the developmental importance of investing in human capital and the human rights approach to development. Next, the ability of SFPs to address the educational and nutritional needs of children are substantiated, with particular reference to educational outcomes.

A further objective is to list suggested recommendations on how to improve the efficiency and effectiveness of the programme. These recommendations assist in enhancing the understanding of SFPs and provide benchmarks to evaluate the South African programme. The final objective is to provide a background to the SFP in South Africa, which includes the nutritional and educational status of South African children, the history and current workings of the programme, recent reviews and evaluations of the programme.

2.1 Education and nutrition

This section of the literature review details the importance of education and nutrition as an investment in human capital and as a human right.

2.1.1 Human capital

Iyer explained that “human capital comprises the collective accumulation of investment in education, training and health that improves the productive capacity of people” (2006, 240). The investment in human capital has beneficial outcomes for both individuals and society as a whole and has been argued to be a powerful tool at a macro level in fostering economic growth and at a micro level in addressing inequalities and absolute poverty (World Bank 2008, 7). As a result of credit market imperfections, the private investment in the human capital of children is often limited. Thus government policies are required to ensure that these investments are made.

In detailing the value of investing in education and nutrition within the human-capital framework, focus is placed on the economic benefits to individuals and society, non economic benefits and the impact on economic growth.

Education – economic benefits

In studies undertaken to calculate returns to investments in education, both private and social returns are taken into account. Psacharopoulos and Patrino (2004, 112) note that social returns will be lower than private returns as benefits measured are limited to individual benefits as a result of the difficulty in quantifying the social benefits and costs increase through the inclusion of government subsidisation of public schooling.

In reviewing studies (98 countries) of economic returns Psacharopoulos and Patrinos' (2004) findings are that the average rate of return to an extra year of schooling is 10 percent; the rate of return to an extra year of schooling is higher for low income countries; the private rate of return is highest for primary schools (26 percent) versus secondary schooling (17 percent) and higher education (10 percent); and there is consensus that education is economically beneficial to the individual. These findings are supported by Krueger and Lindahl (2001, 1130) who, on reviewing micro labour literature, conclude “a large body of research using individual level data on education and income provides robust evidence of a substantial payoff to investment in education.”

Education – non economic impacts

There is substantial support for the argument that the social benefits and non-market effects of education are significant contributions to the well-being of societies and as such need to be considered in evaluating the impacts of education (Wolfe and Haveman 2001, 1; Bureau of International Labour Affairs 2000, 9). According to Wolfe and Haveman (2001, 46-51) the long-term social benefits and non-market effects of education on which there has been research and evidence include an improvement in intergenerational education and health; a decrease in criminal activities; an increase in charitable giving; greater participation in voting; an increase in savings; a decreased dependence on social programmes and an increase in life expectancy.

In a cross national study based on 72 developing countries undertaken by Subbarao and Raney (1995) the results indicated that an improvement in women's education had a greater impact on reducing fertility rates and child mortality rates than did family planning and health programmes. The World Bank (2002, 3) calculates that an additional year of female education reduces the total fertility rate by 0.23 births and reduces child mortality by approximately 10 percent.

These externalities are not captured by the increased earnings of the individual and are difficult to quantify with the result that the social returns of education are underestimated (Psacharopoulos and Patrinos 2004, 117).

Education and economic growth

The importance of education as an essential driver of economic growth has long been recognised with the success of the East Asian countries partly being attributable to the role of the government in providing education (Stiglitz 1998, 41). Reasons for education impacting on economic growth include an increase in the productivity of the workforce; an improvement in the capacity of the economy to innovate; and the ability to learn and implement new skills and technologies derived from others (Hanushek and Woessmann 2007, 20).

Notwithstanding the above, there has been a lack of consensus in studies undertaken on how to quantify the macro effects of education on growth (Psacharopoulos and Patrinos 2004, 118; Krueger and Lindahl 2001, 1131). In studies undertaken on single countries there has been general agreement that education is positively linked to economic growth. However, studies focusing on cross-country analysis show different results. Reasons suggested for these differences include data and methodological shortcomings with particular difficulty in quantifying social externalities (Bureau of International Labour Affairs 2000, 76).

One of the dissenting opinions is Pritchett (1996) who, in a cross-sectional study of 91 countries, argues that the impact of educational accumulation on economic growth is negative. His justification is that education may not increase cognitive skills and productivity and that demand for higher educated and remunerated individuals may be in sectors that are wasteful and counterproductive e.g. an over inflated bureaucracy (Pritchett 1996, 42).

Whilst the studies referred to in the preceding paragraphs focus on the quantity of schooling, Hanushek and Woessmann's (2007) study concentrates on the quality of education through the analysis of cognitive skills. The contention made is that too much emphasis is incorrectly placed on school enrolments and school attainments and that the quality of education can and does vastly differ between countries. Hanushek and Woessmann argue that "this is unfortunate as it distorts analysis and policy discussions" (2007, 76). The findings of the study are that the quality of education is a major determinant of the skills of the workforce, which in turn has favourable impacts on economic growth.

Although there is a lack of agreement on the stand-alone macro effect of education on economic growth, there is consensus that an increased investment in education should form an integral part of a broader set of policies to foster economic growth (Klasen 2003, 27). These policies should ensure that there is a demand for skills and that these skills are used productively. In support of this, Pritchett makes the point that "even as desirable a goal as expanding education may be, it simply cannot go it alone" (1996, 44). Whilst an educated population, in isolation, may not promote growth an uneducated population will hinder the growth potential of other policies.

Nutrition

The importance of nutrition for human capital development is highlighted by the common adage "you are what you eat" which can be adapted to "you are what you don't eat" (Gardner and Halweil 2000, 5). Human capital development is adversely impacted by wide ranging consequences of the lack of nutrition. These consequences are illustrated by the following definition of under-nutrition (malnutrition):

The physical manifestation of hunger that results from serious deficiencies in one or a number of macronutrients (energy and protein) and micronutrients (vitamins and minerals). The deficiencies impair a person from maintaining adequate bodily process, such as growth, pregnancy, lactation, physical work, cognitive function and resisting and recovering from disease (United Nations 2007, 14).

In this context, hunger refers to the lack of required nutrients through either the lack of consumption or through the non absorption of nutrients (United Nations 2007, 14).

The economic consequence to individuals of reducing malnutrition includes increased private earnings through raised productivity and improved intellectual capacity. In addition to these benefits, society profits economically through a reduction in private and public health care, a more effective educational sector as well as economic growth (Gillespie and Haddad 2001, 2).

Nutritional deficiencies impact on a child's ability to learn which in turn has consequences on the child's future development. As noted by Grantham-McGregor (2005, 144) there is strong evidence that early malnutrition is associated with poor cognitive development, behaviour and academic performance. The result of under nutrition on learning capacity is estimated at between 5 to 10 percent. In quantifying the impacts of malnutrition on earnings Horton (1999, 250) calculates that energy and malnutrition deficiencies in early childhood accounts for a 15 percent decrease in a child's IQ which translates to a 10 percent decrease in earnings.

Productivity is affected by malnutrition as individuals have reduced strength and stamina. In addition, productivity is affected through diminished cognitive development. The impacts are felt the most in low income countries where the nature of the work is labour intensive. Productivity losses for adults in low-income countries in Asia are estimated at between 2 and 6 percent for those who, as children were moderately malnourished and between 2 and 9 percent for those who were severely malnourished. Lower productivity associated with iron deficiencies is estimated at 17 percent for heavy manual work and 5 percent for blue collar work (Horton 1999, 250).

Besides the economic benefits to individuals, there are huge social benefits to reducing malnutrition. One such benefit is increasing life expectancy and reducing child mortality. A negative consequence of malnutrition is the lowering of the immune system which in turn increases the risk of infections and chronic diseases. Diseases commonly associated with under nutrition and whose devastating effects are mostly felt in developing countries include HIV/ Aids, tuberculosis, malaria and diarrhoea. The relationship between these diseases and malnutrition are considered to be mutually reinforcing (United Nations, 2007, 61). In demonstrating the enormous social costs of malnutrition the World Bank (2006, 22) lists the following statistics:

- Malnutrition is associated with 60 percent of total child mortality in developing countries.

- Being underweight is the single largest contributing factor to diseases in the developing world.
- Underweight children at childbirth are two to 10 times more at risk of death than normal weight children.
- Iron deficiency anaemia is associated with 60 000 deaths of women per annum during pregnancy and childbirth.

A further social benefit is breaking the intergenerational consequences of malnutrition. A significant contributing factor towards a child's future growth and development during its life cycle is the conditions under which the foetus develops during pregnancy (United Nations, 2007, 33). With the undernourishment of a pregnant woman directly impacting on the foetus, so the chances of her child facing a lifetime of malnutrition are increased (World Bank 2006, 10). As noted by Gardner and Halweil (2000, 37) 16 percent of all live births are underweight as a result of the mother being malnourished. The malnourished child's future earnings are restricted which perpetuates the malnutrition life cycle. This perpetuation is illustrated by Behrman and Rosenzweig (2001) who estimate that a 28 ounce birth weight reduction equates to a 12 percent reduction in the life time-earnings of such children.

Economic growth is directly impacted by an improvement in the nutritional status of the populace in two ways. Firstly, as discussed above, the educability of society is increased. Secondly, the productivity of society is enhanced by adding to the active participants in the economy together with improving the effectiveness of those currently engaged (United Nations 2006, 85). Indirect pathways through which economic growth is favourably impacted include improving the efficiency of government's expenditure on education and health. The actual quantification of nutrition on economic growth is difficult. Taking into account the difficulties Horton (1999, 251) estimates the cost of malnutrition in low-income Asian countries as exceeding 2 percent of the region's gross domestic product. A further estimate includes the cost of malnutrition to India in 1999 of \$ 10-28 billion through lost productivity, illness and death, which equates to 3 to 9 percent of gross domestic product and exceeds the total expenditure on health and education (Gardner and Halweil 2000, 41).

2.1.2 Education, nutrition and human rights

The human rights approach to development places the universal acceptance of human rights as the framework for development. As explained by the Office of the High Commissioner for Human Rights,

The human rights approach seeks to analyse inequalities which lie at the heart of the development process and redress discriminatory practices and the unjust distribution of power that impedes the development process (OHCHR 2006, 15).

Two principle reasons put forward for following the human rights approach are that it is morally the right thing to do and that it would lead to more sustainable human development. Whilst economic growth is not considered an “end” of the approach, it has been argued that by following this approach economic growth could be enhanced (McKay and Vizard 2005).

The human right to education is acknowledged in various international treaties and according to (UNICEF 2007, 1) “the goal of the right is to ensure that every child has access to quality education that promotes individual dignity and optimum development.” Whilst the right to education is recognised by various treaties, the United Nations Convention on the Rights of the Child is the most pertinent treaty in this regard in which the child’s right to education includes (UNICEF 1989, Article 28 and 29):

- free primary education which should be compulsory
- making secondary education available and accessible
- equal opportunity
- taking of measures to promote attendance
- development of the child to their fullest potential.

Similarly, the United Nations Convention on the Rights of the Child is the most relevant agreement with respect to child rights and nutrition. These rights include (UNICEF 1989, Article 28 and 29):

- enjoyment of the highest attainable standard of health

- taking of measures to combat disease and malnutrition
- provision of adequate nutritional food
- education of the parents and child in the basic knowledge of children's health and nutrition
- provision of material assistance and support programmes with regards to nutrition.

2.2 SFP – educational and nutritional intervention

Having detailed the importance of education and nutrition within the developmental framework, this section describes the significance of SFPs in improving nutritional and educational outcomes. As demonstrated in this section, there is a lack of consensus on whether the programmes have a positive impact on children's nutrition and as such the programme should be seen principally as improving educational outcomes. In addition, other benefits of the programme as found in the literature are detailed and recommendations to improve the efficiency and effectiveness of the programme are listed. These recommendations are important as they assist in the understanding of the programme and provide benchmarks to evaluate the SFP in South Africa.

