



**Co-operative good practice guide in the  
waste recycling sector:**  
A guideline for co-operatives by co-operatives



**environmental affairs**

Department:  
Environmental Affairs  
REPUBLIC OF SOUTH AFRICA



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## Preface

For as long as South Africa continues to generate “waste”, that waste has value, and while there are businesses prepared to buy the waste, we will continue to find formal and informal collectors of recyclables. *“There will always be work, the market exists, rubbish will not go away...”* The types and quantities of waste generated in the larger towns and cities of South Africa has created opportunities for people to earn a living through the collection of recyclables, salvaging paper, plastic, glass or tins from waste bins at kerbside or from landfill sites. As a means of stimulating job creation in the formal waste economy, these collectors of recyclables are often advised by government or other stakeholders, to group together and register as a co-operative. This grouping of people into a co-operative is intended to provide several benefits which individuals would not be able to achieve on their own. While the co-operative model provides invaluable benefits to members, employees and communities, when implemented incorrectly it can result in opportunistic registrations in order to access funding; exploitation of co-operative members by corrupt individuals who are more informed of the current systems; conflict between co-operative members who have no previous association;

and an overdependence on support which is difficult to outgrow to form sustainable businesses.

The playing field for co-operatives is not without its pitfalls. While government and industry understand the hardships of individuals and small businesses trying to create income opportunities in the recycling sector, and recognise the need for support, the provision of such support needs to be carefully navigated. This guide brings attention to some of the challenges facing waste and recycling co-operatives on a daily basis and highlights how existing co-operatives have overcome these challenges. The many success stories are evidence to the fact that there are waste and recycling co-operatives that through hard work, dedication and perseverance overcome the many obstacles facing small businesses in the waste and recycling sector. These co-operatives, that have risen above the pitfalls and obstacles of running a small business and have carved out a role for themselves in the recycling economy, showcase their work with pride and a sense of achievement.

It is through the stories shared by the co-operatives and stakeholders, that we have been able to prepare this guideline. It is a guide for co-operatives by co-operatives,

and captures the wisdom and experience of waste and recycling co-operatives across South Africa. These co-operatives generously shared their advice and warnings to newcomers to the sector, those individuals considering starting a waste or recycling co-operative, or co-operatives who have just registered and who have to find their place in the recycling economy.

The project team wishes to thank the co-operatives and stakeholders who gave their time and experience, the Department of Environmental Affairs, the Green Fund (managed by the DBSA) and the CSIR who provided funding support to undertake this research on waste and recycling co-operatives as a developmental vehicle to support job creation and SMME development in the waste sector. We sincerely hope that this guideline will give co-operatives the courage to persevere in the knowledge that they are not alone in this, that others have experienced the same challenges and have been able to overcome them. There is a community of waste and recycling co-operatives across the country (a community of practice) for fellow co-operatives to learn from and to share ideas with. We hope that this guideline will reach the hands of every co-operative member in the recycling sector in South Africa.





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# Main learning points

Meeting members of waste and recycling co-operatives from across South Africa has highlighted many of the challenges that they face on a daily basis. These challenges are unpacked in great detail in the following pages of this guideline. However, from these discussions and from the lessons learnt, it is clear that there are three areas where intervention could assist in creating sustainable co-operatives. These include:

- Access to materials
- Access to markets, and
- Business development

## Access to materials

Co-operatives need to collect and move large quantities of recyclables in order to create a viable income for the co-operative members and employees. Therefore, if the co-operative model is going to be pursued, they need to be integrated into the municipal solid waste management system. They also need to be integrated



into source separation and kerbside collection programmes for recyclables, whether through municipalities or through the various material organisations.

Currently, the majority of co-operatives are not being recognised for the services they render in diverting recyclables from landfills. As a result they are not being appropriately supported (financial and non-financial support) for the rendering of these services. Co-operatives are currently seen as a social responsibility which creates its own set of problems, amongst others, lack of responsibility and sense of pride in their own business achievements.

A national and concerted voice is needed on source separation of recyclables from households and businesses. Public awareness about separation at source should be strongly driven. In combination with small-scale localised awareness creation, an ongoing national awareness and communication campaign is needed to provide clear guidance to households and businesses, and to emphasise government's commitment to separation at source.



## Access to markets

The creation of new markets, and the expansion and strengthening of existing markets for recyclables, combined with easy access to these markets, will have a positive knock-on effect on the sustainability of co-operatives. Creating the necessary demand for all recyclables will reduce the vulnerability of waste co-operatives who have to survive against these volatile market prices.

Apart from creating markets, the geographical location of these markets is also crucial. There is a need for innovative, cheap transport solutions, especially over the longer distances to link smaller towns and rural areas with the recycling markets in large cities. Co-operatives in rural areas and smaller towns feel isolated from the end-use markets. While the co-operatives in these more remote areas receive start-up funding they have limited means to get the recyclables they have collected to the recyclers and as a result growth in these areas remains limited. Thus, it would be necessary to address the stumbling blocks in both the markets and transport systems to see the desired sustainable growth in co-operatives.



## Business development

While training was found to be crucial for co-operatives, training alone will generally not develop the level of capability needed for creating sustainable waste and recycling co-operatives. Extensive and ongoing business development support, through mentoring and incubation, is needed to allow co-operative members to gain the necessary skills and understanding to run a business. The challenges and recommendations raised by the co-operatives highlights some of the issues to consider when establishing a mentorship/incubation programme:

### Allow co-operatives to grow at their own pace:

Pushing co-operatives to grow at a rate that outstrips their ability, leads to high turn-over of members, failure of co-operatives, and establishes a cycle of “need”. Where co-operatives do not have the opportunity to slowly grow whilst overcoming their challenges, they struggle to become independent and to develop a sense of achievement. Co-operatives struggle to break away from their need for continued financial support, which could be a symptom of a forced, top-down, approach which does not allow them to grow at their own pace.



### Guide without dictating:

Facilitated support through incubation programmes can help co-operatives move to sustainability, but the drive and direction of the business should come from the co-operative members themselves. Co-operatives should be guided on the path they have chosen to achieve their vision. It is important that stakeholders and mentors do not force their thinking and agendas onto co-operatives.

### Need for on the job training and mentoring:

Mentorship and incubation will allow for the development of skills while working at the co-operative’s premises. It is challenging, time consuming and often costly, but it has been shown to help bridge the gap between “textbook” learning and co-operatives’ real development needs. By understanding the current level of business and technical knowledge, and the needs of co-operative members, mentors can work with them to help them on the path to sustainability. It will also help to prioritise and communicate co-operatives’ needs to potential sponsors.



### Understand the operations:

If most co-operative members understand the financial and administrative operations, they will be less vulnerable to exploitation by co-members, mentors, stakeholders, etc. At the end of a training, mentoring or incubation programme, the co-operatives should be independent and capable to do their jobs.



## A co-operative's story: #1 – Support vs the real need

*“Firstly would like to point out what is wrong that is done by the government to the people. The government built the structures – the structures were built right from Limpopo up to Cape Town. Many of those structures are not operating and many of those structures have actually been vandalised which is money that has been wasted and of course its tax payers money that was wasted.”*

*“Why these places are being vandalised and not operating? Firstly, it's because when you find a person hiking a freeway that person is hiking from, [say] Witbank... to Benoni on the freeway and say why are you hiking? The guy say, 'I don't have money, I don't have transport that's why I'm hiking'. You say, 'ok man, let me make it easier for you. I want you to reach Benoni within 30 minutes.' You go to the garage, you buy a brand new BMW, you tow it to him at the freeway. You give him the BMW, you give him the key. You say to him, 'now here is the transport from here to Benoni but you don't give anyone a lift on this car, you don't borrow*

*it to anyone, you keep the car. You use it to get to Benoni'. But when that guy, you just leave them there. You didn't even start the BMW to see if it's operating. You just give the guy the key, you go. The guy has got the key, he starts the car. In that BMW there is no fuel, what does it mean? He can't leave the BMW there because it will be stolen. He can't give a lift to anyone, because if he can give a lift at least that person he gives a lift will be able to pay something so that he can buy petrol to [get to] Benoni. But now you said, you must not give anyone a lift, so you have made things more difficult for that guy because now he has got to push that car to get to Benoni. When you were not there he was walking freely. Now that man has got more problems than he had before. And sometimes you find that that person does not even have a drivers licence, he can't drive. Now, can you see you got that person in deep trouble? He's got to push that car...”*

*“You see what's happening now... that's what the government did to structures. That's the wrong thing that got done by the government because the government built the structures... the people... the government found people operating at that time. Firstly*

*they were not trained as to how to do the job, secondly they were not given any starting capital. If you buy a car from the garage at least they do give you at least one or two litres so that you can move to the garage. But now, the government built the structures, there is no starting capital. That's how the government failed from those projects. So that's the problem we had with the government. Now, you are here, you want to redo that, all that mess was done by the government. Some structures are still as good as this, but there are problems in these structures, very big problems that need to be addressed...”*

*“Most important, most required, they must contact you before they do any business plan. Before they do any planning, they got to contact the person who is actually doing the job. That person knows more about the problems that are involved...”*



# Infrastructure

## - fixed and moving assets



The need for infrastructure in the form of premises or working space, equipment and transport is high on the priority list of waste and recycling co-operatives, because their profit margins depend on moving volumes of waste through their operations. The infrastructure requirements of co-operatives depend on where in the value chain they operate and the size of their operations.

Whether a co-operative is starting up with most of the infrastructure supplied, or growing their operations from nothing, it is important that they know what their specific infrastructure needs are, e.g. what equipment do they need? Will the equipment need electricity to operate? Will they need vehicles or can recyclers collect? Where should their premises be and how much space is required to be able to handle the volumes of recyclables?

There is an expectation by co-operatives that they must be given premises, equipment, and transport to be able to operate. But, there are many examples of co-operatives that started small and, when the business was ready, they were able to buy or rent their own equipment or vehicle. In this way they also ended up with the right equipment to meet their needs. The right equipment at the right time can help to boost the volumes of recyclables collected and sold. But co-operatives must have sufficient income already to pay for costs associated with new infrastructure, for example, electricity, petrol, insurance, higher wages for drivers, etc.

Fast-tracking co-operatives by providing them with all of their infrastructure needs does not create sustainable co-operatives, but instead burdens them with the wrong infrastructure or additional costs they cannot afford, or are not ready yet to pay for. Thus, while suitable premises are crucial for storing, sorting and handling recyclables, these premises can also become a burden with associated logistical, maintenance and running costs for the co-operative's account.

Stakeholders try to assist co-operatives on their path to becoming financially independent, but this compromises the natural growth of co-operatives,



## What the stakeholders say:

Stakeholders acknowledge the *“need [for] support mechanisms and infrastructure”*:

*“If they have infrastructure they should succeed. Some start with very little infrastructure and make a success.”*

Before co-operatives accept or buy equipment, they should make sure they really need it. The question to ask is whether the co-operative's income will increase by more than what they will spend having the new equipment.

*“Have to provide space, electricity, water ... if they don't have electricity they will just be able to use the small manual press... the amount of time and effort that it takes to use one of those, they could be out there collecting more recyclables and more money that way...”*

*municipalities say they cannot afford it... of course municipalities can afford it...”*

But government officials are also concerned:

*“... South Africans are sitting, waiting for government to come bring the food, open my mouth... now chew for me... that's the mentality... they know that government is here... they will complain and I want a house and if they cry for long enough like a spoilt child, the house will come... It is all about you proving [to] yourself that you are able to do this...”*

*“[Our challenges in supporting co-operatives] for now only starting... they want you to do everything for them... because you are in government... patience... don't understand the processes... people think everything will happen tomorrow...”*

## Maintenance and running costs:

A co-operative expressed concern about maintenance costs, as well as possible unpaid electricity and rates and taxes bills which they will have to pay before their electricity will be connected again:

*“... now, if we are going to talk about the maintenance of structure only, you won't be making enough money to pay for the maintenance of the structure... We currently have a problem with electricity. That falls under operation, so operation cost because of restructuring, and rates and taxes... by the time that we go back to them we must be ready, because we probably have a lump sum that we will have to pay, as a business. So that is also one of our challenges.”*

creating an ever-growing need for or dependency on more assistance.

Obtaining infrastructure prematurely, has the potential to disrupt the co-operative and break their sense of achievement. (Refer to *a co-operative's story #1* on page 4.) Thus, there is a risk of obtaining infrastructure too soon. The following example explains how a co-operative which was previously fully functional at a sorting area, is now suddenly facing a huge challenge of obtaining an electricity connection and having to pay the accompanying monthly electricity bills to operate an electric baler. In order to be able to pay these new bills they have now become unsatisfied with their current premises, with their earnings from selling recyclables to mobile buy-back centres, and now need more equipment and transport, even larger trucks and higher volumes of recyclables, and more grants.

The following three sections unpack the infrastructure challenges and success stories related to premises (space and structures) (page 8), equipment (page 11)

and transport (page 14). The importance of working capital is discussed in the financial operations section (page 28).

## Success story: starting small and growing

While some co-operatives feel it is not worthwhile to start a recycling business if the necessary infrastructure is not given to them, others felt the satisfaction of achievement of carving out a living from recyclables for themselves without any help and support.

There are also examples of co-operatives that started small, mastered the operations first and then expanded according to what they could comfortably handle. The businesses and the premises thus expanded together with the co-operative members' know-how.



# Premises

Premises refer to the space (the land) where co-operatives operate, as well as the structures, if applicable, in which they operate. The specific challenges and needs related to premises depend on where in the recycling value chain a co-operative operates.



According to co-operatives, the main requirement for premises is a covered space that is large enough to provide enough space for the workers while handling the bulky recyclables – this may range from an open side carport to a closed “warehouse” to sort the recyclables. Not having covered space is a challenge in extreme weather conditions of heat or rain.

Another requirement is that the working space must be easily accessible for delivery of recyclables from the community and for collection by the recyclers. If co-operatives have aspirations to move beyond the collection and sorting of recyclables into, for example, reprocessing or manufacturing, they may need

electricity at their premises, e.g. 3-phase electricity to be able to operate a baling machine, or other equipment such as a shredder, granulator or extruder.

Adhering to standards to prevent unsafe and hazardous situations at premises is important. Neglecting such standards cost a co-operative dearly when a veld fire jumped the road and the stockpile of recyclables went up in flames, also damaging the premises. As a safety measure, they now try to stack the bags with recyclables further away from the buildings.

Co-operative members recommend that they be involved in the planning processes, e.g. the design of



## Working space:

Finding suitable premises without lengthy delays or getting long-term occupation agreements on such premises seems to be challenging for co-operatives. Vacant government buildings are an option, but buildings standing empty for a while are often in a run-down or vandalised state and obtaining lease agreements has its own problems:

*“It is the premises... we do not have a lease agreement [from the municipality]. It is an obstacle from the municipality... hinders the possibility to apply for funding... can only get funding from IDC, DBSA, SEDA, the dti, if have a lease... The councillors interfere... they refuse to give us the lease agreement.*

*The money from [the overseas donor] we used to renovate the place because it was vandalised.”*

Co-operative members are often forced to work from their homes and private yards due to the lack of a central shared or communal space that is large enough for sorting of the collected waste. The quantity of recyclables a co-operative can handle at any given time is restricted by the space they have available, and they are forced to stop working if the sale of recyclables is, for some or other reason, delayed. Space is also needed to accommodate co-operatives’ growth possibilities, for example to house a future processing plant.

the warehouse structure that is erected, to ensure that the buildings fulfil the requirements of the working operations to be conducted there. In so doing they do not get more than what they need, and a structure that they cannot comfortably maintain or afford.

While they are grateful, co-operatives feel they have to maintain and pay the running costs on premises that is not theirs and will never be. The lack of ownership and sense of achievement that comes with sponsored premises cannot be ignored:

*“We are in partnership with the government because the structure was built by the government. It was built for me, but it is not mine, it is for the community to use it as long as they use it profitably.”*

## Maintenance and operational costs of big expensive structures:

In some instances co-operatives are provided with premises and structures that do not fulfil their needs. Co-operatives are challenged to maintain donated structures, especially if the maintenance cost is more than they can afford. A co-operative’s plea is for proper consultation related to premises:

*“It’s the same plan that has been used... they come with a ready plan and say this is what we are going to do for you. They do not come and ask and say what do you want and after they have left you find that you still have problems... you still have problems, because we didn’t have exactly*

*what we wanted. So you have to make do with what was given to you. [This municipal official] knows more about this structure... he’s got to be involved, more involved in the structures and as the municipality has got the powers actually to inject some cash into the structure so that it’s operational all the time.”*

*“They feel that they have to change... make it look better, only to find out that it [the need of the co-operative] is very basic...”*



# Equipment



Co-operatives refer to two types of equipment, namely, technical operations equipment and office equipment. Office equipment can help to streamline administrative tasks such as bookkeeping and record keeping. The need for equipment for technical operations increases as the co-operative seeks to recover, sort, store and transport greater volumes of recyclables.

## Technical equipment

Not all co-operatives work in the same part of the recycling value chain and not all co-operatives thus need exactly the same equipment. Operations along the waste value chain include activities such as collection, sorting, buying back, recycling and manufacturing or recovering. Some co-operatives cover, or want to cover, a larger part of the value chain and need more equipment. Other co-operatives are familiar with the picking operations and are content to do just collection of recyclables and to sell it loose to mobile buy-back centres (middle-men) for somewhat lower prices. One of the advantages of selling to mobile buy-back centres is to have faster movement of recyclables through the co-operative without having to store for long periods, or having to maintain expensive equipment. Thus, less space is needed and running expenses are also less.

