
GUIDELINES & CRITERIA



IMVABA
CO-OPERATIVE FUND





IMVABA
CO-OPERATIVE FUND

**“SUPPORTING
CO-OPERATIVES IN THE
EASTERN CAPE ”**



EASTERN CAPE
DEVELOPMENT
CORPORATION

TABLE OF

CONTENTS

1. PROFILE OF CO-OPERATIVES IN THE EASTERN CAPE	02 - 03
1.1 Provincial Profile of Co-operatives in the Eastern Cape	
1.2 Needs of Co-operatives in the Eastern Cape	
2. DESCRIPTION OF THE IMVABA FUND	04 - 05
2.1 Funding for Equipment and Material (INCENTIVE)	
2.2 Funding for Technical Skills Training	
2.3 Funding for Co-operative Governance Training	
2.4 Funding for Health and Safety Interventions	
2.5 Development Impact	
3. MANDATORY CRITERIA	06 - 07
3.1 Targeted Economic Sectors	
3.2 Targeted Co-operative Enterprises	
3.3 Eligibility Criteria	
3.4 Non-Eligibility Criteria	
4. REQUIRED DOCUMENTATION	08
5. CONTACT DETAILS FOR ENQUIRIES	09

1. PROFILE OF CO-OPERATIVES IN THE EASTERN CAPE

1.1 PROVINCIAL PROFILE OF CO-OPERATIVES IN THE EASTERN CAPE

The 2008 ECSECC study interviewed a total of 203 co-operatives, selected from 121 villages in 32 local municipalities in all the six districts and one metropolitan municipality in the Eastern Cape:

- A total of 50.7% of co-operatives surveyed are in the agriculture sector, followed by services (27.6%), manufacturing (25%) and craft (21%);
- On average, only 22.26% of co-operatives surveyed had access to telephone, fax, computers, transport and machinery;
- Main reasons for joining co-operatives was said to be poverty and unemployment, not necessarily business or economic opportunity related;
- Highest level of education attained by members is a secondary school, which could be a challenge for them interpreting and complying with the Co-operatives Act of 2005;
- The year 2006 recorded the highest percentage increase of registered co-operatives in the Eastern Cape, a 35% increase in that year alone. This is one year after the Co-operatives Act of 2005 was passed into law;
- About 66% of co-operatives surveyed were funded through membership fees, and not from government sources; and
- Lastly, co-operatives in the Eastern Cape experienced a high level of member turnover which has an impact on compliance with the Co-operatives Act of 2005.

1.2 CHALLENGES OF CO-OPERATIVES IN THE EASTERN CAPE

Almost all co-operatives surveyed reported that they need the following services, in order of priority:

- Access to markets (96.1%);
- Mentorship (87.2%);
- Materials and assets (80.8%);
- Financial support (80.8%); and
- Training support (54.7%).

Source: Eastern Cape Baseline Study, 2008

In keeping with good practice in supporting co-operatives and also the experiences of the ECDC in funding co-operatives in the province, the Imvaba Co-operative Fund is structured to address the needs stipulated above. This means support for co-operatives under the Imvaba Fund will not only be funding related but will include non-financial support as well, depending on what the co-operative needs.

2. DESCRIPTION OF

THE IMVABA FUND

2.1. FUNDING FOR EQUIPMENT AND MATERIAL (INCENTIVE)

- Purpose: Financing the start-up equipment and material needs of co-operatives, in line with the business requirements of the co-operative;
- Terms: Non-repayable, paid directly to suppliers on behalf of co-operatives;
- Amount: Maximum of R500 000.00;
- Objective: To provide start-up and expansion equipment and material.

2.2. FUNDING FOR TECHNICAL SKILLS TRAINING

- Purpose: Provide co-operatives with technical skills support in line with the business activities they are involved in;
- Terms: Non-repayable, provided by contracted service providers of the ECDC; and
- Objective: Enhance skills and product quality for better market access and retention.

2.3. FUNDING FOR CO-OPERATIVE GOVERNANCE TRAINING

- Purpose: Provide the required governance training support in order to improve compliance with their constitutions and the Co-operatives Act of 2005;
- Terms: Non-repayable, provided by independent service providers of the ECDC; and
- Disbursements: Paid directly to contracted service providers.

2.4. FUNDING FOR HEALTH AND SAFETY INTERVENTIONS

- Purpose: Assist co-operatives in order to comply with the OHS Act and also create safe working environments. This includes First Aid Training and the provision of Personal Protective Equipment for members of the co-operative;
- Terms: Non-repayable, provided by independent service providers of the ECDC; and
- Disbursements: Paid directly to contracted service providers.

2.5. DEVELOPMENT IMPACT

The following development impact is anticipated with the establishment of the Imvaba Fund:

- Entrepreneurial enhancement and development;
- Creation of self-employment opportunities (job creation);
- Contribution to poverty relief and alleviation efforts; and
- Track the contribution of co-operatives to the provincial economy.

3. MANDATORY CRITERIA

3.1 TARGETED ECONOMIC SECTORS

Co-operatives funded under the Imvaba Co-operative Fund will be guided by the Provincial Industrial Development Strategy of 2009, viz:

- Agriculture, preferably with a link to a processing activity;
- Retail (linked to the priority growing economic sector);
- Manufacturing (timber industry, textiles, chemicals, automotive activities, metal processing, etc.);
- Tourism activities;
- Creative Industry (arts, craft, etc.);
- ICT and Film Production; and
- Green Economy (bio-fuels, energy, etc.).

3.2 TARGETED CO-OPERATIVE ENTERPRISES

In line with the socio-economic challenges of the province (poverty and unemployment), the types of co-operatives to be targeted by the Imvaba Co-operative Fund are:

- Primary co-operatives (dominant level)

3.3 ELIGIBILITY CRITERIA

A co-operative wishing to apply for the Imvaba Co-operative Fund will need to comply with the following criteria:

- The co-operative must be registered at Companies Intellectual Property Commission (CIPC, under the Co-operatives Act No.14 of 2005;
- The co-operative must have an up-to-date business plan.
- The co-operative must have a resolution signed by all the members that they wish to apply to the Imvaba Co-operative Fund;
- The co-operative must have in place a Constitution, in line with the provisions of the Co-operatives Act No14 of 2005 and Co-operatives Amendment Act No 6 of 2013;
- An application form should be completed in full and signed by the designated members of the co-operative;
- Preferably, the co-operative should have secured a market for their product or service;

- The co-operative should have secured quotations from different suppliers in relation to the equipment and material it requires;
- Its establishment must comply with the requirements of the Co-operative Act of 2005 in terms of minimum number of members;
- Members of the co-operatives must be willing to make themselves available to workshops and training to be provided through the Technical Skills Training of the ECDC;
- The co-operative must operate and reside within the boundaries of the Eastern Cape Province.

3.4 NON-ELIGIBILITY CRITERIA

The Imvaba Co-operative Fund will not finance co-operatives that have been proved to have the following:

- Any activities related to gambling, drugs;
- Costs associated to preparing and submitting tender documents;
- Any development investment which might be offensive to the community directly affected by such Co-operative Investment;
- Any co-operative whose activities might be offensive to the community at large;
- Any co-operative which might seek finance for the acquisition of shares from another company;
- Any co-operative which might seek finance with the purpose of acquiring property (land and buildings), of which the property will be receiving its income from lease rentals only and the loan proceeds will be used for the acquisition of the property only;
- A co-operative whose founding membership is not going to be directly involved in the daily activities of the co-operative and also not be able to create jobs for either members or non-members;
- A co-operative whose members are owners of individual businesses (cc, PTY Ltd) which have loans or debts with the ECDC; and
- Any co-operative whose members are employees or immediate family / board members or immediate family of the ECDC and DEDEA.

4. REQUIRED DOCUMENTATION

The following documents are required for a complete application to be considered.

- Fully completed Application Form;
- Business Plan (if available)
- Certified Copy of the Co-operative Registration Certificate (signed by the Registrar of Co-operatives);
- Certified Constitution of the Co-operative (signed by all members);
- Certified List of Founding Members;
- Valid Tax Clearance Certificate;
- Proof of Members Resolution to apply for the funds (signed by all members);
- Proof of Bank Account (signed by the Bank) or a copy of a cancelled cheque;
- Quotations from different suppliers for needed equipment and material
- Short CVs (2 or 3 pages) of Founding Members of the Co-operative, with their contact details including physical addresses;
- Proof of residents of Founding Members
- Lease Agreement (where applicable) or relevant documentation;
- Letters of Intent from the potential market of the products.

5. CONTACT DETAILS

FOR ENQUIRIES

For assistance with enquiries and the completion of the application forms, advice on the business of the co-operative, compiling required documents, and initial screening, contact the following ECDC Offices

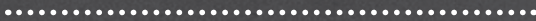
DISTRICT	CITY/TOWN	ADDRESS	TEL/FAX
Joe Gqabi	Aliwal North	DEDEA OFFICES, 27 Queens Terrace	T: (051) 633 3007
Amathole	Butterworth	24 High Street	T: (047) 401 2700 F: (047) 491 0443
	East London (Head Office)	Ocean Terrace Park Moore Street, Quigney	T: (043) 704 5600 F: (043) 704 5700
Alfred Nzo	Mthatha	Sissons Street, Fort Gale	T: (047) 501 2200 F: (047) 532 3548
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Sarah Baartman	Port Elizabeth	68 Cape Road, Mill Park	T: (041) 373 8260 F: (041) 374 4447
Chris Hani	Queenstown	02 Cnr Griffiths and Owen Street	T: (045) 838 1910 F: (045) 838 2176



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