Impact on Nutrition

There are two schools of thoughts on whether SFP can positively impact the nutritional status of school age children. Those opposed argue that the nutritional impacts of SFP are limited and according to the World Bank (2006, x) "SFP – often sold as nutritional interventions may help get children to school and keep them there, but such programmes do not attack the malnutrition problem at its roots." The principle reasoning is that primary-school age is too late for nutritional intervention (Lund 2008, 45) as the worst damage of malnutrition occurs from conception until the age of two (Bennet 2003, 26) and that such damage is generally irreversible (World Bank 2006, 56). In support of these opinions is a study undertaken by Shrimpton et al. (2001) of 39 developing countries in which the findings were that interventions during pre-natal period, infancy and early childhood have the greatest impact on preventing malnutrition.

Further issues raised by those who query the nutritional value of SFPs detractors include the fact that as the factors causing malnutrition are multidimensional the contribution of a single meal is limited; the relatively low nutritional value of SFP meals fall short of the minimum daily

requirements; 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, 12).

The alternative view as argued by Del Rosso and Marek (1996, 1) is that positive interventions are still possible at primary school: “in many cases it is still possible in school years to restore vitality lost in the preschool years through illness or malnutrition” (1996, 1). In addition the notion that nutrition improves with age is incorrect as many school going children are faced with extra activities (e.g. walking long distances to school). These extra activities have the impact of lowering their energy levels making them more at risk to hunger and malnutrition compared to their younger siblings (Del Rosso and Marek 1996, 5).

The lack of consensus has not been aided by the lack of conclusive evidence despite several studies on the impact of SFP on nutrition. Reasons suggested include differences in evaluation methodology, nutritional indicators, types of meal, study populations as well as the multiplicity of inter-related factors (Child Health Unit 1997, 12).

Impact on Education

The claims as to how SFPs can positively impact on school performance includes time in school, behaviour and cognitive ability and improved nutritional status (Grantham-McGregor 2005, 145-146). The linkages and pathways are demonstrated in Figure 1.

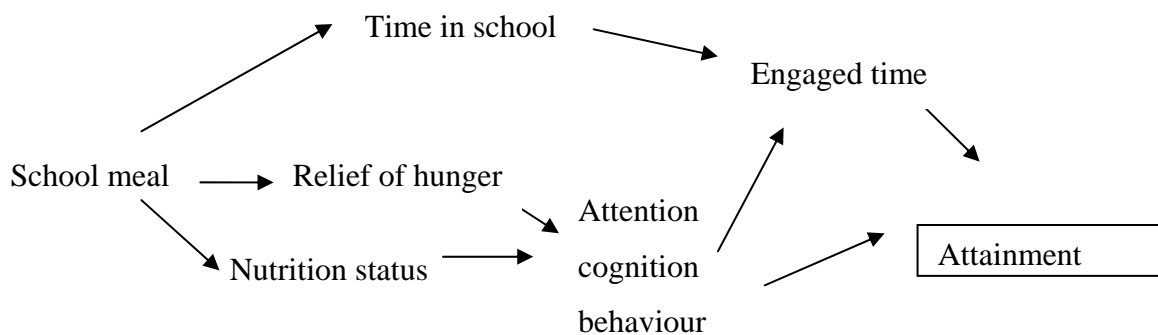


Figure 1: Hypothesised pathways whereby school meals could affect attainment levels

Source: Grantham-McGregor, Chang and Walker 1998, 786

SFPs can improve time in school through increased enrolment, attendance and punctuality. Providing a free meal may reduce the net cost of sending children to school and thereby also increase school enrolment (Grantham-McGregor 2005, 14). Bennet (2003, 15) supports this position noting that there is strong evidence of SFPs increasing time in school. In a recent evaluation of the World Feeding Programme (WFP), the findings included that SFPs had a significant outcome for both school enrolment and attendance (WFP 2004, 8 – 14).

Addressing short-term hunger has a crucial role in improving school outcomes as children are unlikely to concentrate and perform complex task if they are hungry (Del Rosso 1999, 5). According to Grantham-McGregor, Chang and Walker “the alleviation of short term hunger may affect cognitive functions such as memory and efficiency of information processing together with improving school behaviour” (1998, 786). These views are reinforced by the Food Research and Action Centre (FRAC) research into scientific studies examining the link between short term hunger and the ability to learn which shows that children experiencing hunger have low academic performance and are more likely to repeat a grade; behavioural and emotional problems are more prevalent among hungry children; and children who are undernourished score lower on cognitive tests when they miss a breakfast (FRAC 2008).

There is agreement that if SFPs are to address short term hunger the timing of the meal is crucial. In order to maximise the quality of school time from improved concentration and behaviour the meal should be served as early as possible in the day (Del Rosso 1999, 20).

As explained earlier the lack of nutrition has significant negative consequence on a child’s learning ability and school performance and there are different opinions as to whether the SFPs can positively impact on nutritional deficit. In light of this it is difficult to draw conclusions on the linkages between SFPs, nutrition and school performance. Notwithstanding the lack of consensus, Del Rosso (1999, 13) argues that certain micronutrient deficiencies, of which iron and iodine are the most harmful, can be addressed by SFPs. In support of this, Bennet (2003, 15) describes a study in which biscuits fortified with iron, iodine and B-carotene had a favourable impact on the cognitive functions of school children.

Taking into account the various pathways that SFPs can improve educational performance, it is evident that SFP can be a powerful tool through increasing the time in school; alleviating short-term hunger with resultant enhancements in behaviour and cognitive ability; and addressing micronutrient deficiencies.

Other Benefits

Schools that depend on local communities to implement and provide for SFPs have favourable spinoffs (Del Rosso 1999, 8). These include increased communication between communities, parents and teachers, which in turn have favourable benefits for the quality of education and nutritional awareness within the wider community. In addition, local economies may be stimulated through employment opportunities and the purchasing of community grown products (Grantham-McGregor 2005, 156). The issue of economic opportunities will be looked at in more detail in the next chapter.

Maximising SFP potential

In a review of SFP literature, Del Rosso identified seven recommendations on the improvement of efficiency and effectiveness. First, consensus must be reached on the policy and objectives of the SFP. For example if the objective is to improve school enrolment as opposed to nutritional outcomes, policies must be aligned accordingly. Consensus will include what problems the SFP will address, who will benefit and which delivery model will be used.

Second, targeting criteria must be developed which focuses on the neediest. A point raised by Bennet (2003, 47) is that there is a tendency towards universal coverage whilst targeting on the contrary is subject to various constraints including political and logistical constraints. With resources in SFPs being limited it is essential that targeting criteria be developed which will ensure high risk children or communities are reached. In this regard, the targeting of schools is preferred to the individual units as targeting the individual is both socially undesirable and costly (Child Health Unit 1997, 16).

Third, all cost drivers must be identified and analysed. A holistic approach needs to be undertaken which analyses all costs associated with SFPs and in so doing will identify areas of

improvement. This will include a comparison of the advantages and costs of the various delivery models.

Fourth, the lowest cost ration and the timing of the meals required to achieve the goals must be determined. In order for this to be achieved the nutritional quality and quantity of the meals, as well as the timing of the meal, should be assessed in combination with the objectives of the programmes. In support of this (Grantham-McGregor 2005) notes that there is evidence that the serving of a meal as early as possible is beneficial if the objectives are to meet short term hunger and improve cognitive skills (Grantham-McGregor 2005).

Fifth, areas of weakness in the implementation process must be identified and resolved. Over the years, a vast wealth of knowledge has been gained which should be used to overcome existing and potential obstacles.

Sixth, monitoring and evaluation systems should be developed and implemented. Programme monitoring will ensure that delivery is improved and optimised ensuring the beneficiaries get the most out of the programme. The evaluation process, in turn, will assess the impacts of the programme on the beneficiaries in order to identify whether the programmes have made a difference.

Seventh, SFPs need to be integrated with other interventions that address the primary nutrition and health of the children. An example provided by Del Rosso and Marek (1996, 25) is the treatment of parasites which can improve both the appetite of the child and the nutritional value of the meal.

2.3 School feeding in South Africa

School feeding in South Africa occurs through the National School Nutritional Programme (NSNP), which targets certain primary schools. Based on recent figures the programme reached around six million children in the year ending 2006/07. In this section, an outline of the nutritional and educational status of South African children is provided and the history and current workings of the NSNP is described. In addition, an overview of recent reports and evaluations of the NSNP is presented.

2.3.1 Background on South African Children – Nutrition

As per the 2003 South African Demographic Health Survey (DOH 2007, 150) the findings on nutritional status of children under the age of five include the following: 12 percent of children are underweight (weight for age); 27 percent of children are stunted (height for age); and 5 percent are wasted (weight for height). Based on these indicators the population of South Africa can be regarded as moderately affected by under nutrition (Kallman 2005, 2).

A good indicator of food insecurity, which has possible ramification for a child's nutritional status, is the experience of hunger. According to Proudlock et al. (2008, 79) the number of children experiencing hunger is estimated at 16 percent (2.8 million) in 2006 versus 22 percent in 2005. Whilst this figure has reduced, large disparities exist between race, province and urban/rural.

In terms of micronutrient intake Steyn and Labadarios's (2000, 242) analysis based on the National Food Consumption Survey 1999 was that a great majority of children (age 1-9) consumed a diet that was insufficient to meet their micronutrient requirements. Results of the survey indicated that more than 50 percent of children did not receive half of the recommended daily nutrient levels.

2.3.2 Background on South African Children – Education

During the 2007 year 12 451 501 children attended school of which 7 596 209 attended primary school (DOEb 2007). These figures represent a high percentage of school-age children as is evident from the gross enrolment ratio of 96 percent in 2006 (Proudlock et al. 2008, 74). As Poswell and Leibbrandt (2006b, 32) argue "whilst the high enrolment figures cast the education system in a positive light, the statistics on age appropriate grades and performance outcomes reveal underlying problems with the educational system." Data indicative of the underlying problems include that only 62 percent of grade 3 children were age appropriate in 2003 and that a mere 12 percent of grade 6 students obtained 50 percent or more in standardised national testing in 2004 (Poswell and Leibbrandt 2006b, 33).

Notwithstanding the high enrolment figures, there are an estimated 447 000 children of school-going age children that do not attend school (Proudlock et al. 2008, 74).

2.3.3 History – NSNP

The NSNP had its roots in President Mandela’s first policy speech in 1994 in which he announced that all primary school children would be fed a nutritional meal (Lund 2008, 45). This announcement was legislated by the tabling in Parliament on the 15th November 1994 of the White Paper on Reconstruction and Development in which the school feeding programme was listed as one of the lead programmes. The school feeding programme’s aim, scope and funding was explained as follows:

Aim: 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. Educating pupils on nutrition and also improving nutritional status through micro-nutrient supplementation.

Scope: Provision of an early morning snack, meeting 30% of energy requirement, to 3.8 million children (50% of primary school children) in areas targeted on the basis of poverty criteria, particularly rural areas and peri-urban informal settlements.

Funding: R 472, 8 million (SA Ministry in the Office of the Presidency 1994, 46).

The SFP was initially managed by the DOH under the programme name of the Primary School Nutritional Programme (PSNP). In 2004 the management of the PSNP was changed to the DOE and was renamed the NSNP. The principal reason for the change was that the programme was conceptualised as an educational intervention aimed at improving educational outcomes rather than a health intervention (Kallman 2005, 8).

Funding of the programme was made available through the Reconstruction and Development Programme up until 1997 after where the programme has been funded by a conditional grant provided by National Treasury. According to National Treasury (2008, 97) the reason for the NSNP not being incorporated in the equitable share (provincial funding) is “the NSNP is a government programme for poverty alleviation which requires a national mandate for funding,

spending and accountability.” In addition to the conditional grants received from National Treasury, provincial education departments can contribute further to the NSNP from their provincial budgets. In 2005/06 only KwaZulu-Natal, Limpopo, Gauteng and the Northern Cape made additional contributions, with contributions as a percent of the conditional grants ranging between 1.5 percent and 44.9 percent for Gauteng and the Northern Cape respectively (Bowa, Madubula, Akinboade 2007, 25).

The targeting of children of the NSNP, whilst under the control of the Department of Health, was based on broad criteria with the aim of identifying the most vulnerable primary schools. Using these criteria as a guide, each provincial department formulated their own flexible strategies (Kallman 2005, 18). The result was targeting mechanisms at provincial levels being vastly different at both a school and individual level.