### To have or not to have:

Co-operatives experience difficulties if they lack equipment for technical operations in the specific part of the recycling value chain where they are active. For some co-operatives there is a trade-off between working further from home at premises with electricity and baling machines that allow the co-operative to obtain higher selling prices for the baled recyclables, and working closer to home with limited, if any, infrastructure and potentially lower income. Care should be taken that extra money earned is not all spent on personal travel costs.

PPE for health and safety such as bags and overalls and bulk bags for storage of recyclables are the first essential equipment that any co-operative in the recycling business needs. Many co-operatives reported receiving PPE from various stakeholders and recyclers and other stakeholders sometimes donate bulk bags. By providing bulk bags or cages/bins to businesses such as taverns, a co-operative builds relationships with the owners and reaps the benefit of collecting the recyclables for free.

The need for PPE and bulk bags is followed by scales and baling machines, but it should be kept in mind that if co-operatives do not have electricity at their premises, they should select baling machines and scales that do not need electricity to operate. The type of scale needed will depend on where and how it will be used. A scale is useful for co-operatives to verify the information they receive when they sell their material, or if they are buying recyclables from other collectors. If co-operatives only collect and then sell to



### What stakeholders say:

*“Don’t give the co-operatives cash, rather ask what they are looking for and buy it for them... Don’t say to the members, ‘I am going to pay you salaries’, rather invest in the co-operative but not in the individual... remember, when you go to the co-operative you find their membership... but they are not there... not formally. They’re still there, but... As soon as they hear there is money they will come back. And then they will all*

*come back for the opportunity, but they left the co-operative two years ago...”*

Co-operatives should change their mind-sets from being dependant on municipalities and government to becoming independent. Therefore, stakeholders recommend that equipment is leased to co-operatives for a nominal fee, instead of being provided for free, in order to install a sense of appreciation, responsibility and ownership – also a sense of achievement, because this way co-operatives can see how they grow through their hard work.





buy-back centres, they can get by without scales for weighing their recyclables, because buy-back centres provide receipts or slips that indicate the weight of the recyclables which the co-operatives can use for their record keeping purposes.

The type of baling machine needs to match the type of recyclables that are collected. Cans need a specific type of crusher and using a baling machine intended for plastics to bale cans will impact the life of the baler and increase maintenance costs.

If co-operatives are baling the recyclables, a forklift may be needed to load the heavy baled recyclables onto a truck for transport to the recyclers who buy the

recyclables. In instances where the recyclers collect the recyclables at the co-operatives' premises, they still need a forklift to load the bales or bulk bags. Currently the recyclers' trucks are not equipped with hoisting gear – something that could be considered in future – and not many recyclers are prepared to travel too far to collect recyclables from the co-operatives. (More on transport challenges in the next section. Also refer to the section on markets for recyclables on page 24.)

With ownership of equipment comes the responsibility of maintaining the equipment and paying insurance on the equipment. Ownership of equipment is also accompanied by the need for lockable space where the machinery can be safely stored.



### Success story: office equipment

While co-operatives expressed their need for office equipment, they also reported that they are fully functional without having an office or office equipment. A co-operative noted that they keep administrative, financial and operational records manually (paper copies and handwritten records) without the help of any electronic office equipment. They are fully functional, and boast that they have won several awards and that SALGA at one stage consulted them. In another case, a concertina file briefcase containing all the necessary paperwork acts as a mobile office in the absence of having an office and electronic office equipment. All certificates, records, including invoices and the tonnages in and out, are kept in this file.

# Transport

Transport is seen by co-operatives as one of the main challenges, if not the challenge, that prevents them from making a profit or larger profits. Co-operative members expressed their view that if they can sort out the transport logistics, then the business is easy, because there is money in recycling.



The need for transport can be grouped into two categories:

- Transport for collecting recyclables, and
- Transport for delivering recyclables to the markets

Transport needs are dependent on the local area in which each co-operative operates. Transport for collecting recyclables is often less of a problem in the smaller towns, where the biggest transport challenge is to move the recyclables over long distances to get to the markets in the bigger cities. The opposite is true in cities where



the collection areas are much bigger and the buy-back centres relatively closer.

Depending on the activities of the co-operative – collecting from households, or transporting bales and filled bags to recyclers – different types of transport are needed. While collection vehicles can save time collecting recyclables over long distances, trolleys and tricycles combined with trucks can be a neat and lower cost solution.

Co-operatives with access to (reliable) transport have opportunities to service larger areas, collect larger volumes of recyclables, including collection from other businesses or co-operatives that do not have transport. Co-operatives with access to transport can thus get hold of higher volumes of recyclables and they can also sell to those offering the best prices, because they are not restricted to buyers in close proximity to their operations. But access to vehicles also increases the operational costs of co-operatives, e.g. fuel, insurance, licensing.



In cases where municipalities have special arrangements with co-operatives to provide trucks, these arrangements do not necessarily allow for optimal and satisfactory working conditions. Sponsored vehicles are not always suitable to get the job done. Either the size or type of

## What stakeholders say:

A stakeholder actively supporting and working with co-operatives comments as follows:

*“I would like to see more of that... a [transport] model that works more on base-level can create more opportunities. Waste collection with guys and trolleys, rather than hiring a driver and spending a whole lot on expensive equipment like a truck and a whole lot of petrol, creates opportunities for five, ten people.”*



## Success stories:

The co-operatives are grateful to those recyclers that are willing to travel long distances to collect glass, for example. This has an effect on the glass quantities collected since it is a great help for co-operatives who do not have their own transport for moving the heavy crushed glass.

In smaller towns the collection distances are often shorter and a co-operative's members are not put off by the lack of transport. In the absence of transport, they walk the five kilometres to the waste dump to collect the recyclables.

vehicle is inappropriate, or it is not available at the time or day needed by the co-operative. Co-operatives can also become dependent on the sponsored transport, and although they do not have control and it is not an optimal arrangement, it makes it difficult for them to move back to simpler ways of transport which they will be able to afford in the long run. One co-operative's members mentioned that they are investigating the possibility of using donkey cart transport for the shorter distances to collect recyclables.

A co-operative recommends that those sponsoring transport should talk to the co-operatives first to find out what their problems are and what type of transport would best suit their needs. (Refer to a co-operative's story #2 on page 17.)

Transport or the lack thereof, especially between remote towns/rural areas (the source) and cities (the market) is a significant problem. Not all recyclers are willing or interested in travelling long distances to collect recyclables. The recyclers often place the burden of transport of the recyclables on the co-operatives, which in turn has a direct impact on the types of recyclables the co-operatives can collect. The lack of interest to collect is usually because the value of the recyclables is less than the cost to collect. For the same reason one could argue that it will also not be profitable for co-operatives to take recyclables to the recyclers in the larger cities, even when they have their own trucks.

## Transport challenge:

Because profit margins are low in the recycling business, a transport hiccup can cost a co-operative dearly if sufficient volumes cannot be collected and moved on time.

*"We have not spoken about the profit yet, and again, on recycling... if you don't have your own transport... if you don't have your own transport, really, you are working for nothing. You are working for nothing, because most of the money you will be hiring people, hiring trucks to come and take your loads to wherever*

*you are selling it. But that money which was supposed to be your profit is going to be paying for that transport. You've got nothing. These are the challenges [you] are facing."*

*"Mostly, when we talk about recycling, what they normally do is they give you this 2-tonne bakkie, that's what they give you. Ok... but now when we talk about recycling, you really need a big truck like a 6-8 tonne truck with a mobile crane. It must have a mobile crane. If it's just a flat truck then it means you got to use more labour."*





## A co-operative's story: #2 – Listen to us

*“Our main customers... [are] the people collecting. You know there are people, individuals that go about collecting all these materials along the streets, those people bring, they sell to us. Then we are [also] in a position of buying from other co-operatives by virtue of us being... you know having this type of machinery [for pelletising]. We buy from other co-operatives, smaller co-operatives... The other thing that makes other co-operatives bring to us is that they do not have resources... for instance [one co-operative] they have the machinery... but they do not have electricity. So you understand, the problems that we have in the industry, they are almost the same, so they are now bound to bring some material to us, because they can't bale it, they can't granulate it. So... we are a bit better [off] because we have this granulator, we have a baler, we have the extruder... [through their partnership with another group they have access to the equipment.] [This business started more than 10 years ago and recently changed to a co-operative.] We had all sorts of problems... we were just keen to do the job, but it was difficult and at one stage I found myself remaining alone with four other partners... they would support me and help me, because*

*they had some other things that they could do. So I was entirely dependent on it... so I was the only one. At least if I make a thousand rand I could survive for a month or so until sometime when we would get a contract, the one that I was telling about, where we had to collect from them. Once off we would get 10000 or 15000 rand but it will all go off to other things. But we could see that it can work... but its only just that it needs the attention that we are getting right now. At least, we want to be listened to and if somebody listens then you can do something about it, you see. And now again, most of the time the people, they are sympathetic they actually don't listen, they are sympathetic... and then you try to... you see a man on a wheelchair, he is just sitting there, relaxing, then you start throwing some cents into his hands you don't want to know what it is he really wants to be helped with. Now it's the same that is being done with us. People look at us and they feel, hey shame, and just do things for us... without asking what do we need... that's the main problem that we are facing presently. [They] will throw a truck. When a truck comes, it is not suitable for what we need it for. No consultation, no talk to us, nothing, just bringing the truck and “we're helping you people”. Then they give you bags, then they give you a bag that you cannot use...”*

# Operations

Apart from infrastructural requirements, a combination of operational factors (technical, financial and administrative) determines the success of a co-operative. For example, a co-operative, like any other business, is not sustainable if it does not have a healthy cash flow or if there is not a proper plan and an understanding by all members of their role within the co-operative (what they should be doing). In addition, good governance plays an important role in the success and relationship between co-operatives and government.



In the true spirit of a co-operative, members come together and form a co-operative naturally, when the members realise there is greater benefit in working together than there is apart. Members often have experience of working together, before they register as a co-operative. Unfortunately, according to co-operatives this is not always the case, with government seen to be driving (or “forcing”) a top-down approach in registering new co-operatives. People with no or very little experience of working together now need to function together as co-operative members.

In this section, issues related to operations are discussed under four headings, namely:

- Technical operations
- Financial operations
- Administrative operations
- Governance

## What stakeholders say:

Stakeholders warn that the co-operative structure still allows for people to be exploited.

*“When I employ [people] as my employees, then there is room to exploit them, but if I empower them, set them up into small business in their own right, then [I am] teaching them to fish... co-ops do not take away the potential for exploitation of people while, at the same time, it creates sustainable jobs. It is not easy... it takes a lot of energy... a lot of investing... Brazil has examples... if they can do it, we can do it... for every challenge [there is an] opportunity to find a solution... for people that still want to go [the co-operative] route... they have to go with their eyes wide open... [they are] warned... [it is] not smooth sailing...”*



## Operational: Technical

With government's drive to register new co-operatives, co-operative members do not always have experience of working together. A co-operative thus needs to plan and discuss how the members are going to go about executing their operations, including their daily tasks, because it is a huge transition from working for oneself to working together, especially if the members have not been working together as a group before.





Issues relating to technical operations are discussed under the following headings:

- Day-to-day practices
- Hazardous working conditions
- Access to recyclables and reliable markets

## Day-to-day practices

*“Recycling, it’s not for an individual, it’s for the community. One person cannot run recycling, recycling is for the community... it is collecting. For three months, just three months he collected all that... and he’s got one hand... he is one of our members.”*

Co-operatives shared their secrets towards successful day-to-day practices which are dealt with under the following headings:

- Value chain
- Plan and know what to do
- Be practical and realistic, and
- Understand how to use the equipment

### Value chain:

The first thing a co-operative needs to do is to consider all the different options along the waste value chain, and then to decide where in the value chain they are going to operate. It appears that most waste co-operatives in South Africa start in the collection and sorting of recyclables. To some co-operatives the buy-back option seems to be promising, because they can, due to their higher volumes, sell directly to large clients (the recyclers) and fetch better prices. However, what they should keep in mind is that although the income

of buy-back centres is higher, they also have higher operating costs. (Also refer to the financial section on pages 28-35.)

Not all co-operatives have transport and/or someone in the co-operative with a drivers licence. Such co-operatives are dependent on recyclers or other co-operatives

that have mobile buy-back operations in place, to come and collect their recyclables. For some parts of the value chain the use of equipment that needs electricity is essential. Baled recyclables reach higher selling prices, but if a co-operative does not occupy premises with electricity, it is unrealistic to plan operations around such activities.

### Success stories:

This co-operative made an informed decision on where in the waste **value chain** they would operate. By not opting for the value addition route, they save themselves time, money and headaches. They realised that they can fetch higher prices if they can sell baled recyclables, but because the members stand together as a co-operative, they have negotiating power to get the best prices for their sorted recyclables from the different mobile buy-back centres:

*“We sell to [a mobile buy-back centre]... because if you sell to the big ones [the recyclers] they want the baled one... They are collecting it [the recyclables]. We are not restricted to [this mobile buy-back centre], we can sell to another one that gives a better price...”*

This co-operative does not have electricity or their own transport. Since the mobile buy-back centres collect at their premises, they do not need transport

or any other equipment with its associated maintenance and running costs, such as baling machines. Thus, although they are paid less for their recyclables, because they are sold loose, they also have less expenditure. In addition, their administrative paperwork and financial management is less complicated and thus less time consuming.

Another co-operative is fortunate to, through a lease agreement, have access to equipment which allows them to function along a large part of the recycling value chain. They make the best use of the opportunity to add value to a specific waste stream. The recyclables which are not part of their main stream business, they just collect, sort and sell.

*“At least you can pelletize, then at least one bag can make about a ton, one bag you see, whereas before... at least you can put on your truck maybe 10 big bags then you can deliver your 10 tons in a truck at one time as compared to deliver half a ton when it’s not processed.”*

## Plan and know what to do:

No matter where in the value chain a co-operative operates, it is important that everybody in the co-operative knows what needs to be done on a day-to-day basis. It helps to have regular meetings to share information and to agree on plans. Each part of the value chain has its own challenges. The co-operative members must obtain knowledge of the materials they intend to recycle, and the associated pricing. They must plan properly and work out a plan to do the work. If needed, members should attend workshops to help understand what and how to plan. They need to draw up a plan for all members in the co-operative to see. A written plan is something to refer back to should things go wrong. Such a reference point is also necessary for future planning and improvement – something to measure progress against.

*“If you want to do something and you are passionate about it, firstly you must have a plan, because before you start to do something, the obstacles that you are to face, before you even started. Once you fail... there is nothing that you can do, but you must know why you [failed], you must not give up to try, you must try again.”*

*“Planning... proposing how you want to do your thing, before you start talking to others/municipality about what you are going to do. Get the background, do the research, [potential co-operative members] must know what they are going to face going forward... all the challenges.”*

## Success story:

This co-operative operates somewhat unconventionally – differently from other co-operatives – but they planned and agreed that this is the way to operate and they let their co-operative membership work to their advantage.

The members of the co-operative came together and got into waste recycling about five years ago as a response to unemployment and poverty. They planned that each member will work independently in collecting and selling his/her own waste, but all benefit from the co-operative’s identity and united voice, e.g. collective funeral scheme, and protection (through registration) from competition. The co-operative has no fixed customers and sells to anyone who comes to the landfill, subject to price negotiation. Using their united voice the co-operative can bargain prices to their benefit.



## Be practical and realistic:

Co-operative members must be practical and realistic about how to do the job, e.g. the hours needed. Recycling is not only **hard work**; it is also labour intensive. The collection and sorting of recyclables takes up much time. Co-operative members have to spend many hours on the job to get the work done; they have to work hard to earn their income.

*“It is hard work... start at 7 o’clock... and maybe make overtime, some would come 6 o’clock in the morning... until 5 o’clock, 6 o’clock, 7 o’clock [in the evening] we could work... The waste is generated most of the time from 12 o’clock and thereafter. In the morning it is the sweeping and all that, but after the people come back from lunch, then we get all the recyclable material. And when people knock off... after school you go to the schools and then there is paper... you can collect...”*

Co-operatives need to be practical and realistic about the time it takes to collect and sort recyclables and plan accordingly.



## Understand how to use the equipment:

Members working with the equipment should know and understand what the equipment is to be used for and how to use (operate) it.

Co-operatives also need to keep up with the administrative tasks – the paperwork. Read more about the administrative operations of a co-operative on page 36.



## Hazardous working conditions

In the day-to-day operations, hazardous and toxic materials can be encountered. It is thus essential for co-operative members and their employees to work with protective wear. Instances are reported where co-operative members collect recyclables on the municipal dump site without wearing any protective clothing. Where hospital waste got dumped at the

landfill, the dumping stopped after the municipality followed up with the hospital. Co-operatives feel that improved public awareness and proper household education on knowing how to recycle – what should go in the recycling bags and what not – especially in townships, will help to ensure that they come into contact with less hazardous waste and thus significantly improve their working conditions. (Read more about public awareness on page 58).

## Success story - fighting crime:

This co-operative, of which half of the ten members are still studying part time, employs 35 workers full time and hires more help as needed. Apart from collecting recyclables from households and sorting recyclables at a sorting station, they are also involved in other income generating activities such as domestic cleaning services, landscaping and garden services, and waste bin cleaning. Through their visibility while cleaning waste bins and providing their other services, the incidence of housebreaking in the area significantly reduced. This team now closely works with the SAPS to effect criminals' arrests.

