



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

**INTERIM GUIDELINES FOR KWAZULU-NATAL
CO-OPERATIVES ENGAGING IN HUMAN
SETTLEMENT DEVELOPMENTS**

APPROVED BY MEC: 15 OCTOBER 2012

TABLE OF CONTENTS

1. Definition of terms.....	3
2. Purpose.....	5
3. Background.....	5
4. Objectives.....	5
5. Guideline Principles.....	6
6. Roles and Responsibilities.....	19
7. Application of the Model.....	20
8. Monitoring and Evaluation.....	21

DEFINITION OF TERMS

- 1. Auditor:** According to the Co-operatives act 14 of 2005 an “auditor” means a person registered as such in terms of the Public Accountants’ and Auditors’ Act, 1991 (Act No. 80 of 1991), and includes a firm as defined in that Act, and, where appropriate, any other person authorized by regulation to conduct an audit of a co-operative;
- 2. Co-operative:** According to the Co-operatives act 14 of 2005, a “Co-operative” means an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organized and operated on co-operative principles; In the context of this document relates to house construction and manufacturing/supply of building material.
- 3. Co-operative Principles:** According to the Co-operatives act 14 of 2005, “co-operative principles” means the internationally accepted principles of co-operation, exemplified by the principles adopted by the International Co-operative Alliance;
- 4. Department:** as it appears in the guidelines, means the Department of Human Settlements (DHS)
- 5. Enhanced People's Process (EPPH):** According to the Housing Code, the People's Housing Process is a government housing support programme that assists households who wish to enhance their houses by actively contributing towards the building of their own homes.
- 6. Housing Co-operatives:** According to the Co-operatives act 14 of 2005 a “Housing co-operative” means a primary co-operative which provides housing to its members, or a secondary co-operative that provides technical sectoral services to primary housing co-operatives;
- 7. Social housing:** According to Section 5 of the National Housing Code of 2009, means a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by social housing institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in this Act;
- 8. Social housing institution:** According to Section 6 of the National Housing Code of 2009, means an institution accredited or provisionally accredited under this Act which carries or intends to carry on the business of providing rental or co-operative housing options for low to medium income households (excluding immediate individual ownership and a contract as defined under the Alienation of Land Act, 1981 (Act No. 68 of 1981)), on an affordable

basis, ensuring quality and maximum benefits for residents, and managing its housing stock over the long term;

GUIDELINES FOR KWAZULU-NATAL CO-OPERATIVES ENGAGING IN HUMAN SETTLEMENT DEVELOPMENTS

1. PURPOSE

The purpose of these guidelines is to set the tone for the engagement of co-operatives model in all KwaZulu-Natal Human Settlements projects funded by grants from DHS, DEDT, own financial contributions and other financial institutions. They also seek to clarify roles and responsibilities of all stakeholders involved in the process. It is advised that the guidelines must be read in conjunction with the National Housing Code which can be accessed at www.kznhousing.gov.za.

2. BACKGROUND

These guidelines cover construction input activities including construction material manufacturers, suppliers, contractors as well as housing co-operatives engaging in rental/communal housing programmes.

Co-operatives in general are very important in the country as confirmed by the recent undertaking by the Minister of Human Settlements that there is a need for mass participation by communities who must contribute meaningfully towards building their own houses. Moreover, the implementation of the housing policy of providing houses to people has fraught with problems, to the extent that some of the houses provided had to be demolished as they were unsuitable for human habitation. The beneficiaries of these houses also had many complaints pertaining to the quality of the houses. This all pointed to the need for a different model, in this case involving communities providing houses for themselves and contributing towards them. It is believed that this approach will eliminate the dissatisfaction that people had towards the houses in the previous model, because they will make all the decisions themselves. Their contribution will result in a bigger and good quality house and ultimately they will have a sense of ownership and dignity at the end of the process.

The Department of Human Settlements (DHS) also believes that this housing delivery model would demonstrate a workable alternative to the current government system of housing delivery to ensure that people are part of the building process and thereby build what they would be happy with and create job opportunities for the people including women and youth. As a result these guidelines are drafted in order to facilitate the engagement of cooperatives involved in human settlements projects within the Province of KwaZulu-Natal. Examples of a few current cooperatives in the context of housing are attached in Appendix A.

3. OBJECTIVES OF THE GUIDELINES

- a) To provide a guideline that will clearly define roles and responsibilities of Stakeholders involved in the implementation process.
- b) To create a mechanism for organizing willing groups of people who may be interested in house construction, material supply and housing co-operatives.

- c) To ensure integrated approach and synergy towards empowering housing co-operatives through the Department of Human Settlements, Department of Economic Development and Tourism and the Department of Trade and industry;
- d) To promote the development of well trained co-operatives through the capacity building component in conjunction with SETA, FET Colleges and other training and development institutions
- e) To demonstrate a workable alternative to the current government system of human settlements delivery
- f) To provide direction for the establishment of viable co-operatives that would be recognized as one of the Department's strategies to addressing human settlement problems in the province of KwaZulu-Natal;
- g) To facilitate the empowerment of low income communities particularly women and youth to participate effectively in all aspects of human settlements development.
- h) To ensure that people transit from a state of poverty to a next level of economic independence
- i) To create a platform to address the entitlement and prolonged dependency of government
- j) To allow creativity and innovation of using approached and models of delivering houses by communities towards economic development
- k) To eradicate poverty and inequality

4. KEY LEGISLATIONS

- a) The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);
- b) The Public Finance Management Act, 1999 (Act No. 1 of 1999);
- c) The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); and
- d) The Housing Act, 1997 (Act No. 107 of 1997).
- e) Co-operatives Act, 2005 (Act No. 14 of 2005)
- f) Social Housing Act, 2008 (Act No. 16 of 2008)
- g) Rental Tribunal Act, 1999 (Act No. 50 of 1999)
- h) A Co-operative Development Policy for South Africa, 2004
- i) KwaZulu-Natal Co-operatives Development Strategy, 2009
- j) National guidelines on housing Cooperatives options

5. CO-OPERATIVES PRINCIPLES

Co-operatives including housing co-operatives have to be established based on the principles that underpin all cooperatives as defined by the Co-operatives Act, 2005 and the International Co-operatives Alliance, and these are:

- a) Voluntary and open membership: Members of the co-operative are free to participate or leave
- b) Democratic member control: The co-operative is run on democratic principles where each member has one vote
- c) Member economic participation: Members of the co-operative are required to contribute to and share fairly in the economic affairs of the cooperative
- d) Autonomy and independence: The co-operative is free from outside interference in its internal affairs
- e) Education, training and information: The co-operative builds the understanding and skills base of its members

- f) Cooperation among co-operatives: Co-operatives work together with other forms of cooperatives promoting principles in their work
- g) Concern for community: The co-operative is concerned about the well being and quality of life of non members and future generations.
- h) Building sustainable financial stability.