Under the DOE, the strategy was to feed 60 percent of all children between Grade R and Grade 7. The targeting initially was based on a provincial ranking of schools into quintiles according to two criteria: the condition of the school and the poverty levels of the community served by the school (Poswell and Leibbrandt 2006, 6a). Quintile one consists of the schools in the worst condition and poorest community, quintile two is the second worst quintile, and so on. With effect from January 2007, the system of ranking schools was changed to a national basis and based solely on the poverty levels of the community around the school (DOE 2006, 37).

The total amount of funding and number of children targeted from the inception of the NSNP until 2005/06 are shown in table 1. As is evident from the table, the amount of funding remained fairly constant up until the 2001/02 period after where the funding increased significantly. In terms of the children fed, the numbers decreased sharply in 1996/97 and have since remained constant up to 2005/06.

Table 1: NSNP allocation and number of children fed

Year	Allocation R 000's	Increase percent	Number children fed	Increase Percent
1994/95	472,800		5,628,320	
1995/96	500,000	6	5,567,644	-1
1996/97	500,000	0	4,880,226	-12
1997/98	496,000	-1	5,021,575	3
1998/99	477,443	-4	4,830,098	-4
1999/00	457,945	-4	4,719,489	-2
2000/01	489,557	7	4,719,489	0
2001/02	496,665	1	4,700,000	0
2002/03	686,935	38	4,595,452	-2
2003/04	832,000	21	4,567,597	-1
2004/05	912,151	10	4,941,368	8
2005/06	1,098,036	20	4,987,645	1

Source: Kallman (2005); Bowa, Madubula, Akinboade (2007); own calculations

2.3.4 Current Funding, Targeting and Policies

As stated earlier the funding for the NSNP is through the conditional grant provided by National Treasury. The NSNP grant is currently legislated and distributed in terms of the Division of Revenue Bill 2008. Key features of the grant include (National Treasury 2008, 15).

Purpose: to contribute to enhanced learning capacity through school feeding.

Conditions:

- Allocation of costs must be 93 percent on feeding and 7 percent on administration and other activities.
- Learners should be fed by 10h00
- Minimum feeding requirements
 - All quintile 1 and quintile 2 school learners should be fed.
 - Feeding days should be between 170 and 193 days across province
 - Cost of meal should be between R1.20-R1.50 per learner

Projected life: Given the economic climate of the country and the impacts of various health conditions, the need for the grant will persist for at least another 10 years.

The current provincial allocation and forward estimates are shown in table 2. The allocations are sharply higher than previous periods and are evidence of the government's commitment to increasing the effectiveness of the programme. Allocations are based on the National Norms and Standards for school funding as gazetted by the Minister of Education. The National Norms and Standards calculates the allocations according to a weighting of the number of primary school children in each province with the national distribution of national poverty across the country. An example of how the weighting works is North West with 452 331 pupils receiving R 103m versus the R 71m received by Western Cape with 575 104 learners.

Table 2: Provincial allocation of conditional grant

Province	Allocation 2008/09 R 000's	Estimate	
		2009/10 R 000's	2010/11 R 000's
Eastern Cape	339,816	390,321	504,846
Free State	82,498	94,758	122,562
Gauteng	172,111	197,691	255,696
KwaZulu-Natal	376,435	432,381	559,247
Limpopo	252,901	290,488	375,721
Mpumalanga	136,606	156,908	202,947
Northern Cape	48,483	54,500	68,144
North West	103,144	118,473	153,235
Western Cape	71,109	81,678	105,642
Total	1,583,103	1,817,198	2,348,040

Source: National Treasury (2008, 40)

In additions to the conditions attached to the conditional grant, the Minister of Education imposes additional minimum norms for the implementation of the NSNP. The minimum norms approved by the Minister of Education from 1 April 2008 include (DOEa 2008);

- All learners in National Quintiles 1, 2 and 3 primary schools to receive feeding.
- For these learners, feeding must take place on every school day.
- Average meal cost to be approximately R1.50.

The number of children reached has reportedly also increased significantly over recent years. For the period ending 2007/2006 the number of learners fed increased to 5 996 050 representing a 20 percent increase over the previous year (DOEa 2007; National Treasury 2008). Based on a total number of children in primary school (Grade R – 7) of 7 596 209 in 2007 (DOEb 2007) the percentage of children fed is reportedly 78 percent. This is extremely high bearing in mind that most provinces only target quintiles 1-3 (which should account for 60 percent of primary school learners) and as such raises concerns over the correctness of the numbers, the number of days the children are actually being fed and/ or dilution of the monetary allocation per child.

2.3.5 Previous reports and evaluations

There have been several reports evaluating and reviewing the NSNP and the former PSNP since inception in 1994. In this section, based on these reports, I will provide three general observations together with more specific outlines and findings of individual reports.

The first general observation from the review of literature is that there is a divergent implementation of the programme across each province. Fundamental differences include: number of schools; grades and individuals targeted; targeting method; number of days children are fed; procurement processes; number and nature of service provider; method, if any, of promoting local economic empowerment; and supplementary funding. A contributing factor for these differences was the initial rush, at inception, to get the programme off the ground. In support of this point Lund (2008, 45) notes “administratively the announcement that the programmes had to be off the ground in ‘100 days’ was a bad omen, given limited administrative capacity.”

The second general observation, and closely linked to the above, was the lack of research into the most efficient and effective model of service provision; the impact on the effectiveness of the NSNP as a result of promoting local economic development; and what organisational form best promotes local economic development within the NSNP framework.

The third general observation is the absence of a large monitoring study and detailed impact evaluation in recent years. As discussed previously, programme monitoring is essential for delivery to be improved and optimised ensuring the beneficiaries get the most out of the programme whilst the impact evaluation will assess the true value of the programme. According to Kallman (2005, 23) an evaluation of the educational outcomes would be extremely difficult as a result of the multiplicity of factors contributing to educational performance. By contrast, Poswell and Leibbrandt (2006b) contend that a monitoring study and an impact evaluation would be possible and provide recommendations on how such studies could be undertaken. According to Poswell and Leibbrandt (2006b) such studies are essential in order to understand and improve the delivery of the NSNP.

With regard to specific findings of individual reports, as noted by Kallman (2005, 23), the number of children benefiting from the programme decreased from the inception of the programme to 2003/04. Kallman argues that this “contributes a regressive rather than a progressive step and contrary to the constitutional right of children to adequate food” (2005, 23). Another finding was that the programme was undermined by administration problems, which needed ongoing monitoring. Furthermore, the nutritional outcomes of the programme on children were limited as it only provided one meal a day and only covered children that went to primary school. Those children that were too poor to attend school or too young or too old were effectively excluded from the programme.

Findings of research undertaken by the Children’s Institute (Monson and Hall 2006, 150) were that eligible children are excluded from the programme by not receiving meals, or their participation is reduced through receiving infrequent meals. As per the findings, the levels of access of children to the NSNP varied across rural and urban sites with 90 percent of eligible rural children receiving food versus 56 percent of eligible urban children. In terms of frequency of meals, urban children received meals more regularly than their rural counterparts did. With regards to programme delivery, the following problems had occurred in some cases: food was stolen from the school premises prior to reaching the children; parents were not informed of the workings of the programme and whether their child had been fed; and environmental constraints impacted on the delivery of the programme particularly to rural areas.

In evaluating the national target of feeding 60 percent (quintile 1-3) of children, Poswell and Leibbrandt (2006) conclude, based on an analysis of child hunger and child poverty, that the target is a reasonable goal. In terms of the allocation of the conditional grant, the findings were that all the provinces bar the Eastern Cape received a fair allocation. Further findings were that many poor schools did not receive feeding. Within the Free State and KwaZulu-Natal 25 percent of schools within quintile 1 to 3 were not receiving feeding. In addition, contrary to national mandates, individual level targeting was taking place. The authors raise the contentious issue of the stigma attached to individual feeding versus the possible wastage of targeting entire schools.

With regards to spending, Wildeman and Mbebetho (2005) note that up until 2001 there was a real decrease in NSNP spending with real increases occurring after 2002/03. These findings are evident in table 1. Wildeman and Mbebetho (2005) raise concerns regarding the divergent targeting strategies employed, some of which produce undesirable results. Included in their recommendations was an increase in budgeted expenditure and the need to resolve divergent targeting and programme implementation.

As part of the Financial and Fiscal Commission (FFC) submission to The Division of Revenue Bill 2008/09 the FFC undertook an empirical study in which the recommendations to Government included increased budget allocations; increased number and skills level of personnel; the formulation and implementation of national norms and standards; supplementation of the conditional grants by provinces; and improvement in the quality of information required for planning and budgeting (National Treasury 2008, 60).

In a study of the NSNP in the Eastern Cape, Fumbar (2007, 21) concludes that the administration and implementation of the programme is beset with serious problems. Of particular concern was the infrequency of meals received which has considerable impact on the children who depended on the NSNP providing their only meal of the day.

2.4 Summary

Improvements in the education and nutritional status of children are critical features of the development framework. These improvements can be justified based on increasing the human capital of individuals as well as adopting a human rights approach. Whilst there is a lack of

consensus on the ability of SFPs to address under-nutrition, there are strong grounds for supporting SFPs based on favourable educational outcomes.

In the South African context, the NSNP as a policy intervention has become increasingly pertinent as the number of children reached and the funding of the programme is increased. In order for the NSNP to maximise its potential it is imperative that issues raised in recent reports and evaluations are addressed. Crucial recommendations are, firstly, the necessity to undertake a detailed monitoring and impact evaluation. Such studies will not only improve the efficiency of the programme but will also provide valuable information on the outcomes of the programme. This will include evaluating the impact of promoting local economic empowerment on the effectiveness of the programme. Secondly, there is a need to reduce the divergent implementation of the programme across the provinces and in so doing to learn from best practices. Part of this learning process will be identifying the most appropriate model to promote local initiatives.

Chapter 3: Literature Review – Co-operatives

In the past few years there has been a resurgence in the popularity of co-operatives within the developmental sector. This popularity is underpinned by the school of thought that views co-operatives as the most appropriate organisational mechanism to reduce poverty and to promote decent work. This trend is clearly evident in South Africa, particularly KwaZulu-Natal, where co-operatives have been actively promoted by provincial government. The KZN DOE has played an integral role by appointing LWCs as service providers to the NSNP.

This chapter, based on a review of the literature, provides background information on co-operatives, details why this organisational form has been promoted, and notes concerns. In addition, this chapter explores co-operatives within the South African context and considers previous reports and evaluations.

3.1 Background

The International Co-operative Alliance (ICA), the leading institution representing co-operatives worldwide, defines and notes the values and principles of a co-operative as follows:

Definition: 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.

Values: Co-operatives are based on the values of self help, self responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles: Voluntary and open membership; democratic member control; members' economic participation; autonomy and independence; education, training and information; co-operation among co-operatives; concern for the community (ICA 1995, no page).

The favourable stance towards co-operatives is illustrated by the International Labour Organisation (ILO) and the ICA who jointly emphasise that co-operative enterprises are “the only form of organisation meeting so concretely all the dimensions of poverty alleviation as identified

by the World Bank, namely opportunity, empowerment and security” (ICA, ILO 2005, 3). Firstly, with regards to opportunity, co-operatives provide the economic chance for members to lift themselves out of poverty. This is achieved as co-operatives enable members to benefit from:

- Economies of scale through reduced transaction costs and/ or increased volumes;
- Increased access to capital through the joint pooling of resources;
- Greater bargaining power through collective action;
- Sharing of knowledge and skills (US Overseas Cooperative Development Council 2007, 9).

Secondly, the democratic principles and values of co-operatives facilitate empowerment as members have control over the resources being invested and the decision-making process (Birchall 2003, 20). Membership of co-operatives allows impoverished individuals to have a voice, which is further strengthened by collective action.

Thirdly, membership of co-operatives increases the security of members through risk sharing. One of the largest constraints inhibiting people from lifting themselves out of poverty is their risk adverse approach to opportunities. By pooling risks at an enterprise level, there is a far greater chance that poor people would engage in higher risk, higher return activities (Birchall 2003, 20).

Despite, the undeniable positive attributes of co-operatives, their historical performance in developing countries has been mixed. According to Philip (2003, 5) the reasons for co-operatives failing to live up to expectations are tensions that go to the heart of co-operatives as a form of an enterprise. These include tension between democratic worker participation in decision-making and business efficiency; tension between members in their roles as workers and owners; and tension between the short-term desire of members to improve their quality of life and the longer-term interest of the co-operatives as an economic entity (Philip 2003, 5).