*"We have some fundamental problems in the community in the sense of security... almost every day there were house breakings... bringing in visibility, moving around... it went well, started by washing the bins... it took over a year... by now*

*there are no incidences any more... ran a survey with the community about the impact they had, whether they should continue or not, how they can improve. They started to say we need to register a co-operative, because what they said is it can work along these lines: Our co-operative works with dustbin cleaning, recycling landscaping, maintenance and providing staff for household cleaning and the security system. This thing works hand in hand; the more garden service the more visible for security, the more domestic work, the more employing more people to provide such a service. Because we do the security service, every now and then we are visible... we are there to oversee the security of the houses. That means the houses we are cleaning, the gardens we are doing, those houses are always safe, because we collaborate with the police station and the station commander. We can confiscate and then hand over to the police... the criminal."*



Co-operative members also encounter hazardous working conditions. On their way to their jobs, and while doing their jobs, trolley pushers have been knocked over, mainly by taxis. Sometimes, the police confiscate the trolleys and take the recyclables for themselves.

Theft and crime at buy-back centres is also a concern. Co-operatives' equipment and stock of recyclables is targeted. Sometimes people get mugged when visiting the buy-back centres. Co-operatives running buy-back centres are fully aware of trade in illegal items and sit with a dilemma:

*"I would not buy for instance stolen copper cables. I lose money out of it. They wouldn't come here in fact with copper cables, but [others] they don't care, they just buy...anything they can make money out... sometimes they buy copper cables... sometimes they buy from the police..."*

## Access to recyclables and reliable markets (supply and demand)

Co-operatives collecting and sorting waste need to move stock – they need to get recyclables in and they need to sell those recyclables. They need a reliable supply of recyclables and they need a reliable market for their recyclables (someone to buy from them).

### Know the source of your recyclables – your suppliers:

Access to a regular supply of large quantities of recyclables directly influences the day-to-day operations, and the ultimate success, of a co-operative:

*"The recycling is about quantities... that's the problem. So for us to make money we have to have quantities... tonnes and tonnes. So if we are not in a position to get more waste, then we are not in a position to make money."*





## Access to recyclables:

Co-operatives are frustrated by the difficulty they have to access sources of recyclables. Not only are municipalities in a position to open up the household recyclable market to co-operatives, but individuals and other groupings of people now opportunistically gather recyclables to sell it to the collecting co-operatives or to buy-back centres:

*“People are collecting their waste into their yards and they expect the person who wants this waste to pay them something so that they can get food... We have got a lot of waste in the townships...”*

Co-operatives sometimes have contracts with other co-operatives or individuals to supply them with recyclables. Sometimes these contracts are ignored when these “suppliers” of recyclables decide to sell their recyclables to others who offer a higher price

at that moment. Because contracts are sometimes ignored in favour of the highest bidder, it adds to the uncertainty and financial risk any co-operative faces.

*“... because... it is wherever they get a better price... tomorrow they get somebody better they drop you and go to another one, so... it’s not easy because he may not meet the agreement. You say now... ‘I give you so much if you could give me so much’ and that will be standing and he exclusively bring it to me. Then he fails to deliver... instead of coming to me he’ll go to somebody around the corner who could give him a better price in spite of the [contract]... now you have got to use a truck again to go and collect from him... There are some things that... make it difficult.”*



Source separation of recyclables by all households and businesses would significantly increase the quantity of recyclables available for collection, as well as access to these recyclables.

## Know the market – your clients

Similar to the uncertainties in the sourcing of recyclables, co-operatives also face challenges in finding markets for their recyclables – those who will buy the recyclables from them. Irregular collection of recyclables pushes co-operatives' premises to beyond capacity. Materials are stockpiled in yards, and when the yards become full, there is then no space to work, or to take in any more recyclables.

*“This month, they did not come to collect... the [recyclable material] was all over the place... I tried to call him... always promises, ‘I’m on my way’, till you close. Tomorrow, same story...”*

Especially in the more remote areas, some recycling streams are not collected because there are no recyclers that collect the specific stream or recyclers do not collect regularly enough. The co-operatives that work in the collection and sorting of recyclables do not always have the infrastructure or transport to move large volumes of recyclables to buyers, and in particular not over long distances.

The problems experienced with the reliability of markets, as well as lack of competition in mobile buy-back opportunities have a knock-on effect by driving the longing for their own transport amongst co-operatives in the recycling collection business. The recommendation from co-operatives in this situation is that they should increase the geographical area in which they operate and in the process have access to higher

## Unreliable markets:

Unreliable markets (buyers of recyclables) are one of the biggest challenges facing co-operatives that collect and sort recyclables. For example, there is uncertainty related to a specific recycling stream, and while a recycler told a co-operative to collect, they do not return to buy the stock that was gathered. Another co-operative sits for four months without any income because of irregular collections:

*“Struggling to find markets for the recyclables... Have contract with [recycler] for 35 bags... monthly. It is a challenge. We are now on our 4th month and we’ve sent a note in October... [The recycler] has contract with another transport company who collects...”*

In the absence of competition in the market, co-operatives that do not have other alternatives feel that they are exploited by the mobile buy-back centres. Co-operatives would like to become independent of the mobile buy-back centres (also known by co-operatives as the middle man) who, in the absence of competition, reportedly pay them unrealistically low prices for their recyclables. This is especially a reality where there are no other mobile buy-back centres in the area to provide some competition.

A co-operative is hoping to reach a stage where they can reach more areas to collect more waste

(“receive more tonnage”) and thus sell directly to bigger markets. They are “making plans” to “cut out the middle-men”. They are aware that having their own transport would help them greatly. Having their own truck can allow sales to larger companies if the tonnages are sufficient.

*“We have a problem with getting buyers. Our current buyer doesn’t pay us enough.”*

This co-operative only sells to the one buyer. They are planning to look for other markets further away. They believe that if they get a truck to deliver materials straight to the recyclers, that their recyclables will generate satisfactory income.

Another challenge that co-operatives face is that municipal operations do not necessarily support or compliment recycling co-operatives' activities:

*“The municipality contractors come in with bulldozers and just throw everything on the landfills. If we go to the landfill to retrieve that recyclables, they’ll put the police on us.”*

This highlights the importance of separating recyclables at source, before they reach the landfill. Source separation and kerbside collection also not only improves the quantity and access to recyclables, but also the quality of the recyclables.

volumes of recyclables which, together with having their own transport, will enable them to sell directly to the recyclers.

As primary co-operatives grow, there are opportunities for these co-operatives to come together and establish a secondary co-operative that, for example, provides the service of transporting recyclables to markets that will pay better prices.



## What stakeholders say:

Stakeholders urge co-operatives to gather as much information as possible on markets for recyclables:

*“The markets are quite difficult and there is no transparency in terms of what everybody is paying... what you can get for your recyclables, your material value... that is a big concern. Until you do proper market analysis, you shouldn't even embark on it.”*

If you are a client, a buyer of recyclables, understand that the co-operatives depend on

you to honour agreements – whether verbal or formal contracts – related to the collecting and buying of recyclables. Co-operatives do not necessarily have the luxury of space and cash flow to be able to handle late or non-collections.

Recyclers collecting regularly will reduce the size of the premises needed for recycling collection and buy-back business operations. Unreliable collection also pushes the need for own transport – especially larger trucks which is not necessarily a sustainable option for co-operatives due to the running and maintenance costs involved.



## Operational: Financial

Profit margins are low and the competition is fierce. Therefore, it is important that co-operatives have a good understanding of what their income is, what their expenses are, and what the opportunities are to increase their income and profits.





Lack of a healthy cash flow has the ability to sink any business, and co-operatives with their low profit margins are even more vulnerable. Sound financial practices, including good record keeping, will enable a co-operative to keep its finger on the pulse of the business and be alerted in time if something starts to go wrong.

## Profit margins are low

There seems to be consensus amongst co-operatives that their profit margins are low. A co-operative warns that hired labour can use up all the profits and that co-operative members must be willing to do the work themselves:

*“But there is one thing... if you want to start a recycling business you must not start by having labour. He must do his own labour, he must work on his own. He mustn't employ anyone because labour is going to cost him more than what he is getting for the waste.”*

Due to unnaturally fast growth of co-operatives, fuelled by grants and sponsorships, co-operatives might have grown faster than what they can comfortably handle and what the low profit margins can sustain in the long run. A point in case: a co-operative received all the funding and support that is available, yet, their membership number has shrunk since they became a co-operative. It is very difficult and actually impossible to maintain the building structures and the machinery the co-operatives received through government grants and sponsorships.

On the one hand, not having their own transport means co-operatives have to hire trucks to transport their

## What stakeholders say:

Moving up the value chain would theoretically allow co-operatives better financial prospects – provide an opportunity to earn more income. But co-operatives play an important role in collecting and sorting and not everybody should move up the value chain.

The question is raised whether it would ever be viable for co-operatives to earn a decent income from the selling of recyclables only, especially given the volatile markets. There is a bigger need to acknowledge waste workers for the services they render, for their environmental contribution, and that they should receive remuneration accordingly. A stakeholder is concerned about:

*“the unwillingness on the part of government and business to consider paying them for the service they provide... internally it is often a lack of organisational experience... lack of experience and skills... [They make] the assumption... that co-operatives should be financially sustainable simply by selling recyclables on the market as opposed to providing the sustainability that they need through paying them for the service that they provide... Actually, we need to pay people for the environmental contribution they're making and for the public service that they are providing and if you do that then the co-operatives are going to become economically viable. They are providing a key service... One of the reasons*

*why this push for waste pickers to form co-operatives is going to fail in SA is because neither government nor businesses believe that they should be paying the waste pickers for the work they are doing. They think that waste picker co-operatives will be financially sustainable based on sale to a very volatile market, and what we have found globally is that the recycling market is extremely volatile...”*

Learning from a Columbian example it is clear that municipalities should subsidise co-operatives per ton of recyclables they divert from landfill and such payment should be in line with what they pay other companies to move waste to landfill:

*“... after a number of constitutional court cases... they now have a policy in the city that says that waste pickers must be paid per kilo the same amount for the recyclables that they collect and remove from the waste stream that private waste disposal companies are paid for collecting and disposing of the waste... and it is fair... it is not even an additional cost to the city, it is simply saying we were paying the private waste company all this to go and bury it, a certain amount per ton, and waste pickers are taking this amount out of the system, they need to be paid... It is about saying what is the contribution of the waste pickers...”*

collected recyclables to the buyers or rely on mobile buy-back centres. On the other hand, if a co-operative receives a truck, it brings with it additional expenses and responsibilities they need to cope with.

Anyone working with waste pickers, whether from industry or government, should realise that *“every moment they are not picking waste, they are losing income”*.

*“You will always have food on the table as long as there are people generating waste,”* but in the waste business profit margins are low:

*“On recycling, when we talk about recycling we don’t talk about rands; we talk about cents. Now, as we are talking about cents it means the profit is very little.”*

### “Unfair” and unexpected competition:

Competition sometimes seems to be unfair. The challenge of having to compete with the established role players in the manufacturing sector seems to be overwhelming for the smaller new entrants to the field. However, it should not be ignored that those that are currently considered as being ‘unfair competition’ also started at the bottom and over time and through hard work earned their achievements.

Sometimes competition comes from unexpected rivals. Opportunistic community members also gather recyclables and sell it to the same buy-back centre that still has to send

## Recycling is a competitive business

In a waste business, because of the fierce competition, it is important that a co-operative finds its niche. In other words, co-operatives should not do what everybody else is doing. It will also help a co-operative to stay ahead of the pack if they operate better and more efficiently than those around them. Co-operatives should never compromise on quality:

*“There are a lot of [others] opening now, but their quality is not the same as ours, I heard from... others. But they will grow and at that stage we need to do something else, something better. We are always experimenting.”*

the truck to collect recyclables from the rest of the households. The co-operative thus still incur the same cost for a collection round which now brings back less recyclables.

*“Those people coming with their material to sell to us, but now, when they’re selling their material to us, we’re giving them money. We have one truck... Our truck go to collect from the community, but now it is a loss in a way. I’m spending so much to buy... from the community members...”*



Although competition may seem problematic, in South Africa we are far from collecting all recyclables, and at present there is enough for everyone to collect. Advice from other co-operatives is also to understand the challenges. It is important that co-operatives know their clients (the buyers), because unfortunately, some clients are dishonest and co-operatives feel they should be careful who they do business with and what information they share.

## Understanding the business

In order to run a successful waste co-operative, the members must work out what the operational costs will be for the part of the waste value chain in which they are planning to operate. For example, they need to understand the difference in price between baled and unbaled recyclables, and whether it makes financial sense to acquire and maintain an expensive baling machine. Another example of an expense often not planned for is the cost of hiring a forklift for loading heavy bales onto recyclers' trucks.

Co-operative members need to visualise the whole process, from beginning to end, and plan accordingly. For example, it helps to write down all the steps or activities that needs to be done, and to work out the costs of each of these activities. It is about understanding what a co-operative wants to do as a business and the costs involved in doing that. Sometimes going through this thinking process will show where things need to change in order to make a profit. Sometimes this means postponing expansions or change, because a co-operative does not make enough money yet to cover extra costs. It may mean that the co-operative needs to first grow their business slowly.

## Success stories:

In order to be able to balance expenses with income and thus make a profit, a good understanding of operations is needed and where it would be possible to save or to make more money. The following are examples of co-operatives who made informed decisions. They weighed the pros and cons of certain operations in order to make the decision of whether it is feasible to continue with their current practices. They analysed their income and expense statements and saw where and how they should change or improve their operations and business practices in order to make a profit. One co-operative, for example, found out that it is not financially viable to transport high volumes of unbaled recyclables, and another calculated the profits depending on where and how they collect.

*"[To transport recyclables which is not compacted]... it is very, very difficult, because now you have got to take this sorted material, load [it] into a truck. The truck is very, very big, quite expensive to run, and you have got the material that*

*you are running there. The spinoff is very, very low. It will cost you maybe R2000 to deliver then you get R2200 return."*

*"let me put it this way, we started collecting from households because it is easy... I can go there and collect. But when you go [to the] inner city, there are lots of problems... you've got things like they want to give you a contract, so it becomes difficult for somebody who pushes trolleys to work there. But as things change, like now we are getting transport... so it becomes easy for us to collect everywhere. It depends whether it is profitable to do that [collect from households and businesses]... if you run a business, if you analyse everything you find that, no, in households make loss... or we make more profit, then we concentrate where we can make more profit. That is what we do... But we may change in future, depending on what we analyse... this one is the best way, this one does not cost more labour... things like that..."*



Furthermore, all members must have a good understanding of the co-operative's finances and administration. They need to understand where profits can be maximised, and work out what the breakeven point would be before committing to the business or to new equipment or markets. This means, for example, that the co-operative members understand the volumes they have to collect to ensure that their income is enough to cover their expenses. Profit, and thus money in co-operative members' pockets, is when income is more than the expenses.

While some co-operatives understand their challenges in balancing their expenses with their income, many co-operatives don't keep accurate records of their income and expenses. As a result, they do not always have a good understanding of what is needed to improve their financial situation. These co-operatives would benefit from incubation during which they receive business development support and mentoring.

## Income targets and forecasting:

Co-operatives are challenged to balance their expenses with the income from recyclables. Changing prices without warning makes it difficult for co-operatives to estimate whether they will make their projected revenue from their consistent volumes of recyclables. It is difficult to forecast (calculate in advance) whether they will make their income targets for a specific day, week or month, because the prices change on a daily bases on local and international markets.

*"You put in, you work your ass off, and you have to pay money to the workers... to hire forklift and transport and the expenses are more than the income."*

*"The question is, if you're doing this, how much are you going to get for a*

*job like this? It is difficult to know on a job like this. We don't know because we just collect and once you have collected you sort, you weigh and then you sell. It is only then that you know what you are going to get."*

*"You may find working in this industry... it is not transparent... in terms of operations no one can tell you we are doing this or that... it is always a secrecy of its own... Middle-men [mobile buy-back centres] offering different pricing structures per areas..."*

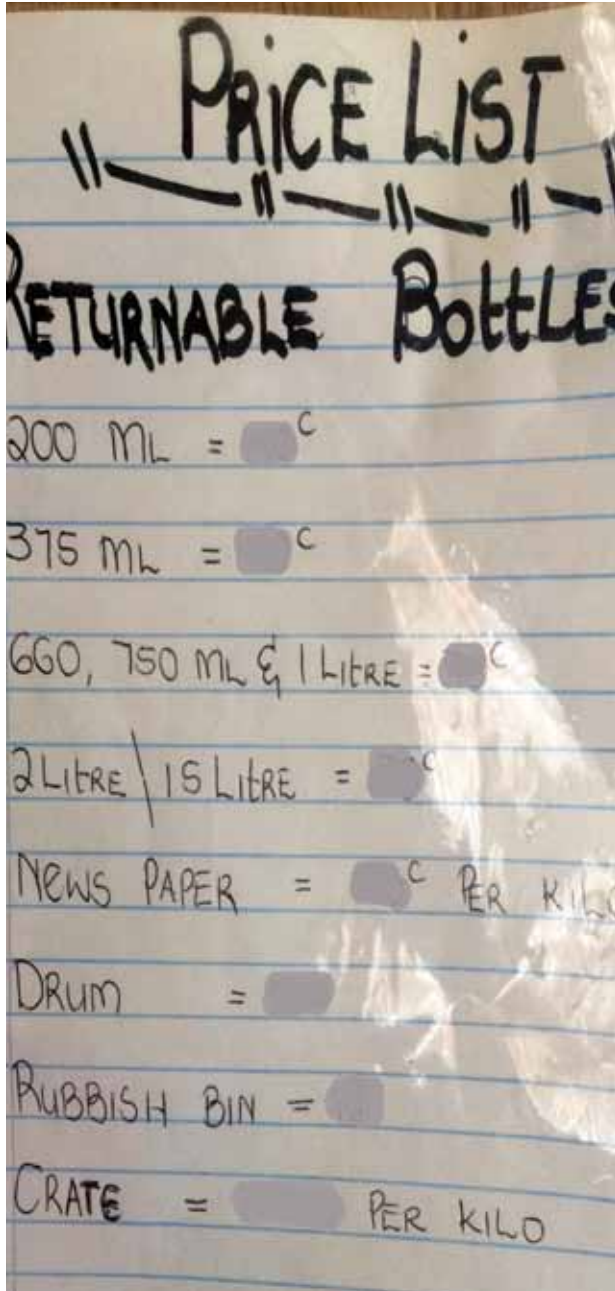
## Success stories:

The following is an example of where a co-operative member understands that there are several expenses related to buying in waste:

*"Like when you talk about this old man here, if he must go and get all that waste from him there... the waste that he's got. We will have to pay four, five thousand rands... And to get that waste I would need about 10-15 people to go and collect that waste... And a 2-ton truck will never ever contain..."*

A co-operative realised that they need to keep up with where the best prices for recyclables can be obtained – the prices change from time to time and between the different buyers. They also realised that there is a trade-off between selling directly to the recyclers – large volumes, one recyclable stream only, and better prices – and the middleman who takes smaller loads of more streams but pays less. For the larger volumes more space is needed, while with the smaller loads the recyclables move quickly.