6. ALIGNMENT OF COOPERATIVES WITH DEPARTMENT FOR ECONOMIC DEVELOPMENT AND TOURISM

A typical process of engagement is outlined in the flow chart attached as annexure B. The following should be noted:

- 6.1 The Department of Human Settlements (DHS) will not engage with any housing co-operative that is not registered through the Department of Economic Development and Tourism registration screening processes. This process would be a risk mitigating factor for DHS. Registration will be confirmed upfront. Where registration is lacking, the DHS will refer such entities to the DEDT for registration and assessment of business development needs, and mobilization. DHS and other partners in the building sector will be the main user of co-operatives to provide market for and keep them functional over time. These could include, but is not limited to the following, in terms of prevailing policies and instruments of the Department:
- a) Cooperatives relating to rental typologies and/or land restitution/redistribution cases in relation to the farm residence programme where such cooperative/s is responsible for the land and/or residential buildings of the land registered in its name;
 - b) Cooperatives responsible for other institutional rental models; in terms of the DHS rental programmes;
 - c) Savings groups and community builds where members wish to engage in the EPHP to construct their own homes;
 - d) Manufacturers and suppliers of materials to be used in human settlements services and construction related business.(e.g.Willowfontein and Vullindlela models attached as annexure C). DEDT will facilitate business training and the establishment of co-operatives will vest with DEDT in terms of the Cabinet Resolution No.477 dated 8 December 2010.
- 6.2 The two departments have agreed to formalize their working relationship through a memorandum of understanding (MOU), which will clearly define their roles and responsibilities and the related to avoid double dipping. Double dipping means that an institution will not benefit more than once financially in respect of the same process e.g. funding offered by DEDT for business training is a once off grant and should not be funded again by DHS.
- 6.3 The funding received from the Department of Human Settlements will not be for business operations, but solely for house construction purposes allowable in terms of the conditional grant subsidy instruments, which they may combine with their own

savings to enhance their settlements. No double dipping will be permitted. It should be noted that a variety of policy prescripts govern the use of the conditional grant funding. These prescripts are detailed in the National Housing Code, 2009 (see paragraph 7, below)

- 6.4 The department will have a very close working relationship with DEDT to avoid the fragmented implementation and development of the cooperatives programme in the province. The DEDT will undertake business management skills development, co-operative governance and management development skills, whereas the DHS will facilitate construction skills and empowerment on human settlement related matters. A binding Memorandum of Understanding between DEDT and DHS will be entered into to ensure commitment from both Departments.
- 6.5 The department will comply with the Cabinet Resolutions No. 477 dated 8 December 2010 regarding cooperative development. These include:
 - a) Provision of technical skills, advice and mentorship within the departmental core functions;
 - b) Provision of support towards markets access and business opportunities to co-operatives; and
 - c) Provision of infrastructure to support co-operative business, where relevant
- 6.6 Co-operatives focused on house construction material manufacturing/supply and related should also note the department's policy on quality assurance and need for compliance in terms of the **South Africa Bureau of Standards (SABS)/ SANS standards**.
- 6.7 C-operatives engaged in rental in terms of social, institutional and farm residence wishing to apply under these programmes must be accredited by a statutory body established in terms of the provisions of the Social Housing Act.
- 6.8. In addition to this, co-operatives are advised to note the National Home Building Regulations (NHBR- accessible at www.nhbrc.org.za) and Construction Industry Development Board (CIDB-accessible at www.cidb.org.za) requirements as well as government procurement prescripts.

7. HUMAN SETTLEMENT SUBSIDIES

The following is a list of current housing subsidy programmes:

- a) Social Housing Programme
- b) Institutional Subsidies
- c) Community Residential Units Programme
- d) Individual Subsidy Programme
- e) Rural Subsidy: Communal Land Rights
- f) Consolidation Subsidy Programme
- g) Enhanced Extended Discount Benefit Scheme Rectification of Certain Residential Properties created under the pre-1994 housing dispensation
- h) Enhanced People's Housing Process
- i) Farm Residents Housing Assistance Programme
- j) Integrated Residential Development Programme

N.B. The detailed subsidy information is contained in the National Housing Code, 2009. The Code contains all relevant qualification criteria and guidelines for accessing funds. Interested parties are encouraged to consult volume 1 for a brief overview of programmes and qualification criteria). The 2009 National Housing Code can be accessed by visiting the departmental website at www.kznhousing.gov.za or contact the Department at 031 336 5300.

8. OPTIONS FOR CO-OPERATIVES ENGAGING IN HUMAN SETTLEMENTS DEVELOPMENTS

8.1 It has been noted that the National Human Settlements Draft Guidelines also makes reference to enhanced people's housing process and social housing as options that could be explored in the implementation of co-operatives engaging in human settlements developments. The model proposes pre-existing groups of people who have common interests, who know each other and have a level of trust for each other to be encouraged to take part in housing co-operatives. The information regarding the options has been aligned with the National Department of Human Settlements Draft Guidelines.

The above enhances 'Ilima' practice that used to be performed by communities and it is an indigenous knowledge to communities. This is when a community would come together in support of a community member who needs to be assisted to carry out bigger tasks, like building a house. One week they would build one person's house and the week after it would be another person's house. This practice still exists in some communities but its beginning to disappear. The principle behind it however continues to exist in events like weddings, burials, and stokvels (credit unions). This shows that the co-operative spirit is not something new; it enhances the spirit of 'Ubuntu' and social cohesion.

8.1 Enhanced people's housing process (2009 National Housing Code, Part 3 volume 4)

The advantages of the Enhanced People's Housing Process Model is that beneficiaries would be actively involved in every stage of the development of the project and thus they would be happy with the end result. They would work actively for their houses. Such a model also creates jobs, alleviates poverty and brings sustainability into housing projects. Members are also given training opportunities which they could subsequently use the skills acquired to help others and could also encompass other service jobs in the community, such as childcare.