Besides these tensions, various internal constraints might impede the performance of co-operatives. Firstly, and of particular importance, is the lack of participation by members (German Co-operative and Raiffeisen Confederation (DGRV) 2007). Democratic membership participation, as reflected in the values and principles of co-operatives, is the backbone of the co-

operative movement and the lack of active participation is a prime factor contributing to their failure. Reasons why members may not get fully involved include members being compelled to join, excessive government involvement, top down approach and lack of education (Braverman et al. 1991, 19).

Secondly, the lack of skills and training of members influences their financial viability. As noted by Philip (2003, 20) most co-operatives start with unemployed people who often are less educated and have little training and experience in running a commercial enterprise. In order for an enterprise to be successful, a wide range of skill is required. Some of these skills are management, financial recording, procurement, distribution, sales and marketing, and human relations. Where training is provided to co-operatives, the training is often undertaken by government officials who themselves have little experience in commercial operations (Braverman et al. 1991, 25).

In addition to these internal tensions, it is argued that the performance of co-operatives, particularly in sub-Saharan Africa, has been negatively impacted by external constraints (Braverman et al. 1991, Hyden 1988). One such constraint, and a principal reason for co-operatives failing is excessive government intervention, which, whilst intending to protect uninformed and unskilled members, results in little room for members to operate. The crowding out of members negatively affects the quantum of decision-making and financial contribution of members. The net effect is co-operatives are created that are highly dependent on government intervention and continue to remain so (Braverman et al. 1991, 11).

Closely aligned to this is the contention that co-operatives have failed to live up to expectations in sub-Saharan Africa as a result of the blueprint approach towards co-operatives that has been followed (Hyden 1988). This approach is top down, demanding conformity, and replicating models that have been successful in developed countries. In doing so, this approach disregards any meaningful participation and ignores organisational structures that may currently exist on the ground. In addition, the top down approach changes the nature of co-operatives as autonomous and voluntary organisations to dependent and involuntary organisations. Furthermore the

approach mistakenly assumes that members of co-operatives can be educated to accept the values and principles of the organisation (Hyden 1988, 158).

A further external constraint is the expectation that co-operatives will fulfil too many functions (Braverman et al. 1991, 12). “Co-operatives have been expected to achieve a number of economic and social goals; they have also been expected to increase social justice and equality of opportunity, to reinforce social justice and to rebuild communities” (Attwood and Baviskar 1988, 2). This considerable expectation is evident in the definition, values and principles of co-operatives referred to earlier. Rather than being formed for the sole pursuit of profitability, the overburdening of co-operatives has impacted unfavourably on their management and financial capacities, which in turn has harmed their performance and long-term sustainability (Braverman et al. 1991, 12).

A fourth external constraint is the adverse environment in which co-operatives are expected to operate (Braverman et al 1991, 14). These environments are often in areas where the populace is poor and where private entrepreneurs either have failed or are unwilling to invest resources. If private capital is reluctant to operate in these areas, it is unlikely that any co-operative will succeed. In such environments, the economic benefits to members will be minimal which is contrary to the prerequisite that, in order for co-operatives to be successful, tangible economic benefits accrue to members (DGRV 2007).

3.2 South Africa

Within the South African context, there has been a renewed interest by government in the use of co-operatives as tools to foster economic and social development. The change in the government’s emphasis is evident in the Presidential Growth and Development Summit held in 2003, which endorsed special measures for the promotion of co-operatives. Furthermore, the mandate for co-operatives development was transferred from the Department of Agriculture to the Department of Trade and Industry (DTI). The rationale behind the transfer was government’s intention to promote co-operatives in all sectors of the economy as opposed to solely in the agricultural sector (Mphalwa 2005, no page).

The potential of co-operatives to address various issues, particularly job creation and broad-based economic empowerment, has been the key driver behind the government's recent promotion of co-operatives. In the context of a lacklustre job market, the government has been under intense pressure by both supporters and opponents to facilitate the creation of job opportunities. In support of this point, the Organisation for Economic Development (OECD) notes "the most disappointing aspect of post-apartheid economic performance is the emergence and persistence of extreme levels of unemployment together with the continuation of widespread poverty and the widening of inequalities" (2008, 3). The failure to resolve unemployment is evident in current statistics with the unemployment rate at 21.9 percent and the employment/ population absorption rate at 44.8 percent (Statistics South Africa, 2009, v).

In 2004, the DTI released a development policy for co-operatives. The policy clearly demonstrates the government's approving stance towards co-operatives (DTI 2004, 4):

A viable, dynamic, autonomous, self reliant and self sustaining co-operative movement can play a major role in the economic, social and cultural development of South Africa, through effective and efficient services extended by co-operative enterprises to their members. By doing so, co-operatives contribute to the creation of jobs, income generation, resources mobilisation, and broad-based economic empowerment, thereby enhancing sustainable human development in South Africa.

This policy laid the framework for the 2005 Cooperative Act, which was promulgated into law in the same year. The objectives of the Act are to:

- Promote the development of sustainable co-operatives that comply with co-operative principles, thereby increasing the number and variety of economic enterprises;
- Encourage persons who subscribe to self-help and self-reliance to register co-operatives;
- Encourage simpler registration process and management of co-operatives;
- Promote equity and greater participation by black persons, especially those in rural areas, women, persons with disabilities and youth;
- Facilitate the effective co-ordination and reporting mechanism across all spheres of government through the DTI;

- Ensure development of support programmes by all spheres of government (Nduma 2008, 5).

The Co-operative Development Policy and the subsequent Co-operative Act has certainly boosted the number of registered co-operatives. According to Mphalwa (2008, no page) there were 12 188 new co-operatives registered in the period 2005 to 2007 representing a 72 percent growth rate, which in total is three times the number of co-operatives that were registered in the preceding 82 years. The KZN government has played a leading role with 40 percent of the total 17 000 registered co-operatives being located in the province (Mphalwa 2008, no page). “KZN has especially managed to achieve huge levels of performance and provides best practice worth emulating by others” (Mphalwa 2008, no page). The growth in the number of co-operatives in KZN has been achieved by the provincial government taking an aggressive stand towards the promotion of co-operatives including publicity campaigns and the provision of funding and skills (Manzi 2008).

Within KZN the promotion and support of co-operative is vested in the KwaZulu-Natal Department of Economic Development (KZN DED). Key players who support the KZN DED and their roles are:

- Further Education and Training Colleges (FETs) – provide training and skills development;
- Ithala – manages co-operative funds on behalf of the KZN DED;
- University of Zululand – conducts research and training;
- Small Enterprise Development Agency – offers skill development and business information;
- KZN provincial government departments – create markets for co-operative products and services;
- District and local municipalities – support services to co-operatives;
- Department of Trade and Industry – assists with registration, regulation and formalisation of co-operatives (Manzi 2008).

A crucial part of the KZN DED strategy is the creation of markets for co-operatives by the various KZN provincial government departments. As explained by the KZN Provincial Minister of Finance and Economic Development,

The provincial Cabinet has committed to a procurement spend of 10% for co-operatives, 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).

3.3 Previous reports and evaluations

Besides various correspondences originating from government departments, there have been a limited number of reports evaluating and reviewing co-operatives, the co-operative policy and support structures within South Africa. In this section, based on these reports, I will provide a general observation together with more specific outlines and findings of individual reports.

The general observation is the lack of official statistics on the performance and sustainability of co-operatives. Both Theron (2008, 311) and Satgar (2007, 10) lambast the failure of the Registrar of Co-operatives to provide meaningful and useful information. Furthermore Satgar (2007, 10) emphasises the point that many co-operatives “have paper membership and are dysfunctional.” The lack of, and incomplete nature of, the data raise concerns, as it is apparent that the various governmental departments use the number of co-operatives registered as the tool measuring the success of co-operatives and the policies followed. Braverman et al. (1991, 10) warns against this form of measurement as it could lead to the hurried and premature creation of organisations that are not sustainable.

In terms of individual reports, Philip (2007) raises concerns about and is critical of, the ability of co-operatives, within the existing policy framework, to create decent and sustainable employment and concludes that:

Support for co-ops is based on the assumption that they can achieve two key goals at once – they can create jobs at the same time as building new forms of democracy in the workplace. The problem is that in trying to achieve this we really do seem to be killing two birds with one stone – when we actually want both birds to fly (Philips 2007, 47).

With regards to governmental policies, the Cooperative and Policy Alternative Centre (COPAC 2008) contends that current policy is inappropriate. Firstly, the report is critical of the top down approach followed by government and emphasises the need for a bottom up approach to rebuild the co-operative movement. This approach would require that government, rather than dictating terms, allows co-operatives the space and time to emerge organically. Secondly, the report questions the high regard placed on co-operatives as a solution to various developmental issues.

Taking into account the exponential growth of the number of registered co-operatives in recent years, Theron (2008, 326) warns that the co-operative movement is at a pivotal point. Concerns are raised about the economic viability of these co-operatives and what effect possible failure will have on the future of the co-operative movement. Recommendations to improve the viability of co-operatives include active promotion and appropriate support, which can be achieved by the formation of a secondary structure.

3.4 Summary

Without doubt, co-operatives as an organisational form have excellent attributes. These attributes intensify the expectations that co-operatives will promote and address certain developmental issues. However, concerns are noted about issues that go directly to the heart of co-operatives as a model. Furthermore, concerns are raised about internal and external constraints affecting co-operatives. All of these concerns raise questions whether co-operatives as an organisational form are in fact able to live up to expectations. The lack of research on co-operatives, within the South African context, has certainly not aided the answering of these questions.

Chapter 4: Methodology

The aim of this chapter is to explain the case study methodology used in the study and to present information on the case, which was one of the 12 educational districts within KZN. In addition, this chapter provides details on the 17 semi structured interviews held, other data collection methods used and describes the data analysis procedure. This chapter also raises limitations of the research process and highlights ethical issues. In adhering to a KZN DOE confidentiality request, and personal assurances given, no person, title, region, and LWC is named in the report. The case study will be referred to as District X.

4.1 Research design and methodology

In order to identify and explore the challenges that LWCs face as service providers of school feeding within KZN the research design took into account the need to gain an in-depth knowledge of three key issues. Firstly, a descriptive “picture” of the LWC initiative was required, which included gaining a detailed understanding of the manner in which the LWC model had been conceptualised and implemented. Secondly, information was required on the internal workings and dynamics of the LWCs. Thirdly, role players that shaped the LWCs’ daily existence needed to be identified and their roles explored.

In order to acquire the knowledge on these issues the methodology used was the case study. As described by Robson the “case study is a strategy for doing research, which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence (1993, 5).”

The justification for using this case study methodology is that it allows for the “intensive study of a single or few cases where the ultimate objective is to gather information on a larger class of cases” (Gerring 2007, 20). In support of this, Gerring (2007, 39) makes the point that “case studies enjoy a natural advantage in research of an exploratory nature.” A further justification is that the study of the phenomenon is undertaken within its real life context. This allows for a greater exploration and understanding of the various structures shaping the object of the study. In addition, the case study is carried out using multiple sources of evidence. Rather than being

restricted to one method of data collection, the case study methodology makes use of various methods and hence facilitates the provision of a “rich and detailed account” (Burton 2000, 225).

4.2 Case selection

Within the case study methodology, the strategies for the selection of cases are either random selection or information-orientated selection. To achieve the objectives of this study, the information orientated selection strategy was used. The purpose of this strategy is,

To maximise the utility of information from small samples and single cases. Cases are selected on the basis of expectations about their information content (Flyvbjerg 2006, 230).

Rather than narrowing the case to an individual LWC, the actual case selected was a KZN DOE district. The KZN DOE has been structured into districts, which have in turn been structured into circuits and further into wards. The current breakdown is 12 districts, 43 circuits and 192 wards. In District X, there are four circuits and 16 wards. With LWCs appointed on a circuit basis, four LWCs had been appointed in this district as service providers with varying levels of success. The rationale for selecting District X was that it demonstrated both typicality and diversity. Typicality in that the LWC initiative was implemented using the same model in all 12 districts. Diversity in that the LWCs in District X had varying levels of success.