Thus, they are willing to take lower prices for the benefit of having faster turnaround on all recycling streams. In addition, they realise that the re-usable items (such as furniture) that come in, also need to be sold, because *"if it stands in a co-operative member's house it does not bring in money"*.



## Maintain a healthy cash flow

Cash flow is not the same as profit. Cash flow is the money moving in and out of a business. A healthy cash flow is when more money comes in than what is paid out in a given time, for example, a week or a month.

Co-operatives that are buying recyclables are only able to sell their recyclables after they have paid those from whom they buy, for example, “trolley pushers are paid in cash”. Buying recyclables is a large expense for co-operatives. Co-operatives feel that although they receive equipment from sponsorships, they do not have starting capital to buy stock (recyclables).

*“Working capital is also a challenge... you’ll find they buy you equipment but*

*they don’t give you an amount to buy stock... we need to pay cash for the pickers... capital, we don’t have capital. Because when we sell to the companies, they don’t pay... they pay next week...”*

A co-operative should take care not to grow faster than what the co-operative’s cash flow allows.

Having a poor cash flow means that members often cannot be paid because there is not enough money in the account between buying recyclables or paying expenses and selling recyclables. A significant number of co-operatives find it necessary to, while they wait for the co-operative to start becoming profitable, have other businesses on the side in order to be able to boost their cash flow, and at the same time make a living.

## Stretching the money:

The following co-operative experienced serious cash flow problems after they expanded too fast from their previous focussed area of operation to include a wide range of recyclables:

*“It is because at first we were working with glass and returning of bottles... Then they put the baling machine and we went for training for the plastic... But the problem is the workload*

*became too much... with plastic, glass and everything... then the money we would make from glass, we would go and buy plastic and pay for the services here, so it was too much for us. The money that we’ve had had to stretch too much and it snapped... it snapped... so that’s the problems that we have...”*

Co-operatives share the following advice:

*“Don’t start on a loan. Try to rely on your own money. The loan can hold you back. Try to save up money for tough times, because there will be tough times.”*

## Loans cripple co-operatives:

Because of the negative effect of loan payments on cash flow, co-operatives warn against taking out loans, and emphasise that a loan can be crippling. Co-operatives should fund themselves where possible:

*“We started with a loan of R100 000, and within the first 3 months the R100 000 was gone... After about a year, most of the members in the co-operative left, because it was difficult. We did not get paid, we worked long hours... So that is also one of the reasons the people left. There was no money. We were still learning how to do it. We did not have an income... we could not sell anything because we were still learning... The loan is now holding the business back... I’ve tried for three years to get new members and it is not working. People come and go, it is not working.”*

*“Do not take out loans, rather save and then buy [your stock] cash.”*

## Success stories:

The following advice captures how co-operatives successfully overcame their cash flow problems:

*“Keep reserves and be careful of debt... [do not] spend more on furniture and clothes than you can guarantee you will earn.”*

*“Do not eat all your money... Pay yourself a salary at the end of the month.”*

Co-operatives who learned the hard way urge others to understand their cash flow and to have cash available to pay for waste. Do not take recyclables and pay later:

*“And one other thing that I always advise them not to do... I am always against the idea of taking a person’s waste, process it, sell it and then come back to pay for it. When that person is coming to sell the waste to you he is hungry and expects to get food on the spot. Don’t take the waste if you don’t have the cash.”*



## Financial practices

Co-operatives warn that “*corrupt practices*” should be avoided at all times; books must be auditable and that audits should be expected, because “*Donors will want to know that their funds were put to good use*”. Co-operatives also advise that “*all members must know the basics of finances*” and that co-operative members must be “*transparent about money matters*”. Another piece of advice is to “*focus on the work and the money will follow*”.

Co-operatives need to move quantities (enough recyclables) through their operations to be able to make a profit. Therefore, good financial record keeping and regular bookkeeping is needed to show them whether they are on track to be able to make their expected income and also to stay in check with their expenses.

It is important to apply correct bookkeeping principles, for example, to deduct all expenses, such as the fuel used for collecting recyclables, from the income first before the profits are calculated that can be shared. This means that co-operatives should not share the income first and then not have enough money to pay their expenses.

## Success stories:

Through rigorous and regular bookkeeping – by noting down all expenses, payments and income from selling of recyclables – the co-operative can analyse and see whether they are making a profit or loss and can tighten their belts or take action to increase their income in time (working longer hours, working faster, working more efficiently), or to cut down on the expenses, to ensure the co-operative’s finances stay healthy.

Keeping the slips from the buyback centres is also a form of record keeping of the money coming in and the amount sold.

*“... after completing matric I did some training... Every day, I record every time something happens. When the money comes in or goes out I record.”*

## Keeping the workforce motivated:

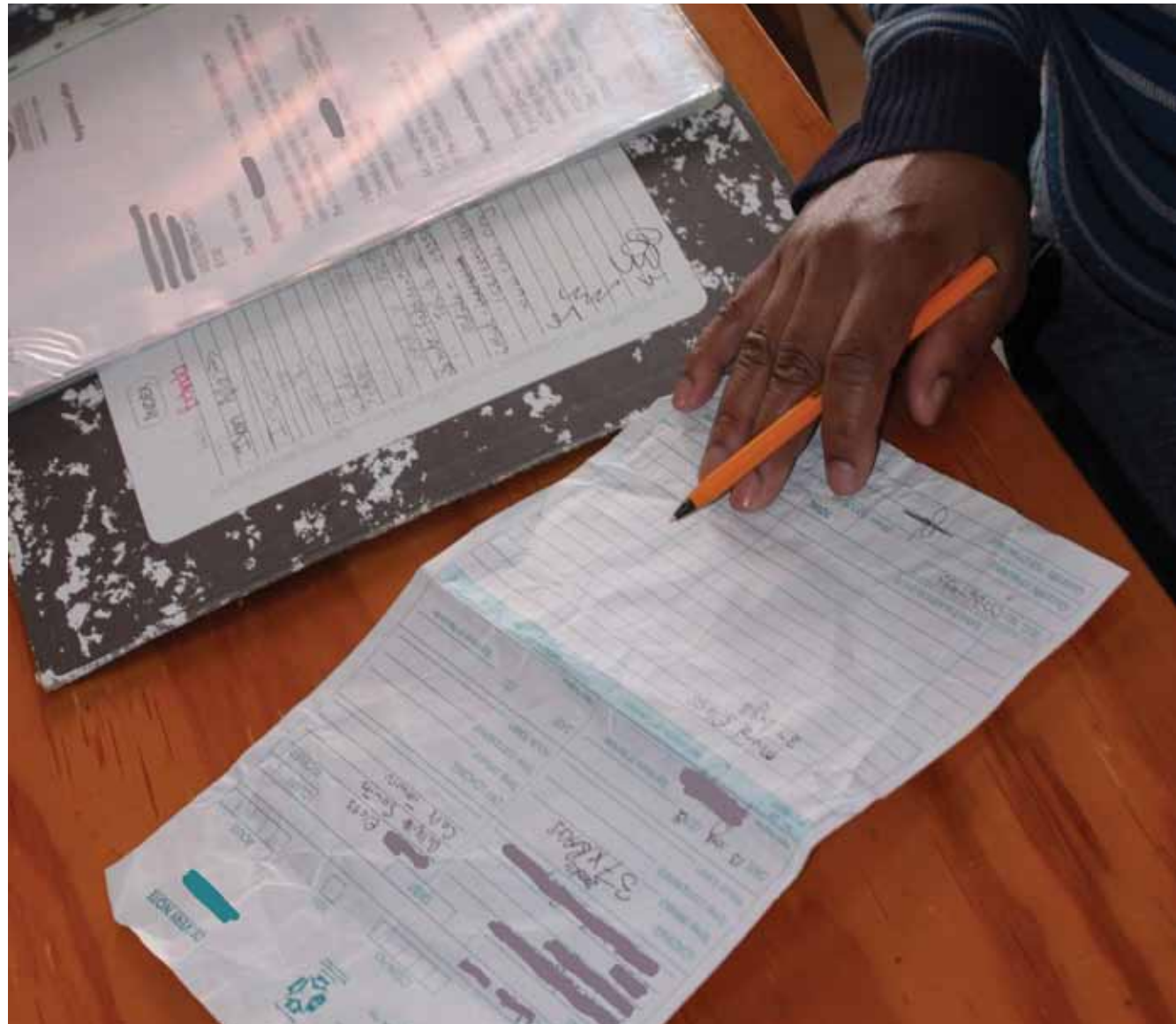
Waste handlers and sorters, who are not part of the co-operative membership pool who share in the profits (i.e. employees), need to be paid decent wages to keep them motivated and ensure that they return to the job the next day:

*“The people that do sorting here... he gets R200, R300 a month... You think tomorrow he is coming, he is not coming. Every month we change people. We don’t know how to motivate them... and you have people who you cannot just manage to pay them a decent wage, it’s difficult, it just can’t. So, people who come here are really desperate people.”*



## Operational: Administrative

Part of the success of a co-operative, like any other business, is to keep up with the administrative part of the operations. Sound record keeping keeps the paper trail which is essential for auditing purposes. At least one of the co-operative members should take responsibility for regular and accurate record keeping.





## Keeping records – filing and safekeeping

Different kinds of sound paperwork or administrative practices are needed in running a successful waste co-operative, for example:

- Register the co-operative and complete all related paperwork, for example the registration papers and the constitution
- Ensure that all forms are filled in correctly before sending it off
- Make electronic copies or photocopies of all documentation so that rework is not needed should anything get lost
- Record tonnages sold as soon as possible
- Record money paid out and received
- Complete any other paperwork related to the technical operations on a regular basis
- Note down any decisions taken, as well as verbal agreements, e.g. keep official minutes of meetings
- Keep attendance registers
- Note down any decisions taken related to conflict management and other HR issues
- File all correspondence with stakeholders and clients
- Draft contracts if staff are employed and file copies of these contracts
- File bank statements
- Check (reconsolidate) bank statements against slips and other records received. In instances where buy-back centres paid amounts into a co-operative's bank account, check if amounts reflect correctly.

Although it might seem unnecessary and time consuming, to be successful, co-operatives need to be responsible and diligent with their paperwork. A co-operative member explains the importance of good business administration as follows:

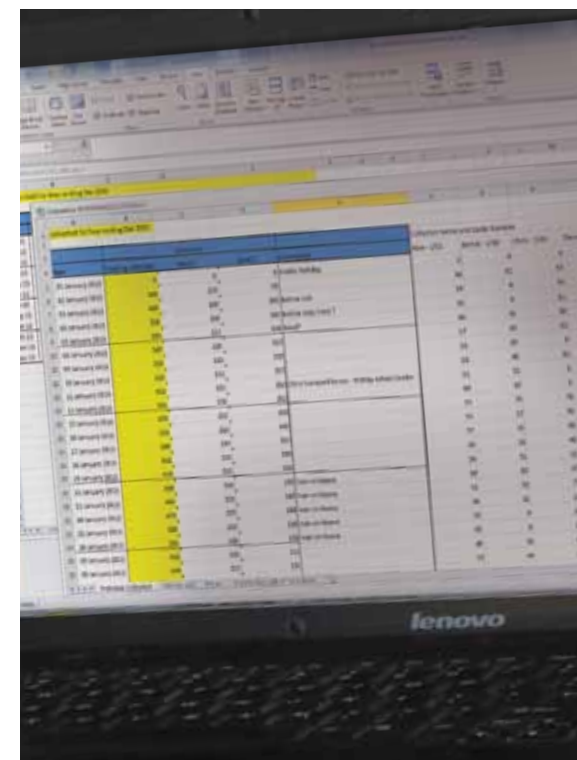
*"[Do paperwork]... how much collected, how much sold... daily. We try to be as compliant as possible, because otherwise it will defeat the purpose... now we have shifted to a co-operative because we wanted to have some form of help and whoever wants can help us, they want to know how we run the business."*

## What stakeholders say:

Keeping good record of tonnages sold is important to show funders or external stakeholders who have a responsibility to see increased recovery as a result of their investment in the co-operative. Stakeholders need these figures for their own record keeping purposes.

*"We [provide] the infrastructure support, capacitation support... we expect from the co-operative, whether it is raining or sun shine, to be out there collecting the recyclables... and give us tonnages on a monthly basis... how much they sorted, how much they sold, how much they made, how many people they are employing."*

A co-operative reported that they did not check the records received from the buyer after delivery of recyclables; they did not reconcile the kilograms sold with the payment slips from the buyer. It was only much later that they discovered a discrepancy – negligence on their part which led to a significant financial loss. Basic administrative tasks include the "keeping of sales documentation and slips... [record of] salaries paid..." and when a receipt is not issued which "shows how many kg's with this amount, that's when she writes... how many bottles."



## Verbal vs written agreements (contracts)

Don't underestimate the value of sound paperwork and a sound contract, where applicable. Contracts are there for when things might turn sour. Verbal agreements are dangerous – get signed contracts even if at the time it seems unnecessary and/or cumbersome. The following is an example where a written agreement would have helped to prevent any misunderstandings:

*“We had issues... he kept on changing the agreement. We did not have a written agreement, only verbal... we did not have money and then we would have to pay royalty fees forever. First it was for the first year and then it changed to forever... we never knew what was coming next. We only had verbal agreements. None of us had any business experience or experience with contracts... The facilitator/mentor painted it very nicely... we were going to get fat salaries... we did not ask*

*for his financial statements. We trusted him, he was a man of God. He was in our class, we prayed every day.”*

The same also applies to appointing staff. Draw up written agreements instead of having verbal agreements only. Employees also need to know their rights and conditions of employment. (Contracts and MoUs between co-operatives and municipalities are discussed on page 46.)

## Lengthy delay in registration:

Administrative hiccups, conundrums and misunderstandings are often due to poor communication between co-operatives and government or other organisations, in which instances a proper paper trail (e.g. copies of all communications – electronic copies or paper copies) would have helped to solve the problem much quicker. The following is an example of a lengthy delay in a co-operative's registration process, which could benefit from a rigorous follow-up:

*“The municipality is trying to help us to register, so that we can start our co-operative and get a good market [better prices for recyclables]”.*

These 30-something potential co-operative members started to organise themselves when they learned about co-operatives in 2008. They are still not registered as a co-operative, because the “papers were not well

*signed.”* The chairperson realised the opportunity in waste recycling after she lost her job and organised other ladies in the same situation towards the common goal of providing for their families and sending their children to school.

*“Since we have been planning for long, people give up because it doesn't look like the dream will come to pass.”*

Another group of people were convinced to change their business model to a co-operative. Delay in the registration process – “they have our ID copies and they still get it wrong” – resulted in a bank account not being opened for the co-operative and no promised funding received. There are costs involved in returning the forms every time.

*“The [...] confirmed that they have paid... but the department said they are waiting for a number...”*

## Success story:

The constitution of the co-operative plays an important role in conflict management and is an important document against which all future decisions can be tested. Having the constitution to refer back to for guidance in managing conflict between co-operative members proved to be helpful.