By nature co-operatives endeavor to pursue opportunities where the members can participate in the achievements of the objectives of the institution and deliver services through internal skills and capacity. The Enhanced Peoples Housing Process (EHP) was specifically instituted to accommodate the need of qualifying beneficiaries who wish to build their own dwellings. These include, but are not limited to saving schemes and community builds, including the use of local labour, material suppliers and manufacturing (subject to government prescripts and standards and supply chain management policies). Co-operatives could therefore opt to choose from a range of subsidy instruments applicable and follow the EHP route in developing the housing stock for its members, e.g.:

- a) Co-operatives accredited to undertake EPHP project in terms of the EPHP policy, and to function as a Community Resource Organization (CRO)

In these circumstances the support functions will be delivered by the co-operatives. The co-operatives will therefore apply for project approval and funding from the MEC, act as developer by managing the building plan approval process, undertake material acquisition and distribution, provide training and guidance to its members, undertake quality control and certification and manage the stock upon conclusion for the benefit of its members. The standard EPHP processes are defined in the National Housing Code 2009, part 3.

- b) Co-operatives not accredited as a CRO, (typically savings groups related)

In these cases, cooperatives would need to engage with the municipality and DHS for assistance to initiate and package the project and to procure the relevant specialists related thereto. The procurement processes have to be fair, equitable and transparent.

- c) Co-operatives linked to manufacturing and/or supplies

These activities are normally tender based. DHS support the use of local enterprises but these are subject to Supply Chain Management prescripts and processes. Business training is required to alert co-operatives of this nature to monitor developments in their area and to respond to tender processes. Such awareness needs to be reinforced by both DHS and DEDT

8.2 The social housing programme (2009 National Housing Code, Part 3)

Co-operatives may also decide to access capital grants funding through the Social Housing Programme. The new Social Housing Policy introduced special measures to ensure that the legal entities (including co-operatives) that wish to embark on residential developments are properly established, capacitated and are sustainable. Where the development site is located in a Restructuring Zone; the co-operatives may elect to apply for Social Housing Subsidies. The programme is linked to a comprehensive capacity building process and funding is available for training and start-up facilitation. Alternatively, co-operatives may elect to apply for Institutional Housing Subsidies. The Programme is particularly suitable in circumstances where the members of the co-operatives wish to construct their own dwellings. Where individual ownership of the dwellings is envisaged, such may only be realized after four years.

The Social Housing Programme remains the main vehicle through which Government provides finance for co-ownership housing options for the low income categories of our community. The Programme serves an overarching function in that it also regulates the legal entities that apply for funding through from the Housing Subsidy Programmes.

- a) The funding will only be available for developments in specific areas referred to as **Restructuring Areas/Zones**. These Zones are geographic areas identified by local authorities and supported by provincial governments for targeted, focused investment. The Zones are typically located in urban areas where

upgrading or urban renewal is required and the objective is to create greater urban efficiency.

- b) Legal entities wishing to apply for funding under the Programme must be **accredited** by the statutory body established in terms of the provisions of the Social Housing Act;
- c) The beneficiaries of the Programme are persons earning R7 500 per month and less and priority is focused on persons **earning less than R3 500,00 per month**; and
- d) The funding will only be available for **non ownership** schemes where **institutionalized management** will prevail over the long term.

Applications for government funding by housing co-operatives, registered under the co-operatives Act of 2005 or as amended will therefore be considered on the same basis as applicable to social housing institutions. Co-operatives will have to be accredited as housing institutions with the Social Housing Regulating Authority.

8.3 Security of Tenure

Housing co-operative can bridge the divide between individual ownership and rental housing and can be developed through such methods as social housing institutions, or through the People's Housing Process as this document prefers. In terms of the provisions, the co-operative must ensure that beneficiaries are granted secure rights of tenure, which may include:

- a) Co-operative ownership
- b) Individual ownership
- c) Rental

8.4 Co-operative Ownership

This form of tenure entitles the members to use a specific unit for as long as they pay their monthly fees and abide by the rules of the housing co-operative. The title deed is in the name of the Housing co-operative. The member owns shares in the co-operative that owns the land and this gives the person a right to occupy a unit but not to own the land. This could be applicable in farm residents (including restitution and redistribution cases) and/or rental programmes, details are contained in the DHS farm residence policy as noted in the National Housing Code 2009 in part 3)

8.5 Individual Ownership

This refers to projects where ownership (individual or group) is the tenure form/ or where title deeds have been issued in some circumstances.

8.6 Rental (2009 National Housing Code Part 3)

In this form of tenure government could pay some of the costs through subsidies and that can make rental for the beneficiaries more affordable. These would only be available to those who are eligible for housing subsidies. Alternatively, the co-operative

may negotiate with the Department of Public Works for assets transfer and acquisition to promote housing co-operatives or source old buildings somewhere else to renovate them for rental purposes. On the latter one, a co-operative would have to raise funds and borrow money for the purpose of purchasing the building in order to let it out for rental. Co-operatives wishing to apply for state housing assistance will first have to apply for accreditation by the Social Housing Accreditation Authority.

Members of the co-operative acquire tenure rights to occupy housing units within the co-operatives housing portfolio based on their membership of the co-operative. Although the members are not individual owners of their housing units, they indirectly "own" all the housing stock as members of the co-operative.

Members of co-operatives will have to sign agreement to ensure commitment to the arrangement of paying financial contribution to the co-operative which income is applied for the administration, maintenance and up keeping of the housing stock. These financial contributions will have to be monitored closely monthly and follow ups be made to ensure compliance or members would be penalized should they fail to comply. Guidance and monitoring of these aspects should be facilitated by the DHS unit responsible for capacitating institutions.

9. ASSESSMENT OF OPPORTUNITIES AND SCOPE OF POSSIBLE CO-OPERATIVE ACTIVITIES

The assessment process of co-operative/ community members will be conducted by the institutional management component within the Department. Once the community has identified the need for forming a housing cooperative, the next step would be to assess the opportunity and scope for the intended cooperative activity. Then they would get information on the economic situation prevailing in the proposed area of operation.

These would include:

- a) External Data to be Investigated including:
 - Availability of land or possibility of acquiring use rights in land.
 - Cost of land or long term leases or other ways of achieving land security.
 - Cost of architects and the related.
 - Cost of bulk services.
 - Cost of building materials, sources of supply, competition among suppliers

- b) Internal Data
 - Demand and purchasing power of people living in the community or settlement.
 - Employment and income situation of people living in the community or settlement.
 - Assessment of skills level in technical and /construction.
 - Level of education of inhabitants of the community, their knowledge and understanding of the laws governing co-operatives.
 - Capacity of members to make savings, to pay service charges and to contribute labour.
 - Readiness and commitment to comply with all applicable legislations.
 - Amount of funds that can be raised to finance the joint project and how much would it cost.

- Possibility of linking up with other cooperatives in the area operation.

9.1 Required Information

- a) Kind of services to be offered
- b) Expected membership
- c) Leadership
- d) Officers
- e) Management
- f) Financial participation by members
- g) Educational meetings
- h) Planning and technical advice

9.2 Process to be followed

- a) Launch the idea
- b) Establish a steering committee
- c) Convene and hold steering committee meeting
- d) Prepare the ground for registration
- e) Registration

9.3 Conditions of membership

- a) Meet conditions as prescribed by the Co-operatives Act 14 of 2005 i.e. principles of co-operatives
- b) Share common interest
- c) Be of full age
- d) Live in the area of operation
- e) Have a source of income (even if it's a grant)

9.4 Rights and obligations of members

- a) Attend general meetings and vote
- b) Educate him/herself on the activities of the organization
- c) To withdraw from the co-operative by giving notice as prescribed by the Act
- d) To share the achievements of the organization
- e) Compliance with the Co-operatives Act and comply with internal policies and rules
- f) Attend all meetings
- g) Attend all training courses and other educational activities
- h) Loyalty towards a co-operative
- i) Meet all financial obligations as stipulated in rules and laws governing the co-operative
- j) Accept liability for debts of the co-operative

10. FINANCIAL ACCESS

These include:

- a) Savings mobilization from members or communities.
- b) Savings Scheme: awareness for savings which would result in bigger sizes should be created. Savings would also demonstrate commitment of the members.

- c) Jobs Fund.
- d) Donor Funding.
- e) Grants from the Department of Human Settlements: withdrawals for funding would be paid progressively as they complete different stages of their projects.
- f) The purpose of granting co-operatives subsidies is to enable them to combine the subsidy capital with their own funds in order to provide human settlements opportunities, which would otherwise be beyond the reach of beneficiaries. As a result, projects will only be considered where co-operatives make capital contributions towards projects over and above the subsidies granted in respect of qualifying beneficiaries.

11. TARGET GROUP

The target groups would be people within the low and modest income bracket who would qualify for a housing subsidy and those in informal sector of business with the following characteristics: landless, have issues with security of tenure, homeless, inadequate income, poor infrastructure, slum dwellers, lack of access to affordable finance and those who have no access to technical services.

The second group would be people who want to do business and develop themselves to be best suppliers. Their projects would encompass the following: material suppliers, transport co-operatives, new housing, house upgrading, resettlement, infrastructure, group income generating projects and business

12. SUBSIDY AGREEMENT BETWEEN THE CO-OPERATIVE AND MEC

12.1 If a subsidy is approved, the co-operative should conclude a subsidy project agreement with the MEC in order to regulate the basis upon which the project will be undertaken and upon which the subsidy will be paid to the co-operative. Any subsidy agreement should be approved by the State Attorney/Department before it is concluded.

12.2 A subsidy project agreement should contain:

- a) The co-operatives details, including its name and legal status;
- b) The name of the project;
- c) Detailed description of the project with reference to the housing units that will be developed, the work that will be done by the co-operative. Reference may be made in the subsidy project agreement to an agreed project proposal or project description containing these details;
- d) The agreed beneficiary / non-beneficiary mix;

- e) The amount of the housing subsidy and the manner in which it has been calculated;
- f) The progress payments in which the subsidy will be paid to the co-operative, with specific reference to the milestones that will entitle the co-operative to receive any particular progress payments;
- g) The product prices of all units to be provided in the project;
- h) The special rules, if any, that will apply to the project;
- i) As annexure, the terms and conditions upon which the co-operative will contract with any particular beneficiary in respect of any particular unit; and
- j) Clauses dealing with breach of contract committed by the co-operative and the consequences thereof.

13. FINANCIAL ACCOUNTING AND AUDITING

13.1 Co-operatives have the duty to manage their own affairs. Their capacity would be assessed by the institutional management component. A copy of the financial statement has to be submitted to the institutional management component and then to finance component for comments on the financial capacity of the co-operative as a way of monitoring their performance. Technical and business skills training will be provided in order to capacitate them to deliver on their projects. The management structure and management system of the housing co-operative must be in accordance with sound business principles.

13.2 In this regard:

- a) The co-operative should at all times keep proper books of account in accordance with generally accepted sound accounting principles. If the co-operative has received subsidies in respect of more than one project, it should keep separate sets of accounts in respect of each project.
- b) Every co-operative which has received a housing Subsidy should no later than three months after the end of each and every financial year of the housing co-operative , submit to the MEC copies of audited financial statements, together with a certificate from the co-operative auditor in which the auditor:
 - i) confirms that the books of account of the housing co-operative have been maintained properly and that they accurately reflect the state of the financial affairs of the co-operative; a copy of the financial statement has to be submitted to the institutional management component and then to finance component for comments on the financial capacity of the co-operative.
 - ii) gives details of the units built and the number of people who have benefited as a result of the project and that people are satisfied with the product

iii) all co-operatives will have to have auditors for good governance. Monitoring and guidance of co-operatives engaged in institutional subsidy instruments and / EPHP in respect of this aspect should be facilitated by the DHS unit responsible for capacitating institutions.

- c) The MEC may at any time, if it is deemed appropriate to do so, appoint an independent auditor in order to undertake a detailed audit of the books of account of the housing co-operative and so far as these books of account relate to any particular approved project. The MEC should be liable for the costs of such audit and the housing co-operative must give full and complete access to all its relevant books of account and documents to the appointed auditor.
- d) Where the co-operative has no capacity to handle such funds, the co-operative must employ an experienced, credible and firm financial institution with capacity.

14. MANAGEMENT OF THE CO-OPERATIVE

14.1 All co-operatives including housing co-operatives, house construction manufacturers/suppliers and contractors must be able to manage and coordinate all its activities in terms of the Co-operatives Act 14 of 2005. They must also be structured in accordance with the provisions of the same Act.

14.2 Amongst other things, the following applies to co-operatives:

- a) The board of directors and co-operative managers are required to ensure that the co-operative maintains ethical standards and remains accountable to its members.
- b) All members should participate in the decision making process and be kept informed about all engagements of the co-operative.
- c) Members should specify expertise that they have within the co-operative and their support system
- d) Members of a co-operative must be well represented in the board
- e) The affairs of a co-operative must be managed by a board of directors consisting of such number of persons as the constitution of the co-operative permits. The board of directors must exercise the powers and perform the duties of the co-operative subject to the Co-operative Act and the constitution of the co-operative. The members of the Board of Directors are elected among members of the co-operative.
- f) According to the Co-operatives Act no. 14 of 2005, the highest decision-making structure of a co-operative is a general meeting of members; the board of directors is accountable to the general meeting and other committees within the co-operative.