4.3 Data collection

The principal method used for collecting data was semi-structured interviews. The advantage of interviews is “it is a method which can generate substantial in-depth qualitative information usually from a small number of respondents” Hart (2005, 357). The rationale of using semi-structured interviews is that the nature of the process is less formalised and as such allows for greater flexibility within the interviewing process. In total 17 semi-structured interviews were held. Interviews were held with:

- Members of the LWCs operating in District X
- Officials from the KZN DOE at provincial, district, circuit and ward level
- School principals located in District X

- An official from the KZN DED
- An official from Ithala
- Officials from the FETs
- An official from Masscash, a division of Massmart Holdings Ltd (Masscash).

The second method used was observation. An integral part of this process was observing members of a LWC whilst they were procuring and distributing weekly perishables. The final source of evidence collection was the use of documentary sources and other existing secondary data. This included FET training manuals, KZN DOE systems description and various other DOE correspondence.

4.4 Data analysis

Two distinct general processes were followed in the data analysis. Firstly, in order to provide a “picture” of the LWCs, a descriptive framework for organising the case study was used (Yin 2003, 144). This was achieved by categorising data into subject areas that shaped the LWCs conceptualisation and implementation. Secondly, as part of the process of identifying and exploring the challenges, the data was categorised into various themes. These themes were identified during both the literature review and the fieldwork and were constantly revisited and amended.

The specific tool used for analysing the data was triangulation, which refers to the matching of evidence from different sources and methods.

Triangulation is an indispensable tool in the real world enquiry. It provides a means of testing one source of information against other sources. Both correspondences and discrepancies are of value. If two sources give the same messages then, to some extent they cross-validate each other. If there is a discrepancy, its investigation may help in explaining the phenomenon of interest (Robson 1993, 383).

4.5 Research limitations

One of the strongest criticisms raised against the case methodology is that it provides no basis for scientific generalisation (Flyvbjerg 2006, 224). In this study, the criticism is further heightened

by the case selection using an information orientated strategy as opposed to a random strategy. The counter to the criticism is that the objective of this research was never intended to produce data that could be scientifically generalised to all 42 LWCs. Defending the case study methodology Burton (2000, 225) argues that “case studies are about making analytical generalisations and not about making statistical inferences”.

The second limitation was a personal issue in that the research was undertaken by a white, formally educated, male whilst the principal focus of the study was on LWCs whose members are black, female and often not formally educated. In order to address this issue special care was taken during the setting up of interviews and the actual interview process. Part of the interview process started off by asking easy questions and building the confidence of both parties. Difficult and contentious questions were often left to the end of the interview. Initially language was anticipated as a limitation, however all respondents were able to communicate verbally in English.

4.6 Ethical issues

Prior to undertaking the fieldwork, written approval for the study was obtained from the KZN DOE. A copy of the correspondence is attached in the Appendix. As part of the approval, certain conditions had to be adhered to including that principals, educators, KZN DOE officials and schools should not be identifiable in any way from the results of the investigation. In the light of this condition no person, title (besides principal) or region is named in the dissertation. Furthermore, no LWC or member is identified by name.

Before each interview, the consent form was explained and signed by the respondents. A copy of the form used for KZN DOE officials is attached in the Appendix.

Chapter 5: Findings – A “picture” of LWCs

Up until 2006, the principal service providers of the NSNP within KZN were SMMEs. Thereafter, because of political priorities, there has been a shift in emphasis from SMMEs to LWCs. In order to identify and explore the challenges faced by these LWCs it is necessary to understand how the LWC model has been conceptualised and implemented. In this chapter a description of the LWC model will be presented. This chapter begins with an overview of school feeding within KZN followed by a more specific description of the LWCs. Areas that will be covered include background, selection of members and schools, financing, training, and operational issues. The chapter will conclude with an outline of how the LWCs within the district selected as the case study have performed as service providers.

5.1 Overview of school feeding in KZN

5.1.1 Numbers

Currently in excess of 1.4 million primary school children are targeted for school feeding. These children attend 3 812 different schools and receive food for 167 days per annum. The schools are spread across 12 districts, 43 circuits and 192 wards. The total KZN NSNP budget for the 2009/08 year is R 376 million, based on the conditional grant from National Treasury, which equates to a total cost of R 1.52 per learner per day. This cost includes payment to service providers and administration (DOEb 2008, 1)

5.1.2 Management structure

The management of the NSNP is organised at four levels. Firstly, at provincial level a dedicated NSNP team is responsible for the overall management of the NSNP within KZN. The tasks of the provincial team are varied, with those pertaining to LWCs consisting of the formulation of policies and guidelines, service provider relationships and authorisation of claims. Secondly, at a district level, there is a smaller dedicated team whose main responsibilities are to monitor and report on the feeding at school level and to assist with the claims process. Thirdly, at a ward level, the ward manager, as part of the responsibility of overseeing individual schools in the ward, monitors the feeding at schools and notifies the district NSNP team of problem areas.

Lastly, at an individual school the principal and the school governing body (SGB) are responsible for managing the feeding at their school.

5.1.3 Procurement

The primary task required by all contracted service providers (LWCs and SMMEs) is to procure and deliver ingredients to various schools. The quantity of food is dependent on the number of learners to be fed and the number of feeding days. The type of food to be procured and delivered is based on four prescribed menu options set by the KZN DOE. Schools are not allowed to serve any menu option more than twice a week. An example of the menu option is menu three, which consists of samp (60g), beans (45g), carrots (75g) and a medium fruit (DOEb 2008, 7). Once the food is delivered at the school the responsibility for preparing and cooking the meal is vested in meal preparers. The SGB appoints the meal preparers and they receive a monthly stipend of R 500. The ratio of meal preparers to learners is 1:500. Dry goods are delivered once a month with perishables delivered weekly.

The service providers are compensated at the same rate amount per learner, which has recently been increased to R1.50 per child (food only) from R1.30. Payments to the service providers are processed by the KZN DOE and are made monthly in arrears. Other tasks expected of the service provider include purchasing of cooking fuel and remunerating the meal preparers. The service providers are reimbursed for these payments at an agreed rate.

5.2 LWC model

5.2.1 Background

The principal driver of LWCs as service providers to the NSNP was the Member of Executive Council for Education (MEC). With provincial governmental departments having various procurements targets set, including the target of 10 percent of purchases from co-operatives, the NSNP was considered the most appropriate programme to promote co-operatives within the KZN DOE. When asked why, in KZN, co-operatives were promoted above SMMEs an official from the KZN DED replied:

Co-operatives address more people than SMMEs as they can benefit more than one person. It is a more inclusive form of development (Interview with KZN DED Official A: February 10, 2009).

The role of the MEC is clearly evident with many interview respondents referring to the LWCs' initiative as the "MEC's project" (Interview with KZN DOE Official B: January 29, 2009; Interview with KZN DOE Official E: February 4, 2009; Interview with FET Official A: February 6, 2009; Interview with KZN DOE Official G: February 17, 2009).

The 42 LWCs were appointed in July 2006 and originally fed 231 609 children representing 17 percent of the number of children fed. The structure of the LWCs' model, as implemented, was based on the recommendations of the provincial NSNP team. The KZN DED played an initial role in facilitating training through the FETs and the provision of financing through Ithala.

Prior to the appointment of the LWCs, the KZN DOE made sole use of SMMEs as service providers. Even after the appointment of LWCs the number of contracted SMMEs exceed 1 100 and supply 3 123 schools. The numbers of schools supplied by the SMMEs vary, with some supplying a single school and other supplying numerous schools. The SMMEs are appointed on a quotation basis with the SGB having significant input on which SMMEs are selected. In the SMMEs selection, various criteria are used including price, impact on local community and capacity. Although price is used as one of the criteria, it is ultimately irrelevant as all service providers are paid the same rate.

5.2.2 Selection of members and schools to be fed

At the co-operative level, the instructions from the provincial NSNP team were that the number of members per co-operative was to be 10 with the number of learners to be fed by each co-operative to total approximately 5 000. The rationale for stipulating 10 members was to exceed the minimum number of members required by the Co-Operative Act, which is five. There was no economic rationale for specifying 5 000 learners with no forecasting having been done on what the profits of the LWCs were expected to be (Interview with KZN DOE Official A: January 29, 2009). The initial thinking was to expand the number of children fed once the co-operatives were working properly.

At a member level, the guidelines from the provincial NSNP team were that, the schools to be serviced by LWCs had to be identified, followed by the selection of individual members. Schools to be supplied by LWCs were chosen by the ward, circuit and district managers. The schools were identified on a circuit basis (one LWC per circuit) with the requirement that an equal number of schools per ward be selected. There were no other major criteria for schools being selected besides the requirement that the enrolment of all the schools must total approximately 5 000 learners. Once schools were indentified, individual members were to be selected. Criteria from the provincial office for selection of members were that individuals had to be black, female, from a poor economic background and the mother of a child attending the school. Level of education and previous business experiences were not taken into account. Names of individuals meeting the criteria were put forwarded by the principals/ SGBs with final selection of individuals vested in the ward managers after consultations with the circuit and district managers. After the co-operative was formed, members were not allowed to recruit new members or cancel the membership of an existing member.

Notwithstanding the instructions and guidelines from the NSNP provincial office, the actual selection process at ground level varied. One of the reasons suggested for the variation across circuit level was the rush to get the LWC initiative up and running. These variations are highlighted by the following accounts of how the individual members and schools were selected in two circuits.

Instructions were received that one co-operative consisting of 10 members spread across the circuit had to be formed. The principals of all the schools in the circuit, which totalled in excess of 100 schools, were advised to select a person to be nominated for selection as a member of the LWC. These individuals had to be democratically elected at a parents meeting. The nominated persons from all the schools were then invited to attend a meeting at which the LWC was to be formed. At the meeting, the individuals were divided into the four wards making up the circuit [about 25 persons per ward]. Each of the four wards then selected either two or three members, which was done by drawing names out of a hat. Schools were then selected to be serviced by the LWC based on if their nominated person was selected (Interview with KZN DOE Official F: February 13, 2009).

I previously supplied schools as a SMME. I was told that the DOE was forming LWCs and that I was to get a group of women together that were unemployed. Part of the group included a list from the KZN DOE of women that had to form part of the LWC. Not all women on the list wanted to be part of the LWC and therefore I had to make up the numbers by selecting unemployed women from different townships. We were then told what schools we would be supplying (Interview with Member of LWC A: February 5, 2009).

Despite the variations in the selection process, crucial patterns are evident. Firstly, individual members did not know each other prior to the formation of the LWCs. This is emphasised in the first account described above, where selected members initially met each other at the “name drawing” ceremony. Secondly, principals had no input as to whether their schools would be supplied by LWCs. If their school was selected to be part of the process, they had no option but to accept it. In the event of their school not being selected, the schools would continue to be serviced by the existing SMME. One of the principals explained that he was notified without any warnings or input from himself that his current SMME was to be replaced by a LWC, even though the SMME was a black woman from the community who was doing an excellent job as a service provider. Thirdly, whilst principals or SGBs nominated persons from the school to be represented on the LWC, these persons were often not part of the LWC. The principal reason for this is the subsequent declining of the nomination by the individual. Fourthly, the general lack of business skills and in certain instances the limited formal education of individual members making up the LWCs contributed to the difficulties. With previous business experience and educational level not being criteria for selection, this pattern was to be expected.

5.2.3 Financing

With members of the LWCs coming from impoverished backgrounds and unlikely to secure independent financing, the provision of financing to the LWCs was critical. Based on a LWC feeding 5 000 children for 20 days a month at a cost of R 1.20 per day per meal (approximate cost to the LWC of procuring and delivering food) the total monthly outlay would be R 120 000. With payments by the KZN DOE being made in the following month, two months of working capital would be required totalling R 240 000.

The KZN DED played a pivotal role in this regard and secured financing for all of the LWCs through Ithala. The key focus of Ithala is to provide financial and property services with economic development and empowerment being their main drivers. The sole shareholder of Ithala is the KZN provincial government. Rather than the LWCs 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 LWC of which R 280 000 had to be repaid. The balance of R 20 000 was free funding provided by the KZN DED. The terms for the provision of the facility was that all outstanding amounts had to be paid within a year, which based on a full drawdown, equated to a monthly repayment of R 26 000. Interest on the outstanding amounts was charged at prime after an initial three-month grace period.