*“We have disagreements, but we have the constitution... to refer back to for guidance... We have our say and then vote at monthly meetings. If one obviously is dissatisfied, about maybe the performance of one in the organisation, you can always table it. There are two founding members, so both of them [decide]... but the boss has the final say.”*

Notes:

### A co-operative's story: #3 – Learn how to find solutions

The following story expresses a co-operative member's concern that financial support can cripple both the industry and personal growth:

*"If they [government] could just give us a chance... If they would give us a project and ask us to drive it... a youth based project... e.g. a recycling buy-back centre, because in our community we have not really tapped into it yet. So much opportunities that are just waiting to be grabbed... South Africa is a land of possibilities. I feel that that can be explored [the buy-back centre] should government actually recognise us. There are entities that government has given the money to... also, just to make a comment on that... I feel that a lot of us are paralysed... and government should really – shame, they aim to do good – but it is like a parent spoiling a child. Because, a lot of times we are disabled through what they do... We have our hands and even our feet crossed, waiting for government to do something. South Africans have the mentality of to be employed... There is a strike... people*

*want better pay... but I think to myself, if these people can come up with a better idea to contribute to the economy and not take from it...*

*[A person said] to me... instead of coming here for funding, why don't you come as a co-operative, as partners and say we want to do this recycling thing... there could be someone with a truck, why don't you come together? Someone else has office, furniture, equipment... and what do you have? And one person says, you know, I've got land, may be you guys can come and sort there. And one can say, I've got connections, I buy my equipment, my uniforms for discount. Let's push this."*

The same co-operative also expressed concern that young people give up too soon. They do not learn to face challenges that would prepare them for the business world.

*"... and I feel if we did... if those doors slammed in our faces, we would not pursue, but imagine if I came out of graduate school... we need to be taught to hustle... we need to be taught that the sky is the limit... we need to be an employer rather than an employee..."*

# Governance

Governance is about the formal and informal agreements and relationships between co-operatives, government and other stakeholders, in this case within the waste sector. Governance provides the framework in which co-operatives operate, and defines the role of the stakeholders.

From the co-operatives' stories it is clear that the government and other organisations are trying to help the co-operatives. However, the help is often misguided and has the potential to encourage the wrong behaviour. While there are sponsorships and grants to kick-start the co-operatives, the support required to ensure long-term success is lacking.



In this section issues related to governance are discussed under five headings, namely:

- Support for co-operatives (with the focus on start-up and operation)
- Stakeholder–co-operative interaction and communication
- Co-operatives and local government
- Contracts, MoUs and other agreements
- Other partnerships

## Support for co-operatives

Co-operatives highlighted the need for easy access to the right information on how to setup and operate a co-operative. According to co-operatives, “a complete information package is not provided upon registration” often

resulting in lengthy delays in the registration process. Co-operatives also feel that more effort should focus on helping the registered co-operative to get up and running than registering co-operatives for the sake of registering and then abandoning them.

*“Access to appropriately packaged information from a co-operative ‘one-stop shop’. There have been many co-ops registered, but most are dormant. The [...] initiative has created much hype and false hopes among co-ops. Its roadshows are focussed on registration of co-ops, yet implementation seems still far in the future.”*

Those registering as co-operatives do not necessarily fully understand the available support structures and

## Support? Getting stuck in the process:

Co-operatives do not know that they can get guidance for free, that there are government organisations that can assist. Co-operatives do not know that they can go directly to SEDA for help; that they do not have to work through opportunistic agents who charge sometimes exorbitant fees. Not all newly registered co-operatives know that they can apply for grant funding and do not have to go the route of applying for loans.

*“[...] convinced us to go the co-operative route due to the government funding possibilities. After 2 years we are still not registered (file misplaced at government department due to relocation; mistakes on registration forms e.g. ID numbers switched and spelling mistakes and now charging R245 to correct their mistakes) and we cannot open a bank account due to the mistakes on the registration forms. We’ve got the SARS, the constitution, everything is in place. We’ve been doing courses and workshops with this person from Cape Town, [name of the enterprize], and now about R300k is gone and [this person] is gone.”*

## What stakeholders say:

Stakeholders acknowledge that co-operatives can be confused in dealing with government:

*“There are so many different parts of government that is dealing with this issue... and if you can get them to play nicely together, that would be great. All the government departments... have different agendas, different ideas... for us this is confusing, but from the perspective of the co-operatives, for them to understand who is who, who they need to talk to about what, is very challenging... and how they should orientate and form themselves. One of the issues... they [the co-operatives] were talking to the wrong people. They were dealing with the Department of Local Economic Development, but it is actually waste management that has authority. They would be more capable or sensitive to provide systems to co-operatives...”*

There is a downside to co-operatives feeling that they do not get the support from local and provincial government:

*“The formation of the co-operative starts with the individual, you can’t come as government and say come on ... it must be someone passionate about waste coming forward to form the co-operative. But if the existing one is not getting the help they are supposed to get, chances of them influencing the other person to form a co-operative, is very limited.”*

## Support – Register and operate:

Groups in the process of forming co-operatives, as well as established co-operatives, need guidance and information on the following:

- How and where to register, and what to expect during the registration process.
- Who can register and what the criteria are for registering a co-operative.
- Where to get assistance during the registration process: *“SEDA can come and sit with us to fill in the forms for registration. Then it will be much faster and it is not this back and forth sending. We can make sure it is correct the first time.”*
- Where to get assistance after registration, and what the possible assistance entails.
- Changing legislation – access to policy and legislative types of information: *“need a forum where changes to legislation or policy are formally fed back and not only get updated by word of mouth and nothing is seen in black and white.”*
- How to deal with difficult situations, such as HR issues related to applying discipline when needed (also refer to the *teamwork* section on page 67).
- General and more complicated administration, such as how to take non-working members off the co-operative registration list (i.e. how to change the co-operative’s registration certificate), how to complete tender forms, and how to draft contracts.
- Operational information such as best prices of the day for recyclables.

what is expected of them as a co-operative – the latter being a typical result of the top-down push for co-operative registration. Those with little knowledge on co-operatives or waste, open up the field for opportunists who are in the business to make a quick buck and in the process exploit others who are inexperienced, trustful and often naïve.

Co-operatives also indicated the need for a higher level of assistance from government’s side, which include: institutional support to help promote the recycling business; negotiation of relationships between the co-operatives and the buyers, especially in remote towns, and a Quality Council for Trades and Occupations (QTCO) and/or a SAQA programme recognising collectors’ and sorters’ vocational exposure towards an artisanship, which in turn will support the growth of the sector.

While it is debatable where government’s responsibility ends, the reality is that co-operatives feel marginalised with respect to support provided

## What stakeholders say:

*“[Groups of waste pickers] decided to form co-operatives and they faced huge challenges in doing that. Because they could not do it on their own... so I think the fact that it is so difficult to figure out to register a co-operative is a huge challenge. In the absence of government providing facilitators to assist in these processes you get all these fly-by-nights... These fly-by-night [mentors] exist because there is a need that is not being met. You should not have to pay someone a fortune to help you register your co-operative.”*

Large investments are made to get co-operatives up and running, however, support after the initial investment is also important. It is not about rushing in and registering co-operatives. If the number of co-operatives that need start-up funds is reduced, then there will be money left over which can be used for support and mentorship.



by government. Co-operatives also feel marginalised relating to more intrinsic matters, such as being told on various occasions that they lack proper education to be involved in more municipal waste projects. Co-operative members feel that some of them have training and far greater vocational exposure to the sector than the political leadership of the municipality.

Overall, the plea is not only for support, but also for more direct interaction between government, other support structures and co-operatives.

## Success story: find information

Be informed and find out where to get help. *“We got this far through networking”.*

It is important to find out about and to make use of existing networks, to link with the formal institutions, and to attend network events:

*“Get informed, network, know the businesses that can help you, the SEDA’s and the NYDA’s. And business people... I’ve linked up with so many people during the past few years that I can just go to and say, I’ve got this problem, and I don’t have to pay them. They give me valuable information, stuff I would have to pay how much for a mentor.”*

## Stakeholder–co-operative interaction and communication

Sufficient interaction between co-operatives and stakeholders appears to be lacking. Co-operatives want to know who their contact person in government is, and they also want that contact person to know them and what their abilities are.

*“We are not quite sure [who the contact person is]... No, we know, but it’s difficult, it’s tricky, because you see, you got the district manager here, then you’ve got this one then you’ve got to go to this one and then to that other one, you know, and then there is somebody somewhere you know... I think because this is new... they have not set up proper system... who we are going to be answerable to... even if they put people, those people they still have to learn, and some of us got much more experience than they. And, of course, because somebody is a boss you always have to listen to him even if what he*

*says... because he’s the one, the hand that is feeding you.”*

Proper systems are not set up to allow for effective two-way communication between co-operatives and stakeholders. Several co-operatives alerted to communication gaps, for example, between them and the donors of equipment, and between them and the municipalities or other contract providers. Because of these difficulties experienced with communication, co-operatives find themselves without information that will help them grow their business. Co-operatives do not know where to get information, because they do not know what their exact information needs are.

*“When we started we did not know anybody. I did not know... any organisation... We did not have support, but not because the people did not want to support, we just did not know.”*

*“Most of the time wanted to get more knowledge... We did not know where to get, who to call... in the long run... got phone numbers.”*



From the co-operatives' perspective, there seems to be a lack of **co-ordination and integration between** the co-operatives' various resource providers – **local, provincial and national government**. Co-operatives receiving the wrong kind of support emphasises the need for better co-ordination between supporting organisations and co-operatives. There is also a need for meaningful **engagement between government/funding institutions and co-operatives** in order to find out what is needed most before providing support that becomes a burden more than a benefit. (Also refer to the infrastructure section.)

A co-operative expressed frustration with the lack of understanding between government and co-operatives about what the issues are, the problem with policies and even the use of “*London language*.” Co-operatives highlighted the fact that information for co-operatives is often not packaged in a format accessible to co-operatives, who are generally lay people. Due to language barriers, co-operatives also do not necessarily fully understand what is expected of them or available to them. (Refer to a co-operative's story #4 on page 57).

*“...because the English does not communicate with the level of education that I have.”*

In general, communication between stakeholders/suppliers and co-operatives seems to be somewhat lacking, and where stakeholders feel communication is adequate, they do not check that it is properly understood. It takes time for a co-operative to find its feet and some moral support, interest in what they do, and local assistance close by, will be greatly appreciated.

## What stakeholders say:

Stakeholders admit that, in order to be able to share information more effectively, relationships between government departments, especially provincial and local municipalities, and co-operatives should improve.

*“There need to be some kind of intra-governmental summits and discussions where they can map out at a national level, provincial level and local level how can the different parties within government – forget about the other stakeholders that need to be involved – be involved and how they will work together, then they*

*can strategically engage waste pickers and waste management companies, etc.”*

*“Us, as the people who are supposed to support the co-operatives, industry, government, all of us, I don't think we understand the how to do it. We have the resources and we can't help... not all of us have the skill to teach... and I think this is similar. [We have to] learn how to talk to people and work with them... Don't come with solutions... It is how we communicate these things... let's see how we need to do this to achieve... [We need] the emotional intelligence on how to deal with these issues... Try with this and that so that you hear the sentence together... allow that process...”*

## What stakeholders say:

Stakeholders (government, industry, NGOs) acknowledge the challenges in their stakeholder-co-operative interface:

*“If government is saying we're prioritising, we want waste pickers to be able to form co-operatives, then you have to recognise that it is not even just setting up the [government] unit, it is having people in that unit who are skilled, who are trained, who are able to relate to waste pickers so that people have been to garbage dumps, so that people understand the technical issues but also socio-economics of the pickers so that you have a facilitated process where you actually workshop what is a co-operative, why would you form a co-operative, how does it function, how do you go*

*about functioning, how do you go about forming it, helping them to fill in the forms and accompanying them... you need two years in order to get them to function. You can't just help them to fill in the forms and register the co-operative.”*

We need to realise that in South Africa, we might not have the same level of commitment from government, non-government and charity organisations to support co-operatives. We should be careful what overseas models we try to implement. We cannot expect the same successes without the same commitment and support.

*“Don't say that you want to create the job if the reality of commitment is not there... don't say it if you don't want to invest... then say something else...”*



## Co-operatives and local government

Co-operatives do not understand the role of local government in the functioning of co-operatives. Several co-operatives' shared their experiences of interaction with government (especially local government) which tells a story of disappointment and empty promises. While there is a degree of interaction – albeit referred to as an “interference” which is not seen as a positive interaction – meaningful engagement and support seems to be lacking:

*“Local Government is not supporting the co-operatives; they say they do, but they don't.”*

### Successful partnership:

A partnership between a municipality and a co-operative assisted the co-operative towards becoming a sustainable enterprise. While the co-operative's main vision is to help their community, the service provider oversees activities and organises various co-operatives to ensure a maximum collection coverage of the area, without overlap and potential conflict arising from this.

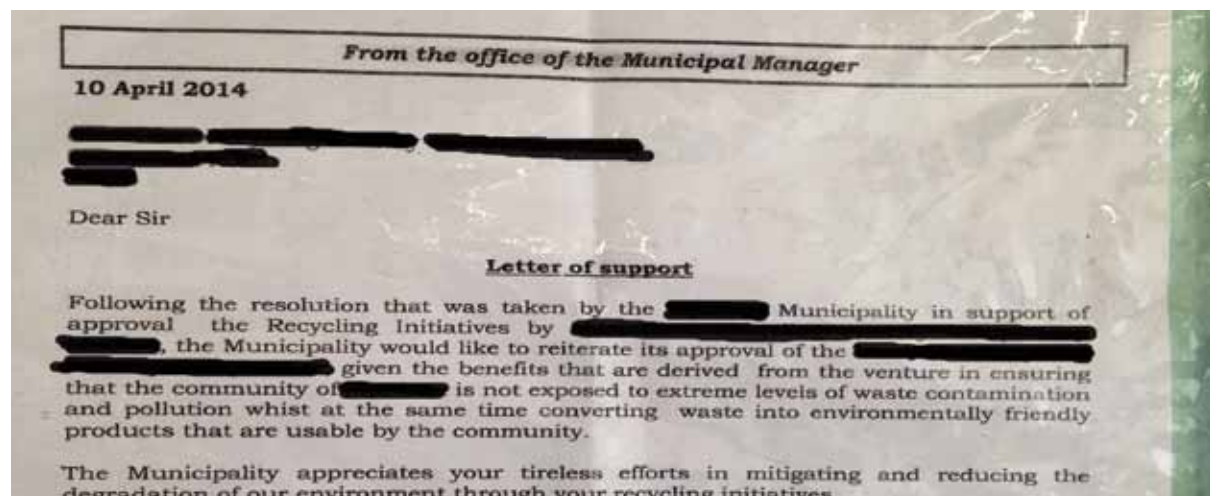
Another co-operative works at a waste depot/sorting station which the municipality's contractor maintains. The contractor provides transport and a driver to assist with the collection of waste, as well as scales at the depot for weighing the waste.

*“Local municipality says they can't assist. Government gives money (CIS) and then there is no assistance from local municipality, resulting in the co-operatives being there for one year and then they are gone... [Government] local and district municipality officials, especially the [provincial] department, they do not visit the co-operatives to ask them what they can do... Every month the local municipality must report on progress when support has end. I've heard that at those meetings they say nothing, they do not give feedback. The municipalities are sitting with funds to assist but they are not doing their jobs.”*

Co-operatives appeal to municipalities to become involved. The general feeling is that there are relatively small interventions needed from municipalities which can have a big impact on the sustainability of many

co-operatives. The following are short excerpts from the interviews with the co-operatives which explain, from the co-operatives' perspective, what they think municipalities can and should do to assist:

- *“I expect of my local municipality to come out and see what we are doing, to engage and ask if and how they can assist. Maybe the local municipality could have a co-operative helpdesk where you can go for help if you are not able to e-mail or fax.”*
- *“Local municipalities can contract co-operatives, so that co-operatives can employ the people”*
- *“Access to landfills to collect recyclables.”*  
*“...[with] a fence and... access cards to enter... to solve the problem of theft.”*
- *“Landfill space is saved... Would help if they [the municipality] can assist with the lifting and transport of recyclables.”*
- *Provision of ablution facilities at premises belonging to government – “water and toilets.”*



involved in what is happening with them on the ground. Not only would it help if government, donors and sponsors consult the co-operative before they decide what is good for the specific co-operative, but a quick site visit from someone in the municipality with the relevant experience, would identify potential problems which a newly formed co-operative would not be able to foresee.

*“Before any implementation is done, they [government/funding agencies/sponsors] should consult. Of course, when dealing with waste you have got to get the municipality involved, the municipality*

*must be involved, as like in this case here, the person who is with the municipality...”*

Local government should be more involved in the process of support from national government to the co-operatives. Those at the municipalities that have the knowledge of recycling should be consulted before large capital expenditure is committed to. Attention should be given to the detail to ensure that funding is provided in the areas where help is most needed to put co-operatives on a sustainable trajectory.

## Contracts, MoUs and other agreements

In order to gain access to materials, and to generate sufficient income per month, co-operatives have indicated that contracts and MoUs with municipalities are necessary. But, at the moment most co-operatives do not have any contracts in place. Uncertainties about contracts, term of operations, and fear of possible eviction from working sites discourages co-operatives. Verbal agreements do not allow for proper planning and/or exit strategies. Contracts provide some form of guarantee of longer-term working relationships and is

### What stakeholders say:

*“I think the reality of the matter is that local government is where it happens and there is quite a lot that they can do... they’re doing well on certain aspects and they are not doing well on certain aspects...”*

*“Because I think it is all about bringing recognition to that [collecting and sorting waste] as work, to start with... a decent way of earning a living, You can start giving them the decent equipment to use... PPE... this is my working gear...”*

### Success story: municipality–co-operative agreement

A group of young people who saw an opportunity, and a municipality that had the insight to see that a partnership with the co-operative can be a win-win situation, resulted in the co-operative now having an MoU with the municipality, which allows them to work on the landfill.