- g) Individuals are direct members of the co-operative
- h) The co-operative should form an organizational structure in order for it to function; this should involve the members, the general manager and a board of directors. Within the board of directors there should be a chairperson, secretary and the treasurer. The constitution of a co-operative should clearly stipulate the roles and responsibilities of each member.
- i) The co-operative should provide monthly reports to the DOHS to update the Department on progress made.
- j) All co-operatives also need to devise mechanisms that will ensure that they subscribe to good governance and mechanism to mediate on some of the disputes that may arise from the challenges. DEDT will facilitate business training and monitoring and evaluation for this group together with DOH's monitoring and evaluation component.

15. IMPLEMENTING AGENT (IA)

In cases where Enhanced People's Housing Process projects are implemented through co-operatives, the department could explore the services of an implementing agent (IA) that could act as an institutional and financial intermediary for their projects, source, administer, and/or co-ordinate technical professional support for community and interface with formal housing and other external development systems. The IA's will also have to facilitate community-based housing savings/loans systems in ways that build social capital and invest strategically to enhance development outcomes and create revenue streams for themselves and the co-operatives.

The IA's will have a responsibility to co-ordinate and support housing co-operatives and partner with different communities groups, co-operatives that are already in existence, municipalities and the Department. They will facilitate training and development of the housing co-operatives, working with the Department's capacity building component, Institutional management component, and Department of Economic Development and Tourism district coordinators. Amongst other skills these will be key, construction, project management, business and leadership skills. The implementing agent must also provide technical guidance; assist co-operatives in preparing invoices or evaluating materials to be supplied, co-coordinating inspection by relevant professionals.

16. CAPACITATION OF CO-OPERATIVES

Housing co-operatives will be trained and capacitated by the Department of Economic Development and Tourism together with the internal capacity building component within the Department through SEDA and FET Colleges with special emphasis on technical and business skills.

DEDT and DHS through the Capacity Building component will also be responsible for the mobilization of community members, sensitization and awareness creation carried out through organized meetings, seminars and workshops, and training co-operative/group members. This involves awareness creation to the group on governing laws of housing co-operatives and community based organizations, forming structures such as committees and leaders. Mobilization also includes sensitization on making

savings for housing construction or for housing improvement. Awareness should also be created on roles and responsibilities of leaders and members and this also involves writing constitutions and seeking for registration of the organizations through appropriate channels. Getting a group of people who would commit themselves to working together to make their common idea become reality would be an ideal situation as opposed to working with a ready-made group, establishing that common idea would perhaps the hardest part. These two departments will embark in a comprehensive campaign to educate communities about the purpose, challenges and the framework of co-operatives. DEDT will drive these processes, supported by DHS where it is required.

The main aim is the empowerment of low-income communities particularly women to enable them to participate fully and effectively in the development of human settlements. Community Mobilization & Training would also include:

- All aspects of capacity building at the community level and growth of the co-operatives
- Co-operative lobbying and advocacy
- Good cooperative Governance
- Member empowerment
- Financial management
- Housing project development

17. FUNDING

Co-operatives should take note that there will be no co-operative that will benefit more than once financially in respect of the same process hence the register and the database will be kept by DHS and DEDT. The two departments will exchange information monthly to ensure that the register and the data base are updated regularly. A number of funding sources are available to co-operatives. These are:

- a) Own savings.
- b) Capital funding: contact **DHS Manager: Subsidy Administration @031336 300.**
- c) Capacity building funding: contact **DHS Manager :Subsidy Administration @031336 5300.**
- d) Equity funding: contact **DHS Manager: Subsidy Administration @0313365300.**
- e) Jobs Fund (DBSA): contact **Jobs Fund contact center @ 086 100 3272.**
- f) Training and development funding from DEDT via Ithala Bank: contact **Head of Business Finance Support @031 907 8762.**
- g) Donor funding.

17.1 Own savings

Co-operatives would be encouraged to form saving schemes and save as much as they can in order to contribute towards building their own houses by mobilizing savings from the members and or communities. Their savings would be combined with the above funding options.

17.2 Capacity building funding from DHS

In order to facilitate housing co-operatives, the capacity building funding would be required. This would involve the following:

- a) Pre-project consumer education funding.
- b) Project specific capacity building and facilitation funding.
- c) Facilitation and capacity building for the sector funding.
- d) Co-operative savings and other funding raised through partnerships forged by the co-operative and other stakeholders.

17.3 Capital funding (from DHS)

The capital funding will include:

- a) Housing Subsidy : The Standard Housing Subsidy Amount
- b) Special conditions/ enhancements to the capital subsidy: All enhancements would apply (such as geotechnical allowance or the disability allowance etc.)
- c) Municipal Funding: funding for infrastructure should be provided through the applicable grants if available or as a last resort accessed from the province.

17.4 Jobs Fund (which is managed by the Development Bank of Southern Africa)

Housing co-operatives could also access the job creation fund because they also attempt to catalyze innovation and investment in activities which contribute directly to enhanced employment creation in South Africa. The Fund aims to stimulate good ideas, risk-taking and investment to discover new ways of working, where the costs and risks may be unknown, and where the pro-poor impact, principally in the form of sustainable job creation, may be significantly larger than with conventional approaches. The applicable window and the criteria is discussed below.

17.4.1 Institutional Capacity Building Window

This focus area provides for cross-cutting institutional strengthening and capacity building initiatives aimed at institutions through which job creation is facilitated. This window requires that:

- a) The applying entity must be established in the relevant field for a minimum of one year at the time of applying, and should be a statutory registered entity.
- b) Organizations should have a degree of operational capacity which will allow for the contribution of own resources and the effective implementation of the funded initiative.
- c) Applying entities should have secured sustainable sources of funding with which to implement their job creation mandates. The institutional strengthening initiative is aimed at catalyzing and unlocking the capacity of the entity to deliver on this mandate, and will not provide sources of funds for new job creation initiatives under this window
- d) Applications will only be accepted for initiatives explicitly aimed at one or more of the following: capacity building, organizational re-structuring, piloting of programmes and initiatives, facilitation of market access & linkages, co-ordination of initiatives, and project preparation activities aimed at expanding job creation initiatives.
- e) All applications should contain a cogent, well-articulated link between the proposed initiative and the potential for job creation.

If all of the above criteria are met, then the application will be scored on the following impact criteria:

- (a) **Innovation:** Initiatives must be innovative in nature, or should aim to replicate existing proven initiatives or innovations at scale or into new areas.
- (b) **Additionality:** The Job Creation Fund aims to catalyze new activities which would not have taken place without the incentives offered. Initiatives will therefore have to prove that they would not have taken place without this funding i.e. that suitable funding could not be found elsewhere. The Job Fund grant cannot replace existing grant funding.
- (c) **Potential for job creation:** The main objective of the Jobs Fund is to create jobs, and so initiatives should clearly and convincingly demonstrate their potential to ultimately contribute towards this goal.
- (d) **Sustainability beyond the funding requested:** Initiatives should be able to convincingly demonstrate their on-going sustainability which extends beyond the 3-5 year term of the Jobs Fund grant.
- (e) **Relevance to core business/mandate of entity:** any initiative should be clearly linked to the mandate or core business of the entity, and should not aim to expand this through the implementation of the initiative.

18. ROLES AND RESPONSIBILITIES AS PER THE CABINET RESOLUTION ON CO-OPERATIVES IN THE PROVINCE

It is acknowledged that co-operative mobilization can be effected through numerous means, and through different engagements of government and non-governmental entities. In some cases, entities might approach the department directly, whilst others might be referred after mobilization efforts. The attached flow chart (Appendix B), serves as a guide of process flows for cooperative establishments. These are also summarized in the table below:

Table 1 Roles and responsibilities

Co-operatives/groups	Municipalities	IA'S/ CROs	DHS	DEDT
<p>a) Establish groups/housing co-operatives and elect leaders.</p> <p>b) Prepare their constitution and register their organization.</p> <p>c) Set up appropriate co-operative structures to accommodate individuals and leadership structures</p> <p>d)Facilitating community/member participation, preparation of business plan and submitting it for approval</p> <p>e) To pull and leverage funding through partnerships with other stakeholders and make savings</p> <p>f) To liaise with all the stakeholders involved and deliver human settlement</p> <p>g) Negotiate with relevant authorities for preparation of house designs and costing. Organize for construction program and participate in the</p>	<p>a) Actively engage on policy matters and legislative review</p> <p>b)To provide constant feedback on review of implementation strategies</p> <p>c) Provision of economic infrastructure and affordable business premises to support co-operatives.</p> <p>d) Implementation and interventions in the co-operative business, e.g training, mentorship, diagnosis of businesses, advice and counseling of co-operatives.</p> <p>e) Access to markets through government procurement attached to enterprise development in line with BBBEE.</p> <p>f)IDPs and LEDs to emphasize critical support programmes to turnaround co-operatives</p> <p>g) Submit quarterly information on the performance of co-operatives to DEDT for maintenance and updating of Provincial</p>	<p>a)To act as an institutional and financial intermediary for the projects for the organized communities/cooperatives</p> <p>b)To source, administer, and/or coordinate technical professional support for community groups/ co-operatives</p> <p>c)To instill community-based housing savings/loans systems in ways that build social capital</p> <p>d) invest strategically to enhance development outcomes and create revenue streams for community groups/ co-operatives</p> <p>e) To document and share work and experiences</p>	<p>a) Provision of technical skills, advice and mentorship within the departmental core functions;</p> <p>b) Provision of support towards markets access and business opportunities to co-operatives; and</p> <p>c) Provision of infrastructure to support co-operative business, where relevant.</p> <p>d) Implementation and administration of the Housing Co-operatives;</p> <p>e) Accepting and approving the housing co-operatives application;</p> <p>f) Concluding a subsidy agreement with the housing co-operative;</p> <p>g) Approving alternative forms of secure tenure for beneficiaries;</p> <p>h) Granting the applicable subsidies to a housing co-operative which will provide beneficiaries with secure tenure arrangements</p> <p>i) Organizing seminars/workshops on human settlements developments issue</p> <p>j) Assisting the groups in</p>	<p>a)Promotion and development of co-operative Movement in the Province</p> <p>b)Development and maintenance of the co-operative central database</p> <p>c) Facilitation of the establishment of the KZN Co-operative Academy in collaboration with the National Department of Trade and Industry and other relevant National Departments. The Academy will provide, among other things, skills development programmes with special focus on co-operative concept and good governance</p> <p>d)Development of provincial funding model for co-operatives</p> <p>e)Lobbying the private sector to play an active role in supporting the co-operative business opportunities through provision of markets, mentorship and business opportunities as part of their social responsibility and enterprise development as required by B-BBEEE Code of Good Practice, and as</p>

<p>construction</p> <p>h) Take ownership of housing development projects assigned to them</p> <p>i) Set up contractual and accountability relationship with province, local authority</p>	<p>Co-operative Data Base.</p>		<p>preparing house designs/costing and submitted to local Authority for approval,</p> <p>k) To align departmental structures and programmes to support and leverage housing co-operatives</p> <p>l) Create an enabling environment for co-operatives to develop and function in the human settlement sector</p> <p>m) To set targets for housing cooperative to support budget allocation</p> <p>n) To build capacity for housing cooperatives in the province</p> <p>o) To ensure broad consumer education</p>	<p>commitment to PPP, e.g Joint ventures, Trade Partnerships, Empowerment Deals.</p> <p>f) Co-ordination, promotion and support of the co-operative movement in the Province</p> <p>g) Establishment and co-ordination of a multi-stakeholder forum to share experiences and report on progress.</p> <p>h) Guidance and monitoring of payment of financial contributions by members should be facilitated by the DHS unit responsible for capacitating institutions.</p>
---	--------------------------------	--	---	--

19. APPLICATION OF THE PROGRAMME

19.1 The Programme applies to the following:

- a) Projects where communities have already organized themselves and want to participate in the housing process as a co-operative or where a pre existing and registered co-operative wants to undertake housing development as prioritized by the IDP'S. This requires predevelopment support and resource accumulation. The co-operative then takes their request to the Local Authority through the local negotiating platform. This is a demand led approach.
- b) Areas / projects where there is an opportunity to mobilize communities to form housing co-operatives and participate in the housing process as identified through the Local Authorities and Provincial Housing Plans. This will happen where Local Authorities have allocated a certain percentage of land to the co-operatives programme in their Integrated Development Plan (IDP) / housing sector plan so that the programme is prioritized. Part of the IDP / housing sector plan will need to be negotiated with communities on co-operatives processes / projects. This is a supply led approach.

19.2 This means that Provinces will need to manage their demand databases (housing waiting lists) as housing co-operatives encourages government supporting those entities who want to work with government to build human settlements in terms of a demand led approach. This must be viewed and managed constructively so that it is not seen as a means of queue jumping.

- 19.3 Minimum standards for community participation and empowerment are applied and will need to be benchmarked through the monitoring and evaluation process. This is done in the funding arrangements section noted below.
- 19.4 Practically housing co-operatives projects can be applied to:
- a) Projects where ownership (individual or group) is the tenure form.
 - b) A range of different building typologies including new build, informal settlement upgrade, in-situ upgrade etc.
 - c) Different housing contexts such as informal settlements, rural settlements, greenfields developments, etc.
 - d) Projects where different densities are introduced; and
 - e) Projects where different products and process options are encouraged.
- 19.5 Together with the above conditions, housing co-operatives will also apply to those who meet the subsidy eligibility criteria as provided for in the housing code.
- 19.6 The criteria are as follows:
- a) Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
 - b) Are legally competent to contract (i.e. over 18 years of age or legally married or divorced or declared competent by a court of law and sound of mind).
 - c) Have not previously benefited from government assistance; and
 - d) Have not owned fixed residential property, except where the beneficiary has acquired a vacant serviced site from own resources and needs assistance to construct/complete a house that will comply with National Norms and Standards introduced by the Minister of Housing.
 - e) Have previously owned an improved fixed residential property, such a person may only qualify for the purchase of a vacant serviced site.
 - f) Persons must be married or habitually cohabit;
Single persons must have financial dependants;
 - g) Single persons without financial dependants; such as the aged, disabled and military veterans etc. may be assisted;
 - h) Households must earn a monthly income in the range as annually approved;
 - i) Persons who have benefited from the Land Restitution Programme and satisfy all other relevant criteria may also be assisted.

20. MONITORING AND EVALUATION

- 20.1 The Department of Human Settlements through the Monitoring and Evaluation unit assisted by Institutional Management Component would be responsible for

the monitoring of housing co-operatives. Product Development Component will conduct case studies and annual surveys on the performance of the co-operatives and do a sector based research to evaluate their contribution into the human settlements delivery process and also as an empowerment deal for disadvantaged communities. The internal control section of the Department would also from time to time audit the co-operatives books to ensure that government's money is spent appropriately.

20.2 The Department of Economic Development and Tourism, as the co-operatives champion in the province would also be involved in the monitoring process especially that the concept is new to the Department of Human Settlements. They will study the model that the Department will adopt and see if they can also contribute to improve it based on the provincial mandate and their experience with cooperatives.

20.3 Proposed Indicators for Housing Co-operatives

- a) A number of human settlements projects per municipality carried out through co-operatives from the 2013/2014 financial year.
- b) An increase in the number of women, youth, people with disabilities forming and participating in co-operatives as an alternative vehicle to the current human settlements models.
- c) Increase in the number of communities/ groups deciding on forming housing co-operatives in order to deal with their need for housing. (Increase in membership)
- d) Increase in number of co-operatives claims made to the Department, thereby improving the expenditure efficiency of the entire province.

21. RECOMMENDATIONS

21.1 A task team comprising representatives from Department of Economic Development and Tourism co-operatives unit, relevant District Municipalities, Department of Rural Development and Land Reform and LED Co-operative Governance and Traditional Affairs.

21.2 That the programme be evaluated every year during its infancy stages and thereafter every three years with assistance of DEDT and DHS evaluation units.

21.3 Monitor closely progress in projects like Vulindlela housing project, Namibia Stop 8 and other existing co-operative kind of projects

21.4 DEDT advised that the Department should move towards encouraging Rand for Rand up to the maximum subsidy that the department offers in housing co-operatives. They believe that this could be a motivating factor for housing co-operatives commitment.

APPENDIX A

1. CO-OPERATIVE MODELS

1.1 VULINDLELA CO-OPERATIVE MODEL

Vulindlela Co-operatives provide a wide range of services including construction, transportation services for ready to use material, and those that transport raw material such as sand and concrete to all nine wards in Vulindlela. These cooperatives link up together to ensure that service are delivered in all Wards using local labor. The project employs people who are residents in that specific Ward being developed to ensure that everyone gets a chance.

The project has 4 construction co-operative teams per ward in all 9 Vulindlela Wards and each team is led by a co-operative leader and 10 laborers. These 4 co-operatives teams focus on different stages of house construction such as slabs, wall plates and completion. Those who specialize in slabs can only perform slabs and pave way for the other group that does wall plates upon their completion they will also move on to another site and so on. Each Team is allocated 2 cars that the project had purchased. When they first started, those that were tasked with delivery of building material were given advance payments to commence deliveries and thereafter they had to work hard to sustain operations independently. It is reported that they have since doubled their efforts being encouraged by the fact that they need to put aside money for operations, e.g. petrol and still get something for themselves and their families.

There are also co-operatives specializing with transport and currently the project has 4 trucks that are expected to service all 9 Wards and these 4 trucks are unable to meet the demand. There are plans to increase the trucks and involve services from outside the project area. These trucks deliver concrete and sand stone.

1.1.2 MANAGEMENT OF VULINDLELA CO-OPERATIVES

The project is being managed by Dezzo holdings. However, they are working together with a nucleus of managers to ensure that the project becomes a success. This team of managers is made up of project managers from different departments, senior manager from Dezzo holdings who is schooled in handling co-operatives, project monitors from Human Settlements, National Home Builders Registration Council's (NHBRC) engineer, a team of professionals assisting with professional services and the involved Amakhosi of the nine wards. This team deals with variety of issues that range from quality assurance, co-ordination of services, motivation of co-operative members, ensuring that people are paid as agreed upon and resolves conflicts timeously. The association is planning Capacity building training programmes and skills are transferred through on the site training.

1.1.3 QUALITY CONTROL

The project employed full-time technical engineers to give guidance on the ground, technicians that are deployed per stage of the house construction, dedicated financial accounting managers that run their books and has two full time project managers monitoring the project. There are also NHBRC monitors on site conducting inspections on the job. All building material used for the project undergo is South African Bureau of

Standards (SABS) approved and they have recently invited locals that specializes in block making to supplement the supply and we were informed that they are still waiting for the results before they could use their blocks. The project also has a batch plant on site that does all the quantity measurements and calculations on its own to ensure quality and compliance with specifications.

1.1.4 CAPACITY BUILDING

Co-operatives were provided with basic training from Department of Economic development and Tourism which was merely explaining co-operatives and how they should work. Co-operatives receive on the job training in terms of skills transfer for instance filling of time sheets. The association is developing technical and business training modules for them and will link up with relevant institutions for their training and development.