The mechanics of the facility were that three accounts had to be opened with Ithala namely a loan account, a business account and a trust account. All funds advanced to the LWCs were disbursed out of the loan account. The KZN DOE would then pay each LWC's monthly payments into the loan account. Thereafter, Ithala would deduct the required minimum loan repayment amount and transfer the balance to the savings account to be used by the LWC as it saw fit. Once the loan was settled, Ithala would, as an incentive, transfer 5 percent of total repayments into the LWC's trust account. Further mechanics were that funds could only be accessed by submitting pro-forma invoices from suppliers. These invoices were paid by Ithala directly and debited to the LWC's loan account. In instances when cash was needed the amounts would have to be justified and subsequent receipts submitted. Funds could only be used for costs directly associated with feeding e.g. food, cooking utensils and cooking fuel. The LWCs were prevented from using the funds to acquire vehicles.

Whilst the terms were agreed and the mechanics were in place, the financing arrangements did not work as envisaged. The most notable weakness was that payments made by the KZN DOE were not always paid into the LWC's loan account with Ithala. According to informants, payments would often be made into the LWC's business account with Ithala or into accounts held with other banks. In these circumstances, Ithala could not deduct their loan repayment with the result that the LWC's loan would fall into arrears with their loan attracting greater interest. Where payments were made into the LWCs' business accounts with Ithala or other banks the co-

operatives could use the money as they saw fit. The reasons for payments into accounts other than the loan account were often either poor administration or lack of understanding, with wrong bank account details forwarded to the KZN DOE. An additional reason was the LWCs themselves requesting the KZN DOE to process payment into another account. With Ithala not having a formalised cession of income the arrangement could not be legally enforced.

A further weakness was that the arrangements with Ithala were considered complicated and confusing. Besides the official from Ithala, no other person interviewed could adequately explain the mechanics and terms of the agreements between Ithala, the KZN DOE and the LWCs. Furthermore, the process of submitting pro-forma invoices and supporting documents to Ithala was both time consuming and costly. An official from Massmart, the largest wholesaler of dry goods nationally, described the process of getting pro-forma invoices paid from Ithala as “tedious”.

Of all the 42 loans granted, 12 LWCs as at February 2009 are in default with Ithala with total arrears exceeding R 1.5 million. Even though personal sureties have been received from individual members, Ithala does not intend to enforce them. The only follow up action taken by Ithala on the accounts in default is telephone calls to the members requesting payment. All four LWCs operating in District X have repaid their full amounts to Ithala with some taking longer than the agreed period.

5.2.4 Training

As critical as financing was, so too was the provision of training to the members of the LWCs. With previous business experience and educational levels not used as criteria for selection, training of the members was deemed essential. Once again, the KZN DED role was central through the facilitating of training through the FETs. This training forms part of the broader FET mandate from the KZN DED to provide training to co-operatives throughout the province. Since 2005, the FETs have trained 7 000 members of co-operatives in the province.

Training of the LWCs took place over a two-month period and it was compulsory for all members to attend. The training schedule was split equally into two modules. The first module was generic and the members were taught about co-operatives in general encompassing

definition, values and principles; duties and legal requirements; business plans; and financial skills including budgeting and the preparation of income statements and cash flows. The second module was more specific in nature, with the subject matters directed solely at the NSNP. Topics covered were costing; hygiene, safety and sanitation; measuring; storage; nutrition and menu planning; practical skills; and recipes. Manuals were prepared for both modules in English and isiZulu with the training facilitators able to teach in both languages.

The cost of the training was free for the members, with the FETs receiving compensation from the KZN DED. In addition, the accommodation for members during the training period was provided at no cost to the members by the FETs. This cost was also reimbursed to the FETs by the KZN DED. Even though training was provided at all FET premises, instances did occur where the sites were located some distance away from the members' homes, which made daily commuting impossible. In such cases, the members were housed in residences on the various campuses. In total, training of the 42 LWCs took place at 40 different FETs' locations.

Besides the training, the FETs provided other services to the LWCs. These services consisted of ensuring that the co-operatives were registered with the Registrar of Co-operatives. Tasks in this regard were making certain that all forms were filled out correctly and that all initial legal requirements of the Co-operatives Act were met. At the completion of the training, the LWCs were presented with certificates stating the names and registration numbers of the co-operatives. A further task was the preparation of a business plan. It was intended that these business plans would be submitted to Ithala for financing purposes, but, as discussed earlier, the financing of all the LWCs were approved *en masse*. A third task was the mentorship of the LWCs by the training facilitators. This mentorship was offered by the FETs for the initial six month period and thereafter ceased.

5.2.5 Operational parameters

In terms of operational requirements, the LWCs are, for the most part, treated the same as SMMEs. They are required to provide food to the schools according to the same guidelines and are compensated at the same rate. However, several differences are pertinent. Firstly, other service providers are contracted and are appointed according to a quotation based procurement

policy whereas the LWCs fall outside the policy. When asked why and for how long this difference would exist a KZN DOE official replied:

As the decision to use LWCs is a political decision, they will continue to fall outside the quotation system. If part of the quotation system, chances are that the LWCs would not be selected (Interview with KZN DOE Official B: January 29, 2009).

Secondly, the LWCs have no input into which and how many schools they will supply. The LWCs are told what schools they will supply even if the schools are nearby. On the other hand, other service providers would not submit a quotation to feed schools if the distances between the schools precluded operational efficiency. With LWCs supplying schools in a circuit, across four wards, the substantial distances between certain schools have major operational consequences. Also impacting on operational efficiency is the number of schools supplied. With enrolment figures varying between schools, some LWCs are required to supply more schools to make up the 5 000 learners. This is apparent in the case study where one LWC had to supply fourteen schools with a total enrolment of 5 336 learners as opposed to another LWC which serviced six schools with a total enrolment of 5 085 learners. The first LWC is prejudiced by having to make twice as many deliveries for a similar total compensation while the second school could benefit from economies of scale.

In addition to the above, a further significant operational difference between the LWCs and other service providers is the lack of access to existing infrastructure. With many SMMEs having alternative businesses besides school feeding and/ or having been contracted by the KZN DOE for several years, they have been in a position to build up their infrastructure base. The LWCs lack of infrastructure is evident with regard to vehicles since the co-operatives have no option but to hire vehicles to undertake their deliveries. In raising this issue, one of the principals interviewed described how, in addition to hiring transport for deliveries, members of the LWCs had no option but to make use of public transport to get to the various schools in order to complete paper work and to attend meetings.

5.3 LWCs – performance as a service provider

The performance of the four LWCs in District X as service providers has been mixed. Only one LWC has been able to continue supplying all the schools that it was originally assigned, and indeed the number of schools supplied by this co-operative has been increased. Two of the co-operatives are barely functioning and are providing food to a greatly reduced number of children. The fourth LWC has been suspended and is not supplying food to any of the children. Some of the schools no longer supplied by the non-performing LWC have been transferred to the achieving co-operative. The balance of the schools has been allocated to SMMEs.

One of the principals interviewed explains her experience with one of the LWCs as follows:

My dealings with the co-operative 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 co-operative, as they have no idea. If I did not they would not get paid and the children would not get fed (Interview with School Principal C: February 25, 2009).

Another principal interviewed describes his dealings with a co-operative as follows:

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 LWC 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 with School Principal A: February 10, 2009).

5.3.1 Losers

There are four different categories of losers as a result of the co-operative model. Firstly, the unanimous concern raised by various respondents on the inadequate service delivery of the three non-performing LWCs was the impact on the children. In extreme cases, children would be

denied their right to a meal whilst during other adverse periods the quality and quantity of the meal would be compromised. Taking into account that the number of children originally fed by each LWC was about 5 000, the feeding of approximately 15 000 children in District X has been compromised. One principal who was concerned about the consequences to the children stated:

The DOE should focus on feeding children, with the economic empowering of communities being the responsibility of other government departments (Interview with School Principal A: February 10, 2009).

Secondly, the principals of the schools fed by these LWCs were impacted as they had to dedicate time and other resources to assisting the LWC. Furthermore, their role as educators and their teaching staff were affected as the task of teaching children suffering from hunger is made harder. All the principals interviewed remarked that the school feeding programme is a valuable and an important intervention. Thirdly, rather than the members of these LWCs being economically empowered, there was no evidence of long-term financial benefits or other benefits accruing to the members. A member of the LWC that was suspended estimated that in the two-year period of operations she has received R 9 000 as remuneration (Interview with Member of LWC B: February 16, 2009). With the LWC suspended and unlikely to commence operations, future remuneration was improbable. Fourthly, the SMMEs that were replaced by the LWCs were impacted as they had parts of their business taken away. Even if these SMMEs offered an excellent level of service there was no guarantee that they would not be replaced.

5.3.2 *Winners*

Despite, many of the negative comments it is imperative to stress the favourable comments about the service levels of the one LWC in District X, which has been successful as a service provider. A principal of a school supplied by this co-operative was highly complimentary of the service received with no concern pertaining to service noted. The principal however did raise a complaint that members of the co-operative were not from the local community and hence the objective of LWCs empowering the local community was not met.

Whilst, this LWC has been successful and benefits have accrued to the members, questions do arise about the long-term sustainability of the co-operative. These questions arise because of the

tensions between members and the inability of the co-operative to develop business outside the NSNP.

5.4 Summary

The political decision to promote LWCs as service providers to the NSNP has required that a new model be conceptualised and implemented. The KZN DOE has played the leading role in this process with other key role players being Ithala, FETs and the KZN DED. This chapter has described how the model has been implemented and conceptualised. As is made evident by the mixed performance of the LWCs within District X, various challenges have been presented to the LWCs that impact on their ability to be efficient, effective and economically viable service providers. These challenges are identified and explored in the next chapter.

Chapter 6: Analysis – Challenges Facing LWCs

This chapter will identify and explore the challenges faced by LWCs that impact negatively on their ability to be efficient, effective and economically viable service providers of the NSNP within KZN. The challenges will be explored according to various themes. These themes are internal conflict within the co-operatives; speed of implementation and excessive government intervention; lack of assets; economic viability; and the funding agreement with Ithala.

6.1 Conflict within the co-operatives

Without a doubt, one of the greatest challenges facing LWCs is the internal conflict between members. Indeed, in all of the interviews words such as conflict, tension, mistrust, suspicion and fighting were used and in many instances repeatedly so. The cause of this conflict originates from the co-operative as an organisational form, which has been heightened by the manner in which the LWCs have been conceptualised and implemented.

6.1.1 Conflict – co-operatives as an organisational form

As a stand-alone organisational form there are clear signs of tension within the LWCs. This is evident in that numerous respondents felt that 10 members were too many and that in order for co-operatives to be successful the number of members had to be reduced significantly. One of the foundations of the co-operative as an entity is the grouping of individuals to work together democratically. If 10 members are considered too many for this process to occur, the whole basis behind promoting co-operatives has to be questioned. In fact, if the principles and values behind the co-operative model were to hold true, the number of members would be irrelevant.

Conflict within the LWCs resulting from the co-operative as an organisational form was noted on several fronts. Philip (2003, 4), in discussing tensions that go to the heart of a co-operative as an entity, raised similar concerns. Firstly, members do not want to be workers but rather bosses.

As soon as individuals became members of co-operatives they become the bosses – they did not want to be the workers. The members are taught by the FETs that everyone is equal – members can't be told what to do, as they are all perceive themselves to be equal (Interview with Ithala Official: February 5, 2009).

With “too many chiefs”, conflict was unavoidable. Secondly, stress arose from the uneven distribution between workload and remuneration. With members receiving equal remuneration regardless of work undertaken, resentment resulted. One member explained her frustration:

Even though people get paid the same, they do not work the same. Some do very little and just sleep all day (Interview with Member of LWC A: February 5, 2009).

When observing one of the co-operatives, it was apparent that there was not an equal distribution of the workload. For the weekly delivery, only two members of the LWC were present, with the one member making use of her family to assist in the procurement and delivery of the perishables to the schools. Thirdly, friction was noted between the need for members’ short-term gains and the longer-term objective of growing and ensuring the sustainability of the co-operative. For example, the LWC which performed suitably as a service provider had at the time of the interview less than R 1 000 in the co-operative’s bank account. In bemoaning the situation, a member of the co-operative described her frustrations:

All the profits of the co-operative are paid out with no annual surpluses having been achieved. Our existence is month to month. Members want salaries as opposed to building up the bank account. Members want, want, want... We need to be taught to work together and to grow the business (Interview with Member of LWC A: February 5, 2009).