This group collecting recyclables on a local landfill, invited others also working on the landfill, to join them in forming a co-operative in 2010. Today the co-operative is dominated by the waste related activities but also has a strong agricultural component. In 2011 the local municipality signed an MoU with the co-operative to manage the landfill site for them,

including rehabilitating the landfill. Zero waste is a passion for the co-operative members and they have started to make compost as part of their landfill re-use programme. This group of young people continuously expand their knowledge base by learning as much about waste as they possibly can, and striving for a 360 degree understanding of what it means to build a zero-waste environment. They plan to start an industrial composting plant on the old part of the landfill and to supply compost to the agricultural sector.

This group did not form a co-operative at the expense of those that have been working on the landfill. Because everybody working on the landfill was included, more jobs were created and none were lost.

considered necessary to allow co-operatives to work towards becoming sustainable enterprises and to allow them to do future planning – thus to invest in their own futures.

One co-operative member phrased his frustration with a municipality and service provider as follows:

*“I [used to] work on the landfill site... it is hard work, but I always had a goal. And then this separation at source came... an opportunity... I had to sustain my family and jumped into this.” “[The municipality]... keep changing management, bring somebody new who says this is not going to work... undermines... can’t go to them and say you want something in black and white... you get nothing... just hoping that things will be okay.”*

In one instance, the delay in signing the MoU between the municipality and the co-operative, that allows them

to collect recyclables, causes uncertainty and instability in the co-operative. The delay could be a symptom of lack of a common vision to which both parties agree.

The following is another example of where the need for stability and job security is compromised:

*“They [municipality] say, ok, we are going to have a memorandum with you. We are going to identify your space from which you can operate from. Remember this space belongs to them. Any time they want us out we need to... they can throw us out. Then they say, ok, you get a place from where you can operate from, né, and then we’ll help you. We’ll help you in acquiring that place, so they say bring the documentation. We bring the document, when we bring the document they say, ‘no, we have to have it in our name, and we can give you a 2-year contract’...”*

## What stakeholders say:

A stakeholder warns against co-operatives being formed just for the sake of being able to access government funding:

*“... government is keen on waste pickers to form co-operatives. We need to start questioning what is the motivation [of organising waste pickers into co-operatives] and... how would they be integrated into waste management systems?”*

*“In a sense the formation of co-operatives are driven by government saying you will be able to access funding... Waste pickers should form co-operatives to the extent that they want to work collectively... it is one way of integrating them into the municipal waste management system, and they need to be integrated and they need to be a formal part of the municipal waste management system, so that when you develop your waste municipal plans...”*



## Other partnerships

Partnerships can reach beyond the obvious co-operative—government relationships. Co-operatives mentioned several examples of informal partnerships and symbiotic relationships that prove to be beneficial to all parties. For example, such “partnerships” include a working relationship between co-operatives; a lease agreement between a co-operative and a closed cooperation; and relationships between co-operatives and the local businesses and communities.

### Conflicting understanding of agreements

A co-operative—co-operative agreement might also need a contract to ensure that both parties have the same understanding of what they agreed to:

*“Maybe they are just there for other reasons... So it is very, very hard to introduce other people ... So even now, we see if we can draft a contract... someone must understand what their role is when they come and work with us too.”*

## Success stories: partnerships

*“... working closely with... the recycling people because I get my bottles from them, and they take all my waste. Some of the bottles I have to buy in like the wine bottles, but the beer stuff, that I get from them. Get (don't buy) the bottles from them and they get my off cuts... Just an agreement I had with the co-op. I have a good relationship with the people...”*

Although working independently, a co-operative has a lease agreement with a closed co-operation to **share premises** and pelletizing machines. The one party has the machines and the other the premises. The ‘partnership’ is thus mutually beneficial to both while still functioning as independent business entities.

*“We ended up having relationships with the local tavern, so that we give them that bag [the bulk bags]. We have a couple of places where we just go and collect without any sort of payment... give us the power to **build relations** with [the local businesses].”*

*“When having clean-up campaigns and we find small pieces of open land, we help the poor communities to start small gardens, because... there is a lot of poverty around the area... community to start small-scale food gardens in the back yard so that whenever we do clean-up campaigns where we see that there is a small space, we start a small garden and encourage the community in that area to look after the garden.”*

Notes:

# Capability



The ease and accuracy with which a waste co-operative is able to fulfil their duties depends on the knowledge and skills of the co-operative members.

Knowledge and skills can be obtained through formal training courses, as well as through on the job training, including guidance and support from incubation and mentorship programmes.

Not only should co-operative members have the knowledge and skills, the same applies to the communities on which they depend to supply recyclables.

Public awareness of recycling, good waste management practices, and separation-at-source is thus a crucial ingredient of co-operatives' successes.

# Knowledge and skills

To create a successful waste or recycling co-operative, members and employees need the right knowledge and skills to suite the job that needs to be done. Co-operatives will need infrastructure, and access to recyclables and markets, but equally important they need the right skills.



## Training (technical, financial, administrative)

Co-operatives urge newcomers to the recycling business to continuously learn about waste and recycling, and to seek out more information and knowledge, because *“capacity building is more important than grants.”* Seek opportunities to learn more – look out for available training opportunities. Especially new entrants to the business should seek training in waste management. This includes both technical training, as well as training in business and financial management.

Not all “training” has to be formal. Co-operative members can also “train” themselves by asking others or by just looking around at how others are doing it and comparing it with their own methods and practices. It can also be that others can learn from them. Co-operative members who were fortunate to have received training, can *“share acquired knowledge with fellow members of the co-operative.”* For example, a co-operative’s members share their experience when bad financial management resulted in grant money being spent unwisely:

*“But a co-op is basically education. I would say... co-op need more education than grant for money... Basic things like management... like the guys I’m telling you who messed up everything for us. They just said: ‘sorry for that, they were not ready for that kind of money’... but if they were trained properly... If they get*

## Training needs:

From the stakeholders’ perspective co-operative members need the following training, amongst others, in order to enhance their ability to function as a co-operative:

- Waste management and environmental management
- Technical/occupational training
- General business management
- Co-operative business/organisational training, amongst others, contracting with other entities
- Financial training such as budgeting and bookkeeping
- Administrative training such as how to run a meeting, how to take minutes
- General management, personnel management and leadership training, e.g. how to run a team, what are the roles and responsibilities
- Interpersonal relationships, e.g. importance of tolerance
- Training on how to market the co-operative, especially to the local municipality

## What stakeholders say:

Co-operatives need to understand the waste management structure and their place in it:

*“This is the way the municipality waste system functions in your city; who do you need to talk to; understanding the local national and international waste system; how have others placed themselves in the rest of the world ...”*

Individuals considering forming a co-operative should first learn what a co-operative is and what being a co-operative member entails:

*“so that people understand what they are getting into... some work as individuals and it is important that they understand what it means... am I still going to benefit... what are the problems working as a co-operative?”*

*“... the business etiquette that goes with [functioning as a co-operative], because... In certain cases you try to assist... you secure them work to collect paper at [a business]... and then they don’t understand that [this business], when they say you have to collect every Monday at 10:00, then it has to be every Monday you collect at 10:00. It cannot be... [another day or another time]... it’s that type of things you struggle with. It is really basics... [the basic work ethics].”*

*thousand, then make 500 out of it... but if you get a million, then make a million out of it... don't buy a house. They messed up everything for us..."*

The need for training ranges from “*environmental management*” to “*business- and financial-management training.*” Some of the training challenges co-operatives experience revolve around how co-operatives handle training opportunities while other challenges relate to the trainers.

In one of the provinces co-operatives are not registered until they have received the necessary training, which includes assistance with electing the leadership of the co-operative:

*“... and [during the training it is] explained to them what does it mean [to be a co-operative member]... these are the problems that you might encounter, these are the expectations from you as a*



## Success stories:

Everyone is not good at everything. Try to specialise in the co-operative in what you are good at and/or what you are trained in. The following example is of a co-operative’s positioning of members so that every member has the opportunity to excel in what he or she does.

*“As the project director, I’ve done project management; finance director, she did financial accounting; admin; HR; operations... each one has his or her own duties. The buy-back centre is now headed by her [the financial director] because the one who did it passed on and it must be someone who is here all the time... [Members] specialising in the co-op in the portfolios they hold in office... what every member is good at.”*

Formal and informal training helped co-operatives to now better understand their business. In one instance,

in the absence of receiving any formal training, family and friends with experience in co-operatives shared some basic know-how. Help can also be in the form of a hired consultant who showed the co-operative’s treasurer how to calculate their break-even and profit margin volumes. They now know what quantities of recyclables they have to collect to be able to show a profit.

*“We started as a community organisation and therefore depended on funding. Government stakeholders now capacitated us, now we understand, now we try to make the buy-back centre work for us. We are still struggling, but we are getting there. Before [the training] we did not have the idea of marketing, now we market ourselves and we make sure our workers work to such an extent that we make a profit; we are trying.”*





*co-operative... and you need to commit, to say you are prepared to work and serve... I learned in other provinces they just register [co-operatives] without understanding..."*

Some co-operatives mentioned that they have not received any training yet, or that only some members of the co-operative were selected to go for the training. In some instances the know-how and learning seems to stay with the "mentor" and does not filter down to the co-operative members, resulting in them being bound to the mentor indefinitely.

*"And people [those starting a co-operative] are not really informed. Misinformed and not knowing what they need to do."*

*"We did not have the know-how or the finances to go full-out and made many mistakes, many business mistakes".*



## Up the training:

According to co-operatives there is room for improvement in the training syllabus, as well as the organising of training events. Issues raised include training not being focussed enough, not being well organised, being "cancelled on the last minute", "not being focussed on the waste sector", and too intense and short in duration to be able to fully take home the learning:

*"Will get sms that training is next week and then arrange to be away from work and next week Monday get sms that it is cancelled. Cannot work this way."*

In general, co-operatives are disappointed that assistance programmes do not live up to their expectations. Although the District Municipality assistance through the EPWP programme is communicated as a two-year programme, the reality is that it is closer to a 18 month programme. This is due to a late start in year one and an early close in year two. Co-operatives feel that it is too short a period to get them up and running and that this programme should be extended to a 5-year programme.

Training in the 'one size fits all' mould does not seem to satisfy all co-operatives, especially the old hands on the job. Training fit for new co-operatives will look different to training needed by co-operatives ready to move onto the next step. The different types of training, and the purpose of each one, should be clearly communicated to prevent co-operative members feeling they have wasted their time by attending a training session on something they already know.

*"And yes, we must get training... to be able to go to the next step. Predominately [training in] waste management that's the most important one... and how to run a [co-operative]... and things like that. I think they [government and those that provide training] are still researching on how exactly does recycling work. So it's just unfortunate that the very same people that are working, we are the ones who know more about recycling than the government."*

The existence of possible language and educational barriers should also be recognised in the development of training courses (refer to a co-operative's story #4 on page 57). Not only is there a request for training in comprehensible English but also training in local languages, "so that it covers everybody from different levels".

## What stakeholders say:

There is a need for co-ordination between training efforts, for example a dedicated training centre co-ordinated at national level and with skilled people deployed at provincial and local level, who understand both the co-operative's challenges and the technical aspects of the waste business, to train waste pickers. Such training could be coordinated by SEDA. Local government also need training in how co-operatives function, what policies and legislation govern co-operatives and how they can assist, for example, the waste pickers. Businesses will also gain from knowing how to work with and interact with co-operatives.

It is important that co-operative members acquire the skills that match their roles and responsibilities. A stakeholder raises the question whether *“the training that [co-operatives] have received*

*was good enough for them to be able to take the next step”:*

*“Although [co-operatives] received training, their capacity to in the future become more sustainable to negotiate with municipalities, to write proposals for funding, to procure equipment... it still remains severely handicapped and constrained. So even though there is some training the training is not good enough to make them sustainable.”*

*“Will always be issues of funding if you don't supply them with start-up materials... the basic infrastructure the basic tools they can work with. But more importantly is the training. Training in terms of the material they are dealing with, but importantly training on business... the business etiquette that goes with it...” (Refer to the stakeholder box on page 51.)*



Petco



## Mentoring

Speaking to co-operatives and stakeholders has shown that while training is very important, sometimes, depending on the skills of co-operative members, it is not enough. Sometimes, co-operative members need someone to walk the path with them, to accompany them on their path and teach them. Sometimes they need a mentor. Unfortunately, waste co-operatives reported several challenges related to mentoring. After a bad experience with a “mentor” this co-operative has the following advice to share:

*“Don’t just rely on one mentor. Get mentors... network... and business people... I’ve linked up with so many people during the past few years that I can just go to and say, I’ve got this problem, and I don’t have to pay them.”*

It is not only new co-operatives that benefit from having a mentor; seasoned co-operatives also learn from each other through more informal ‘mentorship’ relationships. Mentors have sadly been known to take advantage of co-operatives. Therefore, more formal incubation programmes are an option as opposed to individual mentors who are only doing it for personal gain. Incubation programmes funded by government or business have been run in South Africa and have shown very positive results in growing small businesses such as co-operatives.

## Finding a real mentor:

To find a mentor with good intentions seems to be challenging. Some mentors get labelled by co-operatives as opportunists, but due to their good standing at the authorities, they continue to function as mentors. The intentions of mentors are not necessarily based on respected principles, especially when they have vested interest in other co-operatives, or when they see opportunities to enrich themselves. This situation seems to be serious with a co-operative declaring that they “also need mentors, but not South African mentors that could be competition.” The following two co-operatives have their mentorship stories to tell:

A course facilitator became a “mentor” and obtained a loan on a new co-operative’s behalf, which put them in a position to pay for his mentorship services.

*“The mentor helped us start... he did all those things, name reservations... he helped us a lot but... I only knew at a later stage... that there are other avenues that would not have cost us anything... [Other co-operatives] speak of people or mentors that would try to do them in in some way, exploit them... It is a big problem... the fact that the mentors get random people just to get in the co-op so that they can get the funding from the dti...”*

And the second story:

*“... and the oukie he also came from Cape Town to do this, and promised we would do courses, workshops ... and the oukie from [...] here is R300k and then theeeew ... the 300 is gone and then they are gone ... and then another promising here, and then...”*



## Success stories:

Fortunately there are also good mentorship stories to tell. Several co-operatives indicated that they are mentoring other co-operatives. One co-operative sees it as an extension of their business practice and is formally engaged in mentorship training:

*“Training people... I’m mentoring the young people... I’m doing it out of love for recycling... pro bono... Everything is not about money...”*

A mentee is full of praise for his mentor who, despite being exploited by co-operatives which he previously mentored (they stole his stock and dismantled his truck), is willing to share his knowledge for free with an upcoming generation of recycling co-operatives:

*“Ubaba’s greatest success is having the opportunity to taking the young people... we are not the first group... there has been a number of groups that he’s been mentoring... to make sure they are souped up...”*



## What stakeholders say:

*“[Co-operatives] need someone to constantly mentor on issues of business; municipalities cannot keep on pumping resources into co-operatives. They need to get self-sustainable, to get trained how to run their businesses efficiently.”*

But, stakeholders realise that co-operatives face challenges (refer to page 41) and that mentors’ motives are not always sound:

*“... there were these people that came in and ‘we’ll help you registering your co-operative’ and charged them huge sums of money, ran away with the money and they still don’t have the co-operative. Or someone would form the co-operative but in their own personal name and they would be getting money...”*

A stakeholder clarifies the nature of successful mentorship:

*“The reason I keep on saying accompanying them instead of hand-holding... it is important... handholding gives impression of being lead... maybe that is wrong... the reason I say it is accompanying is we have to be facilitating processes where [co-operatives] are developing their own visions and they are making their own strategic decisions and then we are bringing in the resources to help them achieve that.”*

Another stakeholder confirms how they, through their inexperience, damaged a relationship with a co-operative by not being inclusive enough and not involving the co-operative enough. While their intentions were good, in hindsight they realise that they came across as dictating what should happen and that they actually should have involved the co-operative much more in the feedback and decision-making process.



Notes:

## A co-operative's story: #4 – The language gap

A concern related to the level of use of “London language”:

*“... the manufacturing sector, black people are in it but there is a very big gap, a huge, huge gap between the top guys... the corporate guys that manufacture and guys where we want to go. At least, take us half way... The more structures, the people getting houses... people getting imkhukhu [informal housing]... the more dumping you'll get, the more dumping sites you'll get. We need to be cleaning those up... we need to be educating the people... getting proper drums for those people. We need to be clear to government on what the issues are. And they must not bring policies that complicate things.*

*The reason why black people sometimes we don't understand these things is because they bring policies that have a word for a guy that's educated in London and then you give these terms and these wordings and it is words that only they'll understand if they're talking amongst themselves. And we say, what are we supposed to do with that? We can't use it...*

*give basics, this is the ground... I'm afraid using a project if I don't understand the piece of paper given me. I like the money that is given me, but I don't understand the paper you've given me, because the English does not communicate with the level of education that I have. The training... if you train me, make it basic enough for me to know that the next time you say you want to provide training I will understand what you want from me. Even our education system is going lower and lower, but your policies are still on the private sector level. The government is competing with the private sector. And at the same time they're trying to come to us and say, look here, read it, it will be good for you. How can I read it if it is competing with the private sector? Make it more user-friendly. I only know 50% of my matric, so give me a piece of paper that go with that 50% that you provided. Give me a piece of paper that go with my 50%... Don't give me something that go with a higher grade. I've got your money, but I can't give you a report, because I don't know what you want. The shift from the corporate language to the basic language... it can change the industry... make sure you communicate the right information to the people.”*

## Public awareness

*“People are not aware of recycling. People [need] to come to understand separation at source. Especially the people in the townships do not understand the benefits of recycling and separation at source.”*

Co-operatives feel that there is no clear support from government for separation at source and that support from government for separation at source is necessary to increase their access to recyclables, and grow their business. This means improving the general public’s level of awareness of recycling.



Public communication and education about recycling and good waste management practices are needed – education about not littering or dumping and separation-at-source.

*“We are still looking for the time when the people will be educated... being told what recycling is all about... what the negatives of not recycling is... why recycling is important for them as well. They don’t know... the people...”*

More recyclables per household and cleaner recyclables from households will increase co-operatives ability to make profit. If the volumes of recyclables collected increase, co-operatives will also be able to secure jobs for more community members. A co-operative estimates that if they get the necessary support for what they are doing – from households through better awareness of separation at source – they should be able to grow their number of members from the current 200 to 500.

Awareness raising in households and business about recycling and separation at source is needed. Co-operatives believe that government should take the lead and send out a uniform message of what is expected relating to household recycling. With recycling awareness and education mainly still lacking, separation is not fully supported by all. In some areas the participation in separation at source and recycling activities are better than in others. According to the co-operatives, the greatest need for education (about the benefits of recycling, what it entails, how to go about separation) appears to be in the townships, and that the recycling

message has not reached the rural areas in South Africa, yet:

*“The township community is not fully educated about the ‘separation-at-source’... we need to do marketing... they are not recycling”.*

*“Separation at source is still in its baby phase. When it comes to education and awareness, before we even started this project, we’re the ones getting the people on board... separating the material. At the*

*location when something is starting it is different compared to the suburbs, because in the suburbs their hygienic standards are good. They live in a place where they are comfortable with it must be clean. They understand the recyclables must be clean...”*

Co-operatives acknowledge the fact that children can be the best teachers at home:

*“And the people must get to know the differences in the waste, so that even when you sort, anybody should know that the*

## Awareness raising is an ongoing task – the national challenge

Effective awareness raising is an ongoing task, and need additional resources, for which the majority of co-operatives, especially the smaller ones, do not have the resources or capacity. This emphasises the need for a national campaign to inform households of what is expected as far as separation-at-source is concerned.

*“we need to be educating the people... getting proper drums for those people,” but “most co-operatives cannot afford to get an extra person to do marketing...”*

Furthermore, as the sporadic messages of ‘waste has value’ is seeping through, it creates unrealistic

expectations of what this value is and some households thus hold onto their waste rather than to release it to the co-operatives to enable these workers to make a decent living. Community members sometimes ask what is in it for them if they separate waste at source. A co-operative tried to buy the glass bottles, but the community is unrealistic about the money they will get for it:

*“Our... people, they are not aware of recycling. We try to buy the glass from them, weigh it, but now they bring a plastic bag and want R50. Have difficulty to create awareness in schools...”*

*plastics go together and the paper, so that when it comes to sorting it will take us less time. We need to... introduce waste management, recycling... we need to have a syllabus at school, because the children can be the best teachers. When they come home, they tell the fathers, no, this must not be thrown. That's got to be taught in the schools."*

The following excerpt suggests that continued effort can pay off. This group of youngsters feel that, in comparison to others, they and their community are now much more aware of the benefits of recycling:

*"...they are like us before... they don't know anything about... degradation... what illegal dumping does to your village. They don't have knowledge of recycling... if we can implement that in those communities... in the rural area... where people are like we were before... they do not know about recycling there. If you can go all over South Africa's rural areas, [you will find*

*that] there is no such thing as recycling companies."*

There is evidence that awareness campaigns – active marketing campaigns, as well as awareness through the visibility of recycling activity – is successful in gradually getting more households to separate their recyclables. Co-operatives reported that as the local community becomes aware of the local businesses functioning as buy-back centres, they start to bring in their recyclables: *"some people help by bringing the glass bottles to our site"*. Co-operatives also acknowledge the value of having good relationships with the public:

*"... developing a relationship with the community so that we can also educate them in recycling..."*

Furthermore, co-operatives feel that if the municipality would give tokens of appreciation to the community, it would improve buy-in and increase participation in separation at source schemes. Such tokens of appreciation do not have to be monetary.



## Success stories:

A co-operative did a survey amongst the households to find out whether they would be interested and willing to separate the recyclables from their other household waste. Thereafter they distributed pamphlets and went to the households to make them aware of recycling and why it is a good thing to do. It took some time to get buy-in, and eventually the community started to participate. Although the number of co-operative members went down – from 44 to 25 – the amount of recyclables collected is more.

*"[Between the 2nd and 3rd year after the campaign, our] collected tons of recyclables... almost tripled in the same area... The rise in volume can only be the campaign, because our members, even as they collect, not necessarily when we carry out the campaign, but even as they collect, people become conscious, so conscious that even if there is a day that we missed to come, they will still put aside recyclables for us. So, if we missed it this week, and we come next week, the number of recyclables would be up... and I think we could have done it much better if we had the materials to do the awareness campaign twice a year... that could reinforce the education... need to revisit and re-energise people in a campaign."*



# Individual personality traits



Caring for the environment is not enough to make a success of a waste business. Co-operative members pointed out that other characteristics are also needed – the waste business is about hard work, passion, patience and perseverance.

Many of the reasons why one co-operative is successful and not another, comes down to the members that make up the co-operative and the human element that they bring. There seems to be consensus amongst co-operative members that several human characteristics are needed to make a success in the waste business. Firstly you need to have a passion for waste to be able to make a success. Secondly, you need to be patient, because this is not a get rich quick business and, thirdly, you will need to work hard. As a co-operative member, to be successful, you also need to take responsibility for your job and your future and you need to stay motivated – you need to believe in yourself.

## Passion, Pride

Several co-operatives reported that they are in the recycling business because they care about the environment. Co-operative members are often motivated by the fact that their local “dirty environment” is in need of their services:

*“Inspired by illegal dumps which were prevalent in our location, we wanted to eradicate the illegal dumps by cleaning them, removing recyclables and selling them to whoever would buy it.”*

*“Encouraged by an official in an open community meeting, complaining about the debt in our community, to try and get rid of the debt. We then organised the people and went to the then councillor for recognition to do this job.”*

### Success story:

This co-operative believes that through their shared passion they are able to serve and make a difference in their community:

*“When we started this organisation, we were elected by the community, who believed in us that we will be able to make a difference. They had that belief so we always carried that, because this is what carry us, that we are elected by the people... to be a community based organisation... we keep that in mind. And that is what keeps us going all the time. We are here not to disappoint the*

*community... that even now when we’ve taken a different route of company, but we always carry that dynamic... carries our spirit around. And passion, we had the same passion... the same goal, even though we’re from different sectors. I was a person who was just an employee at some stage, but when I came here I said to myself, now I want to make a difference in the community. We come from different spheres but we have one passion, one goal... this is what we want to do.”*

### Passion and hard work – not about money

The waste business is hard work. Co-operative members must have passion because others might not approve of working with waste. If they don’t have passion, then they should be careful to start a waste co-operative just because they saw others doing it.

*“When you start a business don’t go into business for the sake of money. You have to have the passion and the love for the business first... When people hear the word funds, that’s when they’re trying to [pull] up socks, but when there’s nothing then they’re... [gone].”*



## Determination, patience, endurance

Co-operatives urge newcomers to the waste field to be patient, because there are many challenges to overcome. You have to focus on your goal and keep a positive mind-set. You should look into the long-term rewards and not expect quick profits.

*“What I normally say is that if you want to go into waste management, you want to start a recycling business... it is a very good thing but don’t expect too much. It is not a quick rich business.”*

### It takes time to grow a co-operative

The reality for waste co-operatives is that they have many challenges to overcome. Profit margins are small and, therefore, it takes time to grow a co-operative.

*“[You] need patience [because you] cannot expect to get rich overnight. It is not that easy, it is hard...”*

You also need patience because sometimes *“when you apply for something you have to wait up to three years for an answer”*.

Words such as endurance, determination, patience and perseverance echo throughout the co-operatives’ narratives. Thus, co-operatives should not get disillusioned if, at first, they fail.

*“I could do a co-operative again... with the right people... I have given up a few times... I would give up for two days and then I come back again. I really believe in the business, despite of what happened... I’ve learned so much.”*

You also need determination to achieve your objectives and to succeed:

*“The success is there even if we do not see it with our own eyes ... progress is there...”*

### Success story:

The following example is of co-operative members who realise that their success lies in hard work: The co-operative started as a family business. Everybody in the co-operative works very hard. There are eight members of which one is the supervisor and another is the driver; the others are sorters. They hire in one or two occasional workers and more if a member cannot be there on a specific day or for a period e.g. when on leave. When the supervisor is on leave another member stands in as the supervisor for the day/period. The members take turns to go on leave. There are no role definitions such as directors, chairman, secretary, etc. They subcontract the financial administration and services (bookkeeping, auditing of statements, etc.).

## Hard work and taking responsibility

To be able to make a success of a co-operative, its members must have drive and the ability to work hard. With drive and hard work comes the willingness to take responsibility for your own career and self-motivation – to believe in yourself.

*“Recycling business is hard work... not in like carrying steel or so... but you need perseverance, you need to wake up and be there. You need to be there. And remember it is interesting, every day there is something new. And it is one job that can cater from a sweeper right up to the... scientist, it covers anybody... any standard of education is covered.”*

Taking responsibility for caring for yourself and for your job is crucial in the success of any employment opportunity. Commitment, drive, ambition, willingness to do the job, and punctuality – all these entrepreneurial characteristics which are crucial if one is one's own boss – are needed to make a success of being a co-operative member.

### What the stakeholders say:

Stakeholders agree that *“the right people”* need to be in the co-operatives: *“people with compassion for the issues of the environment.”*

*“If you get people with the intention of becoming rich tomorrow, becoming rich out of waste... that’s where it folds.”*

To stakeholders it appears that government invests in co-operatives but then they just leave. This is true for those co-operative members that are *“not really in it with their hearts”*. Another challenge for stakeholders is that it appears to them that those choosing to operate in the informal sector do so because:

*“They hate the formal working thing... They don’t want to be controlled, they don’t want to play by the rules; they want to come when they want, they want to collect what they want when they want.”*

Furthermore, stakeholders feel that, in tackling their challenges, co-operatives *“have a role to play”*:

*“Co-operatives know better what their challenges are... They cannot expect municipalities to do [everything] for them because municipalities have their own challenges on a day to day basis. Industry... liaising with the support mechanisms... Some things are operational: how to operate the system and the facilities, [but] in general how do I capacitate myself to do my work better and take responsibility. In beginning they can be capacitated by the municipality, but as they go on, the dynamic changes, you got new types of waste coming in... as things change, as the economy grows, new challenges come. It is their responsibility to do that, to address the problems themselves...”*

*“[It is an] issue of mind-set. Government need to do this and that for me because I am your citizen... that mind-set needs to change...”*

### Unwilling workers

A co-operative's frustration where work needed to be done but nobody showed up to do the work, is aired below:

*“The people are very lazy. They say they want work, but when you tell them there is work, they say it is too hot and they do not show up.”*





## Believe in yourself – self motivation

Being self-motivated and believing in yourself are two attributes that are beneficial to all individuals in any work environment, but even more so when being a member of a co-operative and part of the team.

*“[Others] believed that we can make a difference; now we have to carry that with us and believe in ourselves.”*

### Success story:

The following story is of a young co-operative member, who learned the hard way and despite all the other co-operative members giving up, this person kept on believing. This person, through hard work and perseverance and with the help of a dedicated small team, pays back a loan, and still dreams of a future for the business; dreams of “moving away from a social project to a real business”:

*“I wanted to start my own business, but I did not have the confidence in myself. I knew I did not have the contacts, I did not have the knowledge, I did not know anything about business. So the co-op*

*was nice because there were other people who were going to help me with it. It was not going to be just me. And the reason I feel that co-ops can work is when you have people that really want to do it, they all have the same vision, the same idea and you're passionate, it can work. The three of us had vision and commitment; there was no in-fighting. I just felt they gave up too soon. I really believe in the business... Still being here after four years. Not getting a big salary, but the people I've met, the businesses. If I have to leave now, I know people, I've got contacts, I know where to go... the knowledge that I've picked up along the way. All I have is my name...”*

# Co-operative traits

Co-operatives are about teamwork. It is beneficial to the co-operative if all members can work in harmony and each co-operative member contributes to the pool of skills needed for the co-operative to function optimally. A co-operative needs strong leadership which builds trust, seeks and finds opportunities, and keeps the team members together and motivated around a common vision.

The well-being and success of any co-operative depends on hard work and the co-operative benefits when the leader(s) realise they are part of the team that needs to work hard.



According to the co-operatives who participated in this study the following traits are important for a co-operative to be successful:

- Teamwork and work ethics
- Leadership
- Inter-member relationships
- Vision
- Member selection – skills
- Managing expectations

## Teamwork and work ethics

The success of a co-operative depends on the members being able to work together as a team, as well as everybody pulling their weight. Each co-operative member must have a purpose/function in the co-operative – “*all members must contribute and work*”. It is thus important to select members as part of the co-operative “*who want to work and can contribute*”.

Some co-operatives indicated that it is very difficult for them to work in a co-operative that has a tiered structure or a hierarchy within the members, for example where selected directors have titles but lack the experience and leadership skills to match these titles. One of the outcomes they would like to see is rather working as a social enterprise and with a flat structure (i.e. all members equal with no directors):

*“... this competition for money and titles and things that was one of the key things that influenced...” “there should not be VIP and junior members.”*

While some co-operatives have difficulty in finding enough work, other co-operatives report that some of their members don't work or don't want to work. Thus, there seems to be a serious problem with teamwork and work ethics in many co-operatives. There appears to be opportunists who think they do not have to work and can just share in the profits. There are also reports of unemployed people looking for excuses not to work.

The challenge related to teamwork and work ethics seems to be two-fold. Firstly, it cannot be assumed that all people that are unemployed want to be employed. Secondly, there are unrealistic expectations amongst some co-operative members that they do not need to work in order to share in the co-operative's profits. In cases where such unrealistic expectations exists, it places an additional burden on the rest of the members who

then have to work extra hard. The differences in work ethics between members can cause tension in the co-operative. This is often a problem where members do not know each other, or have not worked together, before establishing the co-operative.

Another challenge co-operatives face is the more structured working environment to which some new members struggle to adapt to, particularly people coming from the informal waste sector. If contracts are in place for a specific task or piece of work, all team members must ensure that the work is done within the set period of time. If everyone only works when he/she needs money or feels like it, opportunities will be lost for the specific co-operative and others will step in to take over the work.

### Expectations in a changed working environment

*“Not everybody is working – some not working for two years now. The constitution states can remove from co-operative after one year.”*

*“Co-operative members who are uninvolved in the co-operative... Maybe they were told that we [the co-operative] will make big money and they will get fat salaries, and they did not realise to run a business everyone in the co-operative must be involved... must be active. I [the managing director] struggle to*

*keep all co-operative members active... for the whole month.”*

New members sometimes struggle to adapt to a more structured working environment:

*“Co-operative members want to do equal work but they don't. They are not used to their new working environment. They work four days per week, typically from 04:00 – 12:00.”*  
*“You'll find all of them not in and others want to go and e.g. on month end you won't get anyone.”*

## Success stories:

In order to make a profit, all members have to be active in the daily operations of a co-operative and all members must equally contribute and work. A co-operative reports that they are successful because all members actively work in collecting and sorting the waste. While the Chairman, CEO, treasurer, secretary and deputies also have other duties to fulfil in the co-operative, they actively take part in the collection and sorting activities.

Part of the success in ensuring that all co-operative members work, is to follow an intensive screening process of all potential members before they are allowed to join the co-operative. It is easier if this screening process happens at the start-up of a new co-operative.

The following co-operative's success is driven by the ability of the mother (who is also the leader of the

co-operative) to see and follow up on opportunities. She fully realises that one person's litter is another one's bread. She, as the 'leader of the pack' is also getting her hands dirty – she is actively participating in identifying opportunities and in doing the actual work. This family business started when they realised that there is money in all the recyclables littering the streets.

*"One day I was travelling with them... there the car stopped and everyone got out of the car. I was left behind because I did not know what was going on. The mother and father they were busy... serious... I had no choice... the mother is very observant... she went, 'stop, stop, stop'. The place was dirty and they were collecting everything... plastic and glass, everything... they are still collecting themselves."*

## What stakeholders say:

A stakeholder urges South Africa to learn from other countries and not make the same mistake where legislation excludes the majority of people working in the waste sector:

*"People who go into waste picking are often free spirits, they want to work autonomously. Many people that start waste picking and think they want to get a regular job, when they get a regular job, they go back to waste picking, because they like the rhythm of their life and the autonomous control. We need to be careful that we do not develop policy and legislation that requires people to form co-operatives to be part of the system."*

(Also refers to the governance section on pages 40-48.)







## Change in dynamics

When a co-operative starts functioning in an area where the members have not previously been active, it can change the dynamics in the area. This change brings about challenges for all involved. For example, one co-operative found that partnering with another company gives them an advantage over the other co-operatives in the area and this opens them up to jealousy and envy. Their operations also interfere with the work of those that historically did things in a certain way and whose employment depends on how things used to be. In addition, due to the lack of a national common vision, not everybody understands and accepts that change is inevitable in the waste industry and that they should adapt.