1.1.5 COMMUNITY MOBILIZATION

Vulindlela community is not a homogeneous group of people and in the selection of members, full consideration had to be given to the social and political dynamics that exist in the area. A series of community workshops/meetings were held to resolve all uncertainties and conflicts that arose. The approach ensured that beneficiaries of the project would benefit from the implementation of the project, including women and youth.

1.1.6 CHALLENGES OF THE VULINDLELA PROJECT

- a) Delays as a result of huge demand for material as opposed to available resources, for instance, delivery trucks are not able to meet the demand of all the sites and this delays the project
- b) Workers are paid on completion of their targets and in most cases are being affected by material that needs to be delivered on site.
- c) There is a challenge in terms of which legislation should they follow as a section 21 company in their procurement processes between PFMA, MFMA and Company's Act, since funds for running the project are from the state and the project is being undertaken at a municipality level.
- d) Level of understanding of people who are uneducated
- e) Cultural dynamics with regard to women and youth, as they did not participate meaningfully in meetings especially at the beginning of the project.
- c) The issue of traditional structures and boundaries in terms of Department of Cooperative Governance and Traditional Affairs (COGTA) that do not necessarily tie up with community's own social demarcations.

1.2 NAMIBIA PROJECT

1.2.1 BACKGROUND

Namibia Stop 8 came into existence in the early 1960s when people moved from rural areas into the city, hoping to find jobs. The settlement is close to several factories. The community began to build permanent structures, as it became their adopted home. A lot of the residents saw their move as a temporary measure, and they had planned to return

to the rural areas. However, as the rural areas continued to decline as a viable place to live, whole families began to reside in Stop 8. The area was later incorporated into the five-year Housing Plan of Ethekwini Municipality. In 2005 preliminary studies were done in preparation of a housing development for the whole area. An enumeration was proposed by FEDUP to determine the population of the area in relation to the land size. This was never undertaken as the pre-feasibility studies done by the Municipality overtook the whole process. Pre-planning and land audits were quickly undertaken, whose results revealed that this specific piece of land could not accommodate the total number of households that existed within the project boundary

1.2.2 NAMIBIA STOP 8 MODEL

The informal settlement plus the greenfield project comprises about 2500 structures with an estimated 10,000 people living there. The relocation and in situ housing upgrading affects about 1000 of these dwellers directly. However, the improvement in basic services impacts on the whole settlement. Also the skills transfer and thus better chances for employment through the introduction of community contractors and construction management teams (CCMT) construction teams, positively influences the labour situation at Namibia Stop 8.

The beneficiaries were given an opportunity in the pre-planning phase of the project to produce a desirable structure which turned out to be 50m² in size. With the assistance of Utshani fund and Lombard Insurance, the beneficiaries agreed that they would have a standard 50m² for everybody to save time and be able to do costing effectively within the subsidy band. The construction method entails construction by community contractors and construction management teams (CCMTs), supervised by technical support (Utshani Fund) and approved professional supervisory contractors.

The costing of the houses was two-fold; it was a complete structure from foundation to roof level (on vacant site). The cost of construction for the 50m² house from the foundation to the roof level has been calculated at R68 104.37 including labour and contingencies. The second one is the extension of 40m² slab to roof level (on sites with Municipality slabs). The cost of extending the 40m² slab to a 50m² and construction of top structure to roof level is calculated at R56 104.37 including labour and contingencies. The houses have been financed through the national housing subsidy system, and the Municipality is acting as the Accounts Administrator who transfers the funds to Utshani. Upfront funding was agreed upon with the Municipality.

1.2.2.1 MANAGEMENT OF THE PROJECT

A working agreement (MOU) was signed between Utshani Fund, FEDUP and the Ethekwini Municipality with the Municipality agreeing to pre-finance the project before the subsidies were approved by the Provincial Department of Human Settlements. With this agreement the partnership has demonstrated the trust and understanding they share in working together towards the eradication of slums and the promotion of an Enhanced People's Housing Process (EPHP). The communities are enthusiastic that they own the process and the end product thereof. Following the Kroonstad example of the upfront release of subsidies, this partnership is another example which can be replicated in other provinces to allow the roll-out of an EPHP process. Furthermore, this project provides evidence to allow proper assessment and evaluation of the EPHP by

government as a whole, in order to be able to offer the so much needed support for FEDUP to enhance delivery of the houses at scale, not only for FEDUP members but in most informal settlements nationally.

1.2.2.2 CHALLENGES OF THE PROJECT

Initially co-operation and communication with the Municipality was difficult. Only towards the finalization of the first 30 houses, the situation improved. The Municipality for instance hesitated to make the payment for the Establishment and Facilitation grant, alleging that there first had to be proof that all the enlisted beneficiaries qualify for the housing subsidy. The building inspectors who came to do the inspection used a lot of 'red tape' on the houses and went in some instances beyond the specifications that had originally been submitted to them.

There has been a huge improvement in the willingness of the Municipality, the Councilor and the Development Committee to work with FEDUP on the construction of the houses. The community itself, also non-FEDUP members, has from the beginning shown a keen interest in the people's process. FEDUP members have agreed to guard against any vandalism as they await the installation of water and electricity in the finished houses.

1.3 WILLOWFONTEIN YOUTH PROJECT

There are a number of youth co-operative initiatives that the DHS is currently involved in and they could be used as best practice models when developing the strategy. It came out very strongly that with support from the department there was a great potential. Willowfontein Youth Project is made up of three different Youth SMMES who are essentially involved in the Building Material manufacturing and supply. Their Business is involved in the following:

- Door Manufacturing Company
- Glass Cutting and Fitting
- Steel Frame Manufacturing and Supply

The material is SABS approved and of Good Quality. They have been funded by Ngunezi Foundation to purchase the machines for their production. They operate at the old Youth Development Centre based in the Rural Village of Willowfontein made of corrugated Iron.

The USP together with the Spousal Office have proposed for the involvement and business support for Youth Entrepreneurs in the Human Settlement Projects that are implemented locally as material suppliers in order to sustain their business. There is also a plan to increase their supplies if there is more demand. The Youth Project is also planning to extend their business and accommodated Young People in all 11 Districts. Willowfontein Youth Projects is one of the projects that fall within Youth in Human settlements projects. The Department has taken significant strides in trying to assist Youth SMMEs to access business opportunities within Departmental projects. This programme is part of Job Creation strategies.