6.1.2 Conflict – heightened by selection process of members

The above conflicts have been intensified by the process followed by the KZN DOE in selecting members for the LWCs. Firstly, and of particular significance, members that were selected to be part of a LWC did not previously know each other. “In some cases, members met for the first time at their initial training session” (Interview with FET Official B: February 24, 2009). This has further been compounded by the inability of the LWCs to change their membership structure. Both the selection method and the inability to change members are in stark contrast to the definition, values and principles of a co-operative, which promotes an autonomous and voluntary entity. Instead of members being unified for a common purpose, an environment for suspicion and mistrust was created. This suspicion and mistrust is apparent within the LWC that was formed through the process of drawing names out of a hat:

The co-operative often met at the circuit office – we could often hear noises with lots of fighting coming from the boardroom. Members were not on good terms with huge conflict and allegations on how the money was being spent. During this period, there was a coup within the co-operative with the old management team being replaced. Problems continued with allegations and counter allegations of money being squandered, fraud and the non-equal sharing of profits (Interview with KZN DOE Official F: February 13, 2009).

A further contributing factor to the conflict was the selection of members from different wards. As a result, members were not in close proximity, which led to logistical issues regarding communication and meetings. This made regular communication and meetings not only costly but also time consuming and difficult to arrange. If members were located in close proximity, chances are that meetings could have been held more regularly with the possibility that some of the conflict could have been avoided.

6.2 Speed of implementation and excessive government intervention

It is evident that the speed of implementation as well as excessive government intervention has presented various challenges to co-operatives. This is apparent at both at the KZN provincial level and at the NSNP level. The focus on registering as many co-operatives as possible at the provincial level, with speed being the key, was referred to as “rush hour with many mistakes being made” (KZN DED Official). A similar viewpoint was expressed by an official from Ithala:

There has been a huge rush to register as many [co-operatives] as possible. There was no proper strategy. The strategy flew before it could even crawl. There was a boom without the systems... Of the 1 200 co-operatives funded by Ithala, 93 percent are in default (Interview with Ithala Official: February 5, 2009).

Similar concerns were raised by respondents with the conceptualisation and implementation of the LWCs. With both speed and numbers a factor, concern needs to be expressed regarding the appropriateness of strategies which should have fostered an environment for the co-operatives to sustain themselves and to ultimately grow. In this context, Braverman et al. (1991, 10) warns

against the hurried and premature creation of co-operatives, resulting in organisations that are not sustainable.

Excessive government intervention and the top down approach followed in promoting co-operatives are clear in the LWCs. As suggested by Braverman et al. (1991) and Hyden (1988) this impacts negatively on co-operatives. Crucially, members are told who and how many members there will be, what schools they will supply and they are protected from the quotation based procurement policy. A challenge presented by the excessive government intervention and top-down approach is the lack of meaningful participation by members. In some of the LWCs, a number of members play no role whatsoever in the co-operative. An additional challenge is the changing of the nature of co-operatives from autonomous and voluntary organisations (Hyden 1988) to dependent and involuntary entities. This is in contrast to the definition of a co-operative and undermines the values and principles of a co-operative. The dependency of the LWCs on the KZN DOE is apparent as it is likely that the majority of the LWCs within the case study would not survive if they were included in the quotation based procurement process. Furthermore, none of the LWCs has expanded their core business outside the NSNP. A third challenge has been the creation of a “tender and grant” mentality amongst some of the co-operatives with members not being concerned about sustainability, growing the co-operatives or the consequences of failure. A FET official stated that “if you want to receive money from the government with no come backs, form a co-operative” (Interview with FET Official A: February 6, 2009).

Co-operatives are seen by many as a grant programme – join a co-operative and get money. The understanding of the people is that the money is government money and does not have to be paid back (Interview with Ithala Official: February 5, 2009).

6.3 Lack of assets

The lack of assets of the LWCs can be classified into four broad categories namely human, physical, financial and social. The lack of each of these presents challenges and impacts on the ability of the LWCs to sustain themselves in the short term and ultimately to grow.

6.3.1 Human capital

Together with internal conflict, the lack of human capital has been the greatest challenge faced by the LWCs. Human capital includes skills, both business and financial, and education. With education and skill levels not being criteria for selection, some members with limited formal education and no previous business or financial experience were selected. Whilst members receive training at the FETs, the training is simply insufficient as a result of the vast amount of work to be covered and the limited duration of the training period.

The lack of skills and education impacts on the LWCs in several ways. Firstly, business viability is put at risk through the lack of profitability. With procurement and distribution costs being the biggest cost drivers of the LWCs it is essential that the members procure and distribute the food in the most cost-effective manner. With many members having no previous business experience, concerns were raised about the ability of members to do so. One respondent claimed that the LWCs were getting “ripped off” by suppliers. Of the four LWCs within the case study, the only LWC that had met their obligations as a service provider was managed by a woman with acumen and extensive previous business skills. This was evident in both the interview and in observing the co-operative. When asking this person why LWCs battled, she lambasted the lack of skills and stated “a blind person cannot lead a blind somebody” (Interview with Member of LWC A: February 5, 2009).

Secondly, the daily operations and the long-term sustainability of the LWCs are jeopardised by insufficient skills to control and protect cash. Cash flow management, which requires certain skills, is vital for any business, particularly an emerging business. One such skill is the ability to plan and forecast for the future. The lack of this skill is noticeable within the LWCs with minimal cash resources being maintained and a day-to-day survival strategy followed. Compounding the need for this skill is the demand for members’ short-term remuneration. With members demanding remuneration, skills are required to budget and to explain to other members accordingly. Another compounding factor is the amount of money involved. Based on a LWC feeding 5 000 children for 20 days during the month, the total monthly inflow would be R 150 000. This is a considerable amount, bearing in mind that many members have never previously operated a bank account nor have had access to such large sums of money. A further skill to

protect the cash flows of the LWCs is the ability to submit claim forms to the KZN DOE accurately and on time. The failure to do so results in payments getting delayed with consequences for the LWC's financial capacity to procure food.

Thirdly, the ability to train members of the LWCs is hampered. In order to benefit from the training offered by the FETs, a certain level of education is required. A FET official stated that:

A lot of members of the LWCs came for training who could not read or write. This made training extremely difficult (Interview with FET Official B: February 24, 2009).

Fourthly, having not short-term but rather longer-term implications, is the shortage of skills to meet all statutory and legal requirements. A co-operative 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 LWCs were meeting these obligations. Whist one LWC had prepared quarterly reports of inflows vs. outflows, no annual financial statements had been prepared or submitted. Another LWC had failed to keep any records and as a result financial accounts could not be prepared.

6.3.2 Physical assets

One of the unavoidable outcomes of appointing individuals from impoverished backgrounds to join the LWCs is their limited ownership of physical assets. Of particular significance is the lack of ownership of vehicles. As a substantial portion of the LWC's task consists of the delivery of food, the failure to own vehicles has major cost implications as well as influencing the level of service delivery. With vehicles having to be hired on a regular basis and with the hirer of the vehicles demanding a mark-up, delivery costs escalate and the profits of the LWCs decline. Service levels are also affected, as the actual delivery of the food is taken out of the control of the LWCs and is vested with the third party transporter.

Other physical assets that are lacking and present challenges to the LWCs are offices and communication devices. None of the LWCs had offices with the result that meetings were infrequently held. Furthermore, meetings when held were often held in inappropriate venues. One of the LWCs held meetings at a fast food chain. In such a venue, meetings cannot be productive

and fruitful. Communication between the KZN DOE, schools and LWCs were impaired by the inability to communicate effectively. A principal explained how the poor communication between the KZN DOE and the LWC resulted in the children not being fed. This occurred as the LWC was not informed of the correct number of feeding days, with the result that there was an insufficient quantity of food.

6.3.3 Financial assets

A further outcome of appointing individuals from impoverished backgrounds to join the LWCs is their limited access to savings and suppliers of credit. The limited access to these financial assets affects the ability of LWCs to both grow and sustain their businesses. Whilst initial funding was provided by Ithala, this was often the LWCs' only access to financial assets. Once the Ithala loan had been drawn down and loan repayments had commenced, access to financial support was effectively ended. With members having few personal assets and no business record of accomplishment the chances of securing any institutional funding is remote. Furthermore, the opportunities to buy on credit are minimal. A Massmart official stated "credit will not be given to LWCs, but only to individual members who have financial muscle" (Interview with Massmart Official: February 3, 2009)

6.3.4 Social capital

Taking into account the values and principles that a co-operative as an organisational form is meant to promote, one would expect the social capital within the LWCs and between individual members to be exceptional. Clearly, considering the extent of conflict within the LWCs this is not the case. Indeed, the levels of social capital can be described in some cases as abysmal. As a result, important social assets such as moral claims, trust, rules, obligations and reciprocity are at low levels and in many instances non-existent. The lack of social capital is illustrated in the following account:

When the LWC was unable to supply [food], an individual member was able to keep the feeding going for a few days by using her own resources. When the co-operative started feeding again, the individual member tried to claim the costs back from the co-operative. Even though the LWC was compensated for those days, the member had difficulty in

recovering the money as other members raised issues as to who gave authority to the member to feed in her own capacity (Interview with School Principal B: February 17, 2009).

Furthermore, external social capital is lacking. In addition to the conflict between members of the LWCs, there is conflict between the LWCs and the individual school principals/ SGBs and other SMMEs.

Many school principals/ SGBs were satisfied with SMMEs as service providers and had no influence in the appointment of the LWC. The consequence was that the relationship between the LWCs and principals/ SGBs started-off on the back foot. In addition, burdens were placed on the LWC to provide more than they were contracted to do. These burdens were heightened by the business naivety of the LWCs.

Principals often took the LWCs for a ride by getting them to do stuff on the understanding that previous SMMEs did similar things e.g. free food, Christmas parties etc. (Interview with KZN DOE Official B: January 29, 2009).

Principals did not want co-operatives as they received many benefits from the SMMEs such as hiring of buses for school functions. This created a lot of friction between the principals and the co-operatives (Interview with Member of LWC A: February 5, 2009).

Tensions with principals, SGBs and SMMEs are intensified by the co-operatives falling outside the standard procurement process. This creates the impression that the LWCs receive special treatment and that, regardless of service delivery, they will be protected. This special treatment is compounded by the LWC being viewed as a MEC favoured project.

6.4 Economic viability

A huge weakness in the conceptualisation process was that no economic modelling was done by the KZN DOE as to what the profits of the co-operatives were expected to be. In terms of profitability, the LWCs differ from other suppliers as the other suppliers generally have additional businesses and existing infrastructure. The failure to do initial economic modelling raises concerns about whether the LWCs are actually profitable and sustainable. If the LWCs are

not profitable they have no chance of being an efficient and effective service provider. Furthermore, if the LWCs are not making money, tangible benefits to members will be minimal, which, as explained by DGRV (2007), is a prerequisite for a co-operative to be successful.

Besides the lack of initial forecasting, no subsequent modelling has been done to take into account the impact of increases in food prices and petrol on the LWCs. Despite the cost of fuel and food items increasing substantially last year, the fee per learner was kept constant at R 1.30. Only recently has this amount been increased to R 1.50. This represents a 15 percent increase, which is negligible taking into account the increase of the LWCs' main cost drivers.

The economic viability of the LWCs has also been negatively affected by the co-operatives having no say which schools they supply. With schools being located in different wards, distances and the resultant cost of distribution become factors. In addition, some LWCs have had to supply more schools to make up enrolment numbers, which increases transport and administration expenses.

A further contributing factor impacting on the economic sustainability of the LWCs is the lack of mentorship. Bearing in mind the challenges faced by the LWCs, a mentorship programme should have been a priority. Whilst the FETs did provide limited mentorship for the first six months, the LWCs were effectively left to their own devices. This has been compounded by the limited capacity (personnel and skills) of the KZN DOE to play a support role to the LWCs. In addition, after the initial implementation of the LWCs, important role players such as the KZN DED and the DTI provided no back-up to the co-operatives. Again, the lack of support for the LWCs raises concerns about the priority of those in power – numbers as opposed to sustainability. The lack of mentorship is clearly evident as none of the members of the LWCs interviewed were aware of support structures, with one member highly critical of the lack of a mentorship programme.