*“...We’ve got the space, and the trucks... it is not easy to come by. The challenges that we have now is that we look like a threat to the people... When we came here, there was no arrangement... And the operation is different from ours... their understanding is different, the education was not done... Their work is to pick up the rubbish... Now where we come in, we want to sort and keep the rubbish... They don’t want us to keep the rubbish. They want to see themselves throwing away the rubbish. We look like... now we want to take work from them. If they got nothing to throw away, then they are not working. Now we have all sorts of negative attitude...”*

## Leadership

Good relationship building and communication skills are beneficial in managing difficult situations as well as negotiating new opportunities for the co-operative. The start-up of a new co-operative in an area where other co-operatives or businesses are already operating, and where there is potential for overlap or competition, means that relationships with others will need the special attention of the co-operative’s leaders.

It is important that the leadership of a co-operative builds trust and good relationships with other parties. These include the municipality, the municipality service providers and the other co-operatives in the area. If those operating around a co-operative see that their leaders are fair and honest in their dealings with everybody around them, then, over time, they will gain the respect of those around them. Co-operatives need to allow others to learn from them, from their successes and failures.

*“Some members of the co-operative, for example the chairperson needs to have good leadership skills; the other members need to be able to function well as a team.”*

One of the main tasks of the leadership is to keep the co-operative team together and motivated. Good leaders understand the

importance of good relationships, of trust amongst everybody in the co-operative, and look after the well-being and have an interest in all the co-operative members. Trust relationships between co-operatives and communities are important, but co-operative members also need to trust each other.



## Success stories:

Don't wait for opportunities – find them. While not excluding members from identifying opportunities, it is especially the task of the co-operative leaders to look out for and to follow up on opportunities.

A co-operative approached the municipality with the view of establishing a formal working relationship with the city. They were granted permission to access the landfill sites and apart from managing an organic nursery with compost from their compost worm farm and supporting 50 informal collectors through their buy-back centre, they also provide environmental education to the community, such as training in renewable energy. The work the co-operative does caught the eye of the media and they were featured on television in various documentaries.

A group of people saw an opportunity in municipalities not collecting empty bottles from the local taverns. They formed a co-operative and a piece of communal land was made available to be used as a depot from where the recycler collects the bottles. It is interesting to note that the co-operative members see themselves as all being equal. They do not fill the five roles as prescribed by the co-operative constitution.

Building a trust relationship and uplifting the community creates a win-win situation. One co-operative's leaders build trust and empowers the community by asking them to collect recyclables on their behalf and then immediately pay for the waste when they collect it. How these leaders treats and deal with the community radiates back to the co-operative's members and strengthens the trust relationship.

## What stakeholders say:

A co-operative is a business with partners with equal shares and an elected leadership. Where there is a strong leadership the chances are better that the co-operative will succeed, but it also has its own set of challenges:

*“but it ends up being dominated... seizing to be a co-operative... it becomes that person's business... always select good leadership... learn from unions, learn from political parties, because some leaders want to become bigger than the organisation itself, they become big-headed, they become pretending they own the organisation... leadership must be people serious about taking the organisation forward...”*

There is an opportunity for stakeholders to assist with the identification of leaders “... to understand who in the community can play that role”. Where the selected leader has a (too) strong personality, a stakeholder can facilitate the relationship between the leader and the rest of the team.

## Inter-member relationships

Co-operative members must be able to trust each other:

*“People work well when they trust each other...”*

*“When registering your members you must know them and trust them. Don’t just pick people for the sake of registering a certificate.”*

The better you know the other members in the co-operative the better you will be able to work together, and together build a pride in the co-operative:

*“They must know each other’s weaknesses... understand each other ... if you tell him to do this, he will do it, he likes to do this. In that way they will have a pride.”*

Inter-member relationship problems is often a symptom of forced memberships, where a co-operative did not grow organically out of previously working together and thus where complimenting personalities did not naturally select each other.

*“Link up with like-minded people, [and keep in mind that you] cannot impose your will on other members of the co-op.”*

## Relationship and trust challenges:

Not having enough work for all the co-operative members to make a decent living, can spark rivalry and hostility. Conflict between members is something that inevitably will happen:

*“Members are sometimes caught up in squabbles and conflicts”*

Conflict is something that the co-operative leaders will have to resolve. However, there is no manual for co-operative leaders on how to deal with inter-member relationships:

*“The chairman has to apply discipline when needed... Have a constitution... The business plan only tells us how to run the business.”*

Rules and regulations have to be in place on how the co-operative works.

*“The biggest challenge that you have when running a business is to get people that you can trust. It is very difficult... I had about*

*three co-operatives that came here, who said they are ready to work, they wanted to work with me. I had lots of stocks. They came here, they stole the stocks... three groups... and the last group went to the extent of even stripping the trucks that I had... they stripped the trucks... to fix it needed a lot of money that I did not have... they sold all the stocks and took all the money. So I had to sell those trucks... because it needed a lot of money to repair... I still had to pay the licence... they don’t become trustworthy, they are greedy, they are lazy... that is the problem [...] It becomes so difficult to come together to do business. Let me not lose hope... in the end you will find the right people... For the past years we have been training people here. People have been coming from as far as the Free State... We are doing it out of love... it is very hard to come with other businesses... to come together and become a unity... you are afraid to get other businesses involved... that are local... you are afraid of what their expectations might be or what their intentions are...”*

Inter-member relationship problems can also be because of a leadership problem and where there is a lack of a clear vision (refer to page 73). All co-operative members must be worthy of the trust others place in them. In addition, the working relationship between co-operative members needs to be transparent, especially *“about money matters between co-operative members”*.

## Success stories:

Even when all members are contributing and working hard, there still may be differences. This co-operative overcomes their differences by acknowledging that there will always be some disagreement, but that they need to focus on the work. *“You cannot bring personal differences to the workplace; when you come to work, you work.”* The success of the co-operative is more important than their individual differences.

*“We do have our differences, its normal in every aspect. But what we learnt throughout the years that we have been together is that no matter the differences that we might have ...but its work, so we have to work whether you like me or do not like... but when it comes to work we have to do what we have to do... Differences will be there but we just chuck it away and then focus on work.”*

## What stakeholders say:

*“People operating in the informal sector... people don't like rules... while [it is] not a nice job at least they don't have a boss ...”*

*“Our community, the people, must be willing to do the work that is available. There is a lot of social issues that determine the success of it. If there is a willingness, and a dedication and a determination... to make it work and get income from it, then it should... I support it.”*

*“[There is an] issue of trust within the co-operatives, and the co-operative members... they do not trust each other... not even with information.”*



## Vision

Co-operatives should have a common vision – the dream for the future of the co-operative that all the members share. A shared vision can keep the co-operative united and focussed. The challenge is to ensure that all co-operative members agree with this vision:

*“A co-operative needs a clear vision and a clear mandate to which all members agree so that everyone knows what they have to do.”*

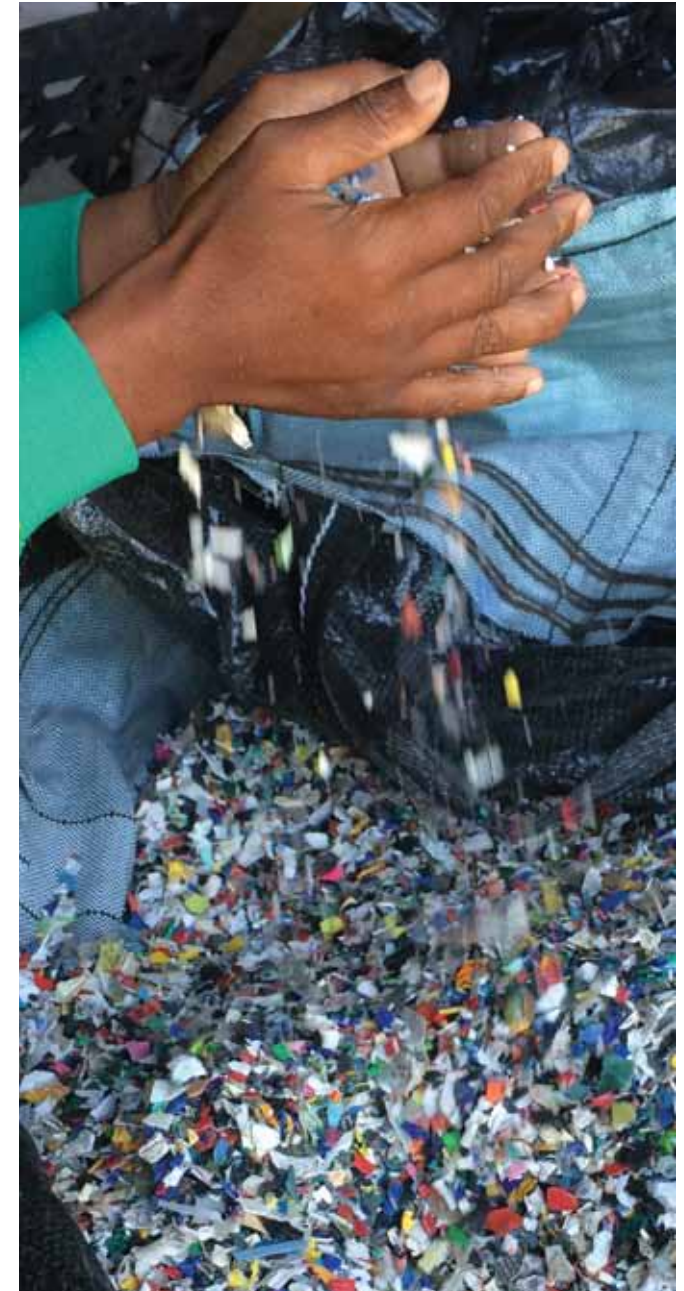
When a co-operative’s vision is changing, it is important to ensure that all members take part in formulating the new vision to ensure buy-in and agreement with strategies stemming from the vision.

Apart from good leadership skills, leaders also need a vision for where the co-operative wants to go. Having a vision does not mean that the co-operative must move up the value chain. A co-operative can keep on working in their current area, and the vision could be to work more efficiently and effectively to build a competitive advantage or to increase their collection area, or to start collecting new types of recyclables.

## Success story:

The following is an example of a co-operative having a vision to grow from being “nothing” to becoming an authoritative voice in the waste industry:

*“The landfill here, we want to be the people that are spoken to when it comes to waste management. Presently we’re not getting paid for what we are doing. Take recycling... many challenges... Those people that generate all those things [waste/recyclables] there is hardly any sign of recycling on it. And you can imagine how much is being dumped every day. They don’t take responsibility. We want to challenge those people. We want to get to know who they are and why are they not playing a part in helping. The other is this polystyrene... just use them once and then throw away... then it get to the landfill... it is not only here, it is all over... we intend challenging such thing. Not only to get recycling and remuneration. For a long time nobody listened to us, because we are nothing...”*



## What stakeholders say:

Stakeholders query the seemingly lack of vision and lack of enterprising spirit in co-operatives:

*“If the training they received was good... why are they constrained by this idea that if it is not done for them they cannot do it for themselves? Are we just creating businesses that wait to be the beneficiaries of projects that are going to be delivered to them by municipalities, or do we want to develop co-operatives that become single-minded organisations that are self-sustainable and self-thinking that can make a decision that say, this is not working guys... let’s reorganise as a co-operative. Let’s use our organisation to get credit, let’s buy our own truck, let’s go to the [...] chamber of business... [we’ve waited long enough for] the municipality... get your members to give us their waste so that we can be beneficiaries of the project... There are some very enterprising entrepreneurs... [examples of members of co-operatives with very successful side businesses] but that does not extend to the co-operatives they are in. The co-ops as a collective is not as enterprising and as entrepreneurial but within the co-operatives there are individuals who are... ends up moving up the ladder... resign from the co-operative... becomes the boss of some of the co-operative members ...”*

## Success story:

Sometimes having a dream is not enough. The co-operative members must also understand what else is needed to be able to fulfil their dream.

*“Our dream is that each and every household should have two bins of some sort of recycling where they understand that this is for this and this is for that. So that will go with the instruction manual and obviously we have to explain a little bit how we do it, how we collect... so that is how far we are taking recycling.”*

*So, the importance of getting cash that will help us try to make sure that this people don’t stop what they are doing. They must keep on collecting, keep on collecting, so that we can buy from them... if we can. This is the quickest way to get people active within their own household, part of marketing that we were talking about... getting the bags, branding the bags... We’ve got to come to the stage whereby we don’t buy waste to process and sell it ... We’ve got to buy waste, manufacture out of this waste, manufacture end products.”*

## Challenges:

Changes in the way that a co-operative operates sometimes requires a new shared vision. In one example, a new landfill was opening and the co-operative would have to relocate, but there were challenges which the co-operative members did not know how to overcome and which influenced their buy-in into the new vision.

*“We all agreed to relocate on that date.” “We just talked, but haven’t reached a solution.”*

Having a dream only, without support and action, is not enough. The following example is of a group of fairly isolated pickers at a landfill who heard about co-operatives and who had received training on how to run a co-operative, but they still didn’t know what to do next:

*“Since we have been planning for long, people give up because it doesn’t look like the dream will come to pass.”*

## Member selection – skills

Co-operative members with their different skills, personalities and strengths bring richness to the co-operative when they function well as a team. While a wide mix or range of skills is needed, at least some members must have specific skills to ensure that the co-operative can successfully conduct all the required tasks. When a co-operative has naturally grown out of years of working together, the skills pool is fixed, but keep in mind that there are training options available

to broaden co-operative members' skills. Refer to the training section (pages 51-56) for challenges and success stories related to the training options. In cases where a co-operative is set up around an existing need, it also has its challenges *“to choose co-operative members who has the right skills”*.

*“Choose the people you are working with well, people with the right skills that is good for the company.”*

## Selecting members for the right reasons

Co-operative members are not always selected for the right reasons. Sometimes it is a friend who needs help, or a random person who joins or is asked to join under false pretences:

*“Don't just choose family and friends.”*

*“The fact that the mentors get random people just to get into the co-op so that they can get the funding from **the dti**, that is another big thing. Just random people not knowing why they are really there...”*

## Success stories:

An existing co-operative invited others to join them as part of the co-operative's membership. These new members had skills that the other members lacked, for example, liaising, negotiating and bookkeeping skills.

*“Can I put it in a different way, why we invited them... All of us, we came from... collection. We were collecting on the street. That's the reason why we formed the co-operative. We wanted the power... negotiating power and all the other powers... So we realised that we need some people that can do negotiating... politicians, and other people... we need bookkeepers and all that... We want the people to come with the different skills. So we sat down and say, why can't we get*

*some other people? Then the co-operative agreed. There was somebody who helped us register the co-operative... then, when we talked, said, find us one or two or three people that can help us. Because, we can do the job... we know how to sort, we know everything. But we need the different skills. That's why we end up having these two guys.”*

The success of this co-operative is, that although they sometimes have their differences, they realise that each member has a skill that the others don't have and that together they are better off than on their own:

*“The other thing we realise is that we need each other, because we bring in different skills... we complement each other.”*

## Managing expectations

Co-operative members seem to cherish the fact that they are self-employed. While having advantages, being self-employed also has many challenges. Expectations about earnings and uncertainty about monthly income are some of the main challenges. For example, prices fluctuate and stock that gets wet fetch lower prices, making it almost impossible to be able to know for certain what the month's income will be. Sometimes members pull out, leaving a gap in the hands available to earn the co-operative's income. When the reality and expectations are not aligned, people lose hope and co-operatives tend to fail.

Despite all these challenges, co-operatives feel they can be successful as long as they persevere and manage their expectations, as well as manage their perceptions of failure. One co-operative mentioned that the most important thing that carries them through difficult times is that they *"refuse to give up... refuse to fail"*.

Co-operatives point out that they need to *"manage expectations and thus manage perceptions of failure"* and that the concept of failure cannot be generalised:

*"What is a failure to one co-op might not be a problem to another because the circumstances are not the same. Might have the same goal but the route taken differs. Successes and failures differ depending on the angle you take."*

Co-operatives also warn that it is much needed to manage their expectations on how much they will earn:

*"When we do our calculations we do a plus minus. You know what expectations do... expectations can kill the morale and it can kill the business."*

*"We do have expectations, and we sometimes reach our expectations..."*

## What stakeholders say:

Stakeholders are concerned that unrealistic expectations are created through co-operative members' job titles:

*"... there is actually an argument that some people have left waste picking thinking that I'm going to be a supervisor in the municipality... so sometimes exposing them to this other things... and they don't know until they left... [where they are now] they've got the title..."*

## Unrealistic expectations

*"After about a year, most of the members in the co-operative left because it was difficult. We did not get paid, we worked long hours. The four people left within a year, year and a half... trying to get new members, but..."*

The above is an example of a group of young people who did not know the business and whose co-operative did not grow out of the members seeing how they could mutually benefit from one another. They were made false promises by their mentor. This resulted in the co-operative members not having realistic expectations of what being part of a co-operative entails and the co-operative started to fall apart.

Another challenge related to earning expectations is that members find that they can earn enough as being part of a co-operative to sufficiently support their immediate families, but, for most of them the reality is that they are in the unfortunate position to have to support their extended families as well.

Labour shortages in other better paying sectors tend to attract co-operative members to seek work elsewhere. Often such work is seasonal, linked to farming activities or construction projects. During off season periods this results in *"an influx of people looking for jobs"*. The general feeling is that it would only be fair to temporarily release co-operative members to other better paying jobs, but it places strain on the remaining members to keep up with the workload.



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