Lastly, the economic viability of the LWCs is often put at risk through the late payment of the LWCs' claims. Late payments occur as a result of bureaucratic delays or the incorrect completion of forms by the LWCs. With cash flow a critical factor, the late payment of claims has enormous implications for the day-to-day survival of the LWCs and for their capacity to procure food to feed the children.

6.5 Arrangements with Ithala

With members lacking financial skills the agreements that had been reached with Ithala were perceived as being extremely complicated and in many instances were not understood. This was further compounded by the KZN DOE officials not fully understanding the arrangements and therefore unable to explain adequately to the members of the co-operatives. As a result of the lack of understanding some of LWCs fell into default with repayments, which further inflamed tensions. Accessing funds was also considered complicated and tedious.

Another factor contributing to the defaults and tensions was the payment of claims from the KZN DOE to LWCs bank accounts other than the agreed loan account with Ithala. Consequently, Ithala was not in a position to deduct the necessary loan repayments, with the LWC's able to use the funds as they saw fit. In many such instances Ithala was not repaid and hence defaults and rising tensions occurred.

A further challenge presented by the arrangement with Ithala was the repayment terms of one year. In any business, and particularly a start up business, these terms are onerous and immediately put the co-operatives under cash flow pressures. This pressure, together with the need for members to be remunerated, places short-term cash flows at huge risk.

6.6 Summary

The analysis of the various themes described in this chapter demonstrates that the LWCs as service providers face wide-ranging challenges. These challenges are significant when they stand alone, but become more so when they are combined. An example is the critically important cash flow of the LWCs, which is put at risk, and further compounded by, conflict within the LWCs arising from the need for members' short-term gains versus long-term growth; lack of business and financial skills; lack of financial assets; profitability; and the onerous repayment terms with Ithala.

7 Conclusion and Recommendations

The political decision to promote LWCs as service providers to the NSNP within KZN was motivated by the many attributes that co-operatives as an organisational form were assumed to enjoy, particularly their ability to create jobs and to advance broad based economic empowerment. Whilst there is a wide body of literature supporting co-operatives as an organisational entity, there are dissenting viewpoints. The objective of this research was to identify and explore the challenges that are presented to the LWCs. This was achieved using the case study methodology and took into account the need to understand how the LWC model was conceptualised and implemented and to identify winners and losers.

As demonstrated in this report, numerous challenges were identified. These challenges are significant with the consequence that many individuals and groups have been negatively impacted, including children, principals, educators, members of the LWCs, and SMMEs. In this chapter, based on the findings of the research, I will revisit the literature debate on co-operatives. Furthermore, in order to ensure the principal objectives of the NSNP can co-exist with the objective of promoting local women's empowerment, recommendations on the way forward will be provided. This will include both general recommendations, highlighting areas of further research, and specific policy recommendations. Lastly, this chapter will conclude with final critical thoughts.

7.1 Implications for co-operatives as a the preferred institutional model

Within the developmental literature, there are two schools of thoughts as to whether co-operatives should be the preferred organisational form. Firstly, there are those with a favourable viewpoint towards co-operatives. These views are epitomised by the ILO and ICA which jointly emphasise that co-operatives are the best institutional model to alleviate poverty by allowing members to benefit from opportunity, empowerment and security (ICA, ILO 2005, 3).

Underscoring this favourable stance are the positive attributes associated with co-operatives, as have been included in the accepted definition, values and principles of co-operatives. Value attributes include self help, self responsibility, democracy, equality, equity, solidarity, honesty and openness. Principle attributes include voluntary and open membership, members' economic participation, autonomy and independence (ICA 1995).

Secondly, there is literature that raises concerns about co-operatives and questions whether co-operatives should indeed be promoted as the preferred organisational form. As described by Philip (2003, 5), co-operatives are encumbered with inherent tensions. These tensions arise as a result of the nature of the organisational form and go directly against the purported attributes of co-operatives. In addition to these tensions, various internal and external constraints are noted as impeding the performance of co-operatives. These constraints include the following: the lack of participation by members (DGRV 2007); the lack of skills and training of members (Philip 2003, 20); excessive government intervention (Braverman et al. 1991, 11); the blue print/ top down approach towards co-operatives (Hyden 1988); the expectation that co-operatives will fulfil too many functions (Braverman et al. 1991, 12); and the adverse environment in which co-operatives are expected to operate (Braverman et al. 1991, 12).

This research validates the second school of thought with the finding that co-operatives are not the most suitable institutional model to create jobs and promote broad-based economic empowerment. As demonstrated in District X, in the promotion of LWCs there have been many losers and few winners. Even with the single co-operative that has performed adequately, concerns are noted as to its long-term sustainability and to the extent that individual members have benefited. The reasons for the lack of winners are the numerous challenges faced by the LWCs that have been identified and explored in this research. Most of these challenges can be linked to the tensions and constraints noted in the literature.

7.2 Recommendations

The rationale behind this research project was to provide information that could be used as a basis to ensure that the principal objectives of the NSNP can co-exist with the objective of empowering local women. Based on the findings of this research the combined objectives are not being achieved. In this context, the following general recommendation and more specific policy recommendations are made.

7.2.1 General recommendation and further research

Rather than the KZN DOE being motivated by and focussing on the speed of implementation and numbers, it is imperative that they, and other key role players, focus on getting the women's

economic empowerment strategy correct. Whilst some mistakes in the LWC conceptualisation and implementation were unavoidable, the LWC initiative should have started on a small scale and expanded only once the model was working correctly. Future consideration must be given to getting the right institutional model in place prior to the further roll-out of local women's initiatives. Not only will this ensure that the feeding of children is not compromised, but will also build the necessary confidence of all role players.

As part of this process, it is crucial that further research be undertaken into which organisational form is best suited to create jobs and promote broad based economic empowerment including women's economic initiatives. With the current pressure on government to create jobs and to reduce inequalities, this research is of critical importance.

7.2.2 Specific policy recommendations

In the event that the KZN DOE continues to promote LWCs as service providers to the NSNP, the following policy recommendations are made:

First, to reduce internal conflict the process of selecting members must be changed. Members who do not know each other cannot be selected. In this regard, consideration must be given to existing informal community structures. Possible structures include stokvels, church based groups and burial clubs. Second, to ensure that the LWC model is economically viable, economic modelling must be undertaken to establish what the expected profits of the LWC are. Third, the support and buy-in of principals/ SGBs must be achieved by explaining the rationale behind the LWCs project and by demonstrating that the strategy is successful. Fourth, to overcome the mindset that the LWCs are a "MEC favoured project" and are untouchable, the LWCs must be included in the procurement process. Furthermore, there would be an important mindset transformation within the LWCs, as grounds for the "tender and grant mentality" would be removed. Fifth, the asset base of the LWCs must be increased. This would include specifying minimum educational and/or previous experience levels and ensuring that an appropriate mentorship programme is in place. Financial assets must be enhanced and protected by changing the current lending arrangements with Ithala and by the KZN DOE making payments on time. Sixth, to learn from best practices the KZN DOE must make use of and learn from economic

empowerment initiatives, particularly those involving women, that have been implemented in different forms across other provinces. Seventh, to ensure that LWC are economically viable and are able to grow, an analysis must be done of the value chain within the NSNP. This will highlight both risks and opportunities.

7.3 Conclusion

The educational and nutritional objectives of NSNP can be justified by both the investment in the human capital and the human rights approach to development. Whilst there is a lack of consensus whether SFPs can address the nutritional needs of school-aged children, there is consensus that SFPs can improve the educational outcomes of children. Taking into account the educational and nutritional status of South African children, the NSNP is a valuable strategy.

In KZN, the KZN DOE, through the promotion of LWCs as service providers to the NSNP, has added a third objective to the NSNP, which is the promotion of women's economic empowerment. The shifting emphasis towards co-operatives as the preferred institutional model has been politically based and has been motivated by the pressure on government to create jobs and to advance broad-based economic empowerment.

The findings of this research have demonstrated that, in the implementation and conceptualisation of the LWC, many challenges have been presented to the LWCs. These challenges are significant and impact on the ability of LWCs to be efficient, effective and economically viable service providers. The consequence is that many losers have been created. Concerning the NSNP, the major losers are the children whose daily school meal has been compromised. Other losers include principals and other educators who have the difficult task of educating hungry children. In terms of economic empowerment, losers include the many members of the LWCs who have not been empowered and the SMMEs who were replaced by the LWCs. Rather than new economic opportunities being created, they are only being shifted around, often depriving the very kind of people supposedly being targeted in the LWC model. In effect, this is taking from Peter to pay Paul.

The implications of these findings are that, in the decision to promote LWCs as service providers to the NSNP, both the educational and nutritional objectives of the NSNP and the objective of

promoting women's economic empowerment are placed at risk. Much depends on the success of the SFP for the role it plays in the reproduction of South Africa's human capital. In reaching for this success, ongoing analysis, critique and revision are essential.

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Appendix A: Letter of approval from the KZN DOE



PROVINCE OF KWAZULU-NATAL
ISIPUNDAZWE SAKWAZULU-NATALI

DEPARTMENT OF EDUCATION
UMNYANGO WEMPUNDO

Tel: 033 341 8610

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Private Bag X9137

Pietermaritzburg

3200

228 Pietermaritz Street

PIETERMARITZBURG

INHLOKHOVISI	PIETERMARITZBURG	HEAD OFFICE
Imibuzo: Enquiries: Sibusiso Alwar	Reference: Inkomba: 0063/2008	Date: Usuku: 02 December 2008

Mr A D Beesley
24 Northmoor Road
Umhlanga Rocks
4320

RESEARCH PROPOSAL: SCHOOL FEEDING IN KWAZULU-NATAL: FACTORS AFFECTING THE EFFECIENCIES OF LOCAL WOMEN'S CO-OPERATIVES AS SERVICES PROVIDERS

Your application to conduct the above-mentioned research has been approved subject to the following conditions:

1. Principals, educators and Departmental Officials are under no obligation to assist you in your investigation.
2. Principals, educators, Departmental Official and schools should not be identifiable in any way from the results of the investigation.
3. You make all the arrangements concerning your investigation.
4. Educator programmes are not to be interrupted.
5. The investigation is to be conducted from 08 December 2008 to 08 December 2009.
6. Should you wish to extend the period of your research please contact Mr Sibusiso Alwar at the contact numbers above.
7. A photocopy of this letter is submitted to the principal of the head of sections where the intended research is to be conducted.
8. Your research will be limited to the schools and sections submitted.
9. A brief summary of the content, findings and recommendations is provided to the Director: Resource Planning.

RESOURCES PLANNING DIRECTORATE: RESEARCH UNIT
Office No. G25, 188 Pietermaritz Street, PIETERMARITZBURG, 3201

10. The Department receives a copy of the completed report/dissertation/thesis addressed to

The Director, Resource Planning
Private Bag X9137
Pietermaritzburg
3200

We wish you success in your research.

Kind regards



R. Cassius Lubisi (PhD)
Superintendent-General

Appendix B: Informed consent form

My name is Alan Beesley (student number 851851178). I am doing research on a project entitled 'School Feeding Kwa-Zulu Natal: factors affecting the efficiencies of local women's co-operatives as service providers'. This project is supervised by Mr Richard Ballard at the School of Development Studies, University of KwaZulu-Natal. I am managing the project and should you have any questions my contact details are:

School of Development Studies, University of KwaZulu-Natal, Durban. Cell: 0836018080 Tel: 0315615762. Email: beesleypvt@mweb.co.za or 851851178@[ukzn.ac.za](mailto:851851178@ukzn.ac.za).

Thank you for agreeing to take part in the project. Before we start I would like to emphasize that:

- your participation is entirely voluntary;
- you are free to refuse to answer any question;
- you are free to withdraw at any time.

The data collection will be kept strictly confidential and will be available only to members of the research team. Principals, educators, department officials and schools will not be identified in any way from the results of the research.

Please sign this form to show that I have read the contents to you.

----- (signed) ----- (date)

----- (print name)

Write your address below if you wish to receive a copy of the research report:

