

# EXPLORING SUSTAINABILITY CHALLENGES OF GOVERNMENT-FUNDED COMMUNITY PROJECTS IN SOUTH AFRICA

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## Abstract

In recent times, the sustainability of government-funded community projects has emerged as a significant concern for both governmental entities and donors. The objective of this study was to investigate the sustainability obstacles faced by the Peach Value Addition Cooperative project in the Eastern Cape Province of South Africa. The research was conducted using a qualitative technique and under an interpretivist paradigm. A purposive sampling strategy was employed to select ten senior managers from cooperatives who have a minimum of five years of professional experience. Thematic analysis was conducted on the data. The study's findings revealed that the Peach Value Addition Cooperative project encountered difficulties related to funding and financial matters. Additionally, the cooperative faced challenges stemming from a low market demand for their products. The study also identified issues within the cooperative's leadership, including instances of nepotism, favouritism, patronage, and corruption. Furthermore, the cooperative experienced high rates of absenteeism and exhibited selective application of consequences for cooperative members who committed offences. The study's results also confirmed that leadership deficiencies, unethical behaviours, inadequate financial management, lack of skills, and ineffective governance were identified as key concerns impacting the long-term viability of the Peach Value Addition Cooperative project. The study suggests that the implementation of effective governance practices, including the eradication of corruption, fraud, favouritism, and nepotism, the establishment of checks and balances to mitigate authoritarianism, the development of a transparent succession plan, and the adoption of a comprehensive code of ethics and code of conduct, are strategies that would contribute to the long-term viability of the Peach Value Addition Cooperative project in the Umzimvubu area.

## Keywords

absenteeism; corruption; incompetency; sustainability; unethical practice.

## JEL Classification

Q01 Sustainable Development

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## INTRODUCTION

The issue of why cooperatives struggle to attain sustainability status has been a persistent concern for government policymakers and scholars over an extended period [1]. The evaluation of projects now includes sustainability as a crucial factor, and it is considered one of the primary motivations for donors and government entities that provide financial help for cooperative initiatives [2]. Sustainability refers to the capacity of a project to persist in operation and fulfil its objectives for an extended duration subsequent to the cessation of governmental or donor assistance [1].

The increasing emphasis on promoting rural community development processes and programmes in South Africa has resulted in the allocation of significant financial, material, and human resources towards government-funded initiatives across multiple sectors such as public health, agriculture, education, social and community development, and infrastructure development.

The Umzimvubu Municipal community in South Africa has been the recipient of a government-funded community development project focused on peaches value addition. This initiative has received substantial financial backing from the government. Nevertheless, the project ultimately failed despite the substantial financial investment made by the government in the Peach Value Addition Cooperative project, which aims to improve the socio-economic conditions of the Umzimvubu Community by generating employment opportunities and facilitating access to a lucrative market for the abundant peaches in the region. The government is presently contemplating the revival of the Umzimvubu Community Peach Value Addition Cooperative project. However, it is imperative to comprehend and acknowledge the challenges inherent in government-funded community development and income-generating initiatives. Hence, the primary aim of this research was to investigate the sustainability obstacles linked to community development initiatives funded by the government, focusing specifically on the Umzimvubu Peach Value Addition Cooperative project.

## LITERATURE REVIEW

### The absence of robust corporate governance policies

The application of corporate governance laws in agricultural cooperatives in South Africa is confronted with a multitude of problems [3]. The presence and execution of a succession policy is a crucial prerequisite for organisational corporate governance [3]. The primary obstacle faced by agricultural cooperatives pertains to the absence of well-defined succession policies and plans within the majority of these cooperatives. Many cooperatives frequently experience collapse following the departure or demise of their current leaders due to a dearth of well-defined succession procedures and preparations. A South African study found a significant number of cooperatives experience problems that are directly linked to issues around succession [4]. The occurrence of succession conflicts poses a detriment to the sustained viability of cooperative enterprises in the long run. In situations where there are no succession disputes, individuals who assume managerial roles following the departure of the incumbent may face challenges in their performance due to inadequate preparation, guidance, and support in the absence of effective grooming, coaching, and mentoring during the tenure of the previous manager or founder. The absence of adequate corporate governance structures in many cooperatives presents a significant obstacle to the adoption and implementation of corporate governance practices [5]. Authors expressed concern about the presence of dual roles and overlapping responsibilities within cooperatives, which result in the blurring of clear lines of accountability [5]. This elucidates a situation in which certain managers inside a cooperative assume distinct tasks, while other members are assigned vague and occasionally contradictory roles.

## **Limited proficiency in organisational planning**

A significant number of cooperatives are found to be governed by individuals who possess inadequate management and leadership abilities [6]. Another study reported a significant proportion of community-based cooperatives, approximately 80%, experienced failure in achieving sustainability [7]. This failure was attributed to the absence of operational plans and the lack of well-defined work breakdown structures. These cooperatives failed to establish clear and formal specifications regarding the duties and responsibilities of each member involved in the project. In another study, it was found that the primary factor contributing to the issues affecting the long-term viability of the project was the absence of adequate planning [8]. In a similar vein, authors identified inadequate planning as a significant element leading to the downfall of numerous cooperatives within the context of South Africa [9].

## **Insufficient dedication exhibited by members of the cooperative**

Despite the allocation of financial resources by governmental bodies and donors towards cooperatives, certain individuals within these cooperatives tend to prioritise personal self-interests that diverge from the overarching objectives of sustainable projects. A study conducted in the KwaZulu-Natal province of South Africa revealed that one of the significant challenges affecting the sustainability of these cooperatives was the lack of commitment, as evidenced by high levels of absenteeism among cooperative members [9]. Authors have found lack of adequate sacrifice from certain cooperative members has been identified as a primary factor contributing to the unsustainability of the cooperative [10-12].

## **Deficiencies in managerial performance**

The failure of numerous cooperative initiatives to achieve sustainability has been attributed to managerial deficiencies [13]. In many instances, the management responsible for cooperatives has a deficiency in essential leadership abilities, resulting in their inability to successfully execute projects within the designated timeframe, budgetary constraints, and adherence to the established plan. Authors have suggested that certain stages of cooperative projects are frequently executed behind schedule [10]. This delay, particularly in the context of agro-processing cooperatives, might result in declines in the quality of raw materials, ingredients, and final products. It was argued that certain cooperatives experience prolonged operational challenges due to ineffective management practices [14]. These factors hinder the assessment of cooperative project feasibility and the necessary support for such projects [15].

## **The absence of market opportunities**

One significant obstacle that poses a threat to the long-term viability of cooperatives is the struggle they have in obtaining a viable market for their produced goods [2]. In a study it was expressed a comparable perspective, suggesting that the optimal functioning of cooperatives is contingent upon their ability to obtain adequate access to both external and local markets for their produced goods or services, hence ensuring their long-term viability [16]. Mere access to markets is insufficient for the sustainability of cooperatives [17]. Rather, what renders cooperatives viable is their access to markets characterised by substantial purchasing power and persistent demand patterns. Unfortunately, a significant number of cooperatives frequently have difficulties in accessing lucrative markets due to several issues. These include inadequate marketing expertise, subpar product quality, intense rivalry from well-established suppliers, and insufficient support from the local community, among other determinants [17]. Another study reported deficiencies in marketing skills and price negotiation skills were shown to be associated with subpar sales performance, which in turn contributed to difficulties

in achieving sustainability [18]. In addition to the aforementioned points, authors argue that the lack of access to pertinent market information, market location, and pricing hinders the sustainability of cooperatives [19].

### **The absence of consultation**

The absence of collaboration and transparency exhibited by certain leaders resulted in the emergence of friction and conflict between project leadership and cooperative members [12]. Certain cooperative managers tended to make important decisions on cooperative matters and future directions without actively seeking input from other cooperative members [20]. It has also been observed that a significant number of cooperatives fail to fulfil their intended objectives [21]. One contributing factor to this failure is the lack of active involvement of cooperative members in decision-making processes and the formulation of strategies for achieving success. Cooperative leadership often neglects to invite members to contribute their ideas and perspectives on the management and operation of the cooperative [21]. The absence of consultation and participation poses a significant obstacle to the long-term viability of cooperatives [12,20,21]. This deficiency results in a lack of transparency, member frustration, dissatisfaction, and demotivation, and ultimately, poor cooperative performance and eventual failure. The failure to involve the entire membership of cooperatives in decision-making processes and seek their input often results in missed opportunities for generating a wider range of high-quality ideas and making more effective decisions that could contribute to the long-term sustainability of the cooperative [12]. Furthermore, active participation fosters a sense of ownership among individuals, leading to enhanced dedication and accountability, ultimately contributing to the elevation of team morale [1].

### **The lack of consideration for economic fundamentals**

The sustainability issues encountered by cooperatives arise from a phenomenon that has been identified as a lack of consideration for economic fundamentals throughout the establishment and operation of these organisations [21]. Certain cooperatives may face challenges in maintaining their viability due to inadequate recruitment practices and a lack of focus on essential economic considerations, such as establishing operations in locations that provide convenient access to markets and raw materials [21]. Ultimately, cooperatives may encounter difficulties in obtaining convenient access to both raw materials and markets, hence presenting significant sustainability concerns.

### **High employee attrition rate**

A significant obstacle to the long-term viability of cooperatives has been identified as a prevalence of high member turnover [22]. This claim was also substantiated in a previous study on the sustainability problems encountered by community-based initiatives [23]. The study found that these projects frequently have a significant turnover rate of participants, reaching as high as 60% per performance period. The occurrence of high turnover has detrimental implications for project sustainability [22]. This is mostly due to its disruptive impact on project operations, resulting in production disarray and the depletion of vital skills. In the absence of appropriate interventions, these consequences can ultimately culminate in project failure.

### **The deficiency of skills in the workforce**

The skills shortage issue has been recognised as one of the difficulties that significantly impact the long-term viability of cooperatives in rural Africa [24]. An examination of contemporary strategies for advancing self-help cooperative initiatives in rural development reveals that the insufficient presence

of cooperatives possessing the necessary expertise in project tasks and deliverables necessitates significant consideration that would ensure the long-term viability of these projects [24].

## METHODS

The research design employed in this study was exploratory in nature, as its objective was to uncover previously untapped and unknown facts concerning the obstacles and their effects on the sustainability of projects within the municipality. The selection of an exploratory research approach was motivated by the need to address the limited understanding of the problems regarding the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal region.

The act of conducting an interview can be described as a methodological approach wherein a series of questions are posed to individuals participating in a research study, with the aim of eliciting responses [25]. The present study employed a systematic approach to conducting open-ended interviews. The conventional approach in standardised open-ended interviews entails posing open-ended inquiries based on a pre-established interview guide [25]. The justification for selecting standardised open-ended interviews is rooted in the fact that they allow research participants the opportunity to articulate their perspectives using their own language, hence enabling the collection of comprehensive data for the study. One of the main advantages of utilising standardised open-ended interviews is their capacity to facilitate the acquisition of substantial quantities of information, thereby often yielding comprehensive and detailed findings. The decision to employ interviews as the study methodology assumed that the researcher could delve into intricate responses, particularly in cases where the answers provided by the respondents were ambiguous or lacking in clarity.

The study focused on a sample of 18 senior employees as the target group. Ten individuals were deliberately selected for their extensive expertise (over five years) in the production and marketing department of the Peach Value Addition Cooperative project in the Umzimvubu Municipal region. The data collection process involved conducting virtual one-on-one in-depth interviews, during which participants were asked open-ended questions that aligned with the research objectives. The interviews were captured in an audio format. Out of the total of ten participants, a mere three individuals consented to be interviewed via the Zoom platform, while the remaining seven participants expressed their willingness to be interviewed through the WhatsApp platform. Concerning the Zoom platform, each interview question was verbally presented, followed by the transcription of the interviewee's responses obtained through the recording equipment. Before conducting interviews on the Zoom platform, the researcher sought consent from the participants to record the interview discussions. Consensus was reached among all interview participants. The researcher distributed an interview guide to participants who expressed a preference for interviewing using the messaging application, WhatsApp. Guidelines for returning the responses were provided to the interviewer. The participants were provided with instructions to read the question they were responding to before providing their answers on the voice messaging platform, WhatsApp. Before conducting the interviews, certain participants were given instructions on how to use WhatsApp video calls. These instructions were based on the questions extracted from the interview guide.

This study involved the utilisation of thematic analysis for the purpose of data analysis. The method of thematic analysis entails several initial steps, including becoming acquainted with the entire dataset, followed by the classification of data into themes. Subsequently, the data was scrutinised to identify prominent concepts that emerged, and patterns formed within the collected material. The data analysis was conducted via the NVIVO software.

It is imperative for any research endeavour to carefully evaluate ethical considerations to uphold a high standard of professionalism throughout the study process [26]. Ethical considerations encompass several key aspects, such as obtaining informed consent from participants, safeguarding their well-

being, and preserving the confidentiality and anonymity of their information. The study gained ethical approval from the ethics committee of MANCOSA.

## RESULTS AND DISCUSSION

When asked about the sustainability challenges that the Peach Value Addition Cooperative project in the Umzimvubu Municipal area was facing, it became apparent that all respondents were aware of the different types of challenges being faced. Based on the responses from the participants, the following themes were identified:

- Theme 1: Leadership inefficiencies
- Theme 2: Funding challenges
- Theme 3: Poor marketing strategies
- Theme 4: Skills deficiencies and financial illiteracy
- Theme 5: Lack of group cohesion and unity of purpose
- Theme 6: Poor cooperative governance

### Theme 1: Leadership inefficiencies

Leadership inefficiencies emerged as one of the themes identifying challenges associated with the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area. This is corroborated by the following interview excerpts:

**Respondent 1:** *“Some of our leaders are not that good at leading the project. For example, I observed that planning is not done properly, things are just done haphazardly, and some of the managers only wake up when there is a crisis or when something needs serious attention. There is no evidence of proper planning that guides each cooperative member about what needs to be done on a day-to-day basis, everything is ad hoc...”*

**Respondent 2 reported similarly** *“The biggest challenge is that the people will call leaders who have no clear vision of where the Peach Value Cooperative is headed or what needs to be done properly to achieve our objectives. Most of them think that as long as we are getting stipends from our employment in the cooperative the status quo should remain. They have never heard of a vision of what the cooperative needs to improve to be sustainable in the next five years save for the usual mantra that lets us keep our jobs and be united. There is no vision for growth...”*

The aforementioned findings suggest that the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area is hindered by leadership deficiencies, specifically in terms of a lack of a clear vision, inadequate planning, organising, and controlling, as well as the presence of nepotism and favouritism within the leadership. The present discovery aligns favourably with the notion that a significant number of cooperatives are overseen by individuals who lack adequate management and leadership abilities [6]. The authors highlighted that inadequate project management was also identified as one of the primary obstacles impacting the long-term viability of projects sponsored by donors and governments, as it played a key role in substantial budgetary and cost overruns. This ultimately results in the depletion of project funds before the project's intended completion, hence resulting in the premature termination of the project. A study revealed that approximately 80% of community-based cooperatives failed to achieve sustainability due to the absence of operational plans and inadequately defined work breakdown structures [7]. These cooperatives lacked clear and formal specifications regarding the duties and responsibilities of each project member. Similarly, a significant presence of informality in the execution of everyday operations within the cooperative was observed, resulting in subpar project outcomes [8]. Inadequate planning was identified as a significant factor that contributed to the downfall of numerous cooperatives in



South Africa [9]. The primary cause of cooperative project failure has also been attributed to deficiencies in leadership competencies in cooperative management [13]. These deficiencies fail to effectively execute projects within designated timeframes, budgetary constraints, and the adherence of planned strategies.

## Theme 2: Funding challenges

Another dominant theme that emanated from the findings regarding the challenges associated with the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area is the problem of funding and financial challenges.

**Respondent 3 stated** *“Though the government initially provided substantial amounts of money as start-up funds, the funds helped in the acquisition of infrastructure and machinery, but with time these funds dried up and the government declined to top them up as the funding arrangement was that after the initial cash injection, we were supposed to be self-sustaining. This failed along the way because proper financial management proved to be a challenge coupled with a failure to generate enough sales, so we proceeded on our own as the funds for the maintenance of infrastructure and machinery were not adequate, worse to retooling and adding more tools we do not have. Sometimes we fail to pay dividends to our cooperative members on time, this problem is daunting and threatens our continued existence.”*

**Similarly, Respondent 7 indicated** that *“The withdrawal of government funding in our cooperative brought in severe financial constraints, due to mistakes made by the leadership, corruption, and inefficiencies such as poor marketing and low sales. We are facing financial problems and access to credit is restricted because we also have a poor credit record and can’t access loans from commercial banks so without adequate financial resources we are doomed, and the sustainability of our cooperative project is at stake.”*

The viability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal region is hindered by various problems, with financial challenges being particularly prominent. Consequently, following the initial infusion of funds from the government and subsequent cessation of government support, the cooperative encountered financial challenges attributable, in part, to subpar sales and marketing efforts, corruption resulting in the neglect of infrastructure and machinery, and the failure to allocate resources for cooperative members' dividends. The issues faced by cooperatives in terms of insufficient capital have also been revealed [27].

## Theme 3: Poor marketing strategies

An analysis of the data from the respondents led to the identification of unfavourable market conditions as a theme that describes the challenges associated with the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area.

This finding is supported by the following interview excerpts:

**Respondent 8 expressed the view that:** *“One of our challenges emanated from the fact that we did not have what I call a coherent market plan that should go beyond marketing our products locally in uMzivubu. This proved to be a mistake because most of the supposed buyers were members of the cooperative and their families, so we did not generate sufficient sales in our local area and district. There were also half-hearted attempts at selling our produce in big cities such as Durban, Mthatha and Johannesburg where we did not have a meaningful breakthrough, so limited markets is one of our challenges.”*

**Respondent 9 was of the view that:** *“The cooperative is experiencing financial challenges and these are mainly because market conditions are unfavourable because the cooperative products are not*

*selling the way we expected. Maybe this is because there is stiff competition out there or the people do not like our products for whatever reason."*

These findings suggest that the observed unfavourable market conditions may be attributed to inadequate marketing methods, limited product understanding among consumers, ineffective market penetration techniques, low product attractiveness, diminished product demand resulting in below-cost sales, and subpar revenue performance. The sustainability of the Peach Value Addition project is significantly challenged by the undeniable factors of low product demand and ineffective marketing techniques. An additional significant obstacle that poses a threat to the long-term viability of cooperatives is the limited access to a viable market for their generated goods [2]. A comparable perspective has been proposed suggesting that cooperatives have difficulties when they do not get adequate access to external and local markets for their produced goods, leading to their lack of sustainability [16]. According to one study, a lack of demand for cooperative products poses a significant challenge to their long-term viability [17]. Similar assertions have also been put forward highlighting that inadequate marketing abilities were factors contributing to subpar sales performance, and have exacerbated sustainability difficulties [18].

#### **Theme 4: Skills deficiencies and poor financial literacy**

Skills deficiencies and resultant financial illiteracy also emerged as one of the themes describing the challenges associated with the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area.

This finding is corroborated by the following interview excerpts:

**Respondent 7 stated** *"Most members of the Peach Value Addition Cooperative project are just ordinary community members with little education and job knowledge. Even the leadership has serious skills deficiencies."*

**Respondent 10 explained,** *"Another problem we have is that we don't have enough skills among our members to innovate and to be creative and even to lead, even our marketing strategies are not satisfactory. There is a lot of financial management illiteracy and most of the things are done in a rudimentary way, so that's why we are not progressing."*

The Peach Value Addition Cooperative project in the Umzimvubu Municipal region is facing a significant issue regarding the lack of skills among both its leadership and cooperative members. This difficulty poses a threat to the project's sustainability. The findings indicate that both leaders and regular cooperative employees exhibit insufficient skills and competencies necessary for effective financial management decision-making and the smooth operation of value-added peach product production. Consequently, this results in various issues, such as the adoption of rudimentary approaches and the inability to produce high-quality products that are attractive to the market. A significant lack of collaboration among individuals possessing the necessary understanding of project objectives and deliverables necessitates significant consideration to ensure the long-term viability of projects according to one study [24].

#### **Theme 5: Lack of group cohesion and unity of purpose**

Lack of group cohesion and unity of purpose within the Peach Value Addition Cooperative project emerged as a theme that characterised the challenges being experienced at the cooperative in the Umzimvubu Municipal area. This is corroborated by the following interview excerpts:

**Respondent 3 indicated** *"An additional challenge that I think is threatening the sustainability of the cooperative is the evident lack of unity within members of the cooperative. There is much more poisoned politics and bickering among members and so many divided loyalties. This lack of unity of purpose within the cooperative is posing a danger to the long-term survival of the project."*



**Respondent 9 also stated** *“Organisational cohesion and unity is another challenge that the cooperative needs to deal with. The lack of unity is tearing the cooperative apart. There is a need for cooperative leaders to unite everyone around a good vision and the first thing is that they must do away with favouritism and nepotism because I see it as one the underlying causes for this disunity.”*

A lack of commitment, as seen by the high rates of absenteeism among cooperative members, poses significant problems to the long-term viability of these cooperatives [10]. Similarly, the perceived absence of sacrifice among certain cooperative members to a dearth of interest and inspiration [12]. The provided interview excerpts illustrate that the sustainable existence of the Peach Value Addition project in this area is being challenged by a lack of organisational cohesion and unity of purpose, which is caused by poisoned politics and bickering among members. Additionally, the project faces difficulties due to the presence of multiple centres of power, divided loyalties, favouritism, and inadequate consequences management. It was noted that the absence of cohesion within cooperatives can be attributed to certain leaders who engage in nepotism and favouritism when appointing individuals, resulting in dissatisfaction among cooperative members [8]. Another discovery consistent with these claims found that nepotism and the selective enforcement of laws based on political patronage are significant factors contributing to the occurrence of dysfunctional conflict and counterproductive behaviours [13]. These factors, in turn, present a substantial obstacle to the long-term viability of cooperatives.

## Theme 6: Poor cooperative governance

Poor cooperative governance emerged as one of the themes describing the challenges associated with the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area. Some respondents indicated that the sustainability of the cooperative is facing various challenges of continued existence attributed to poor cooperative governance.

**Respondent 5 stated:** *“The rule of law is not respected in the cooperative because some people often get away scot-free after committing serious transgressions whilst others are punished, so there is a lot of unhappiness why some people do whatever they like and are not reprimanded whilst others are punished. This is contributing to considerable disharmony and dissatisfaction among some members and is also demotivating and killing the spirit of hard work and commitment to the ideals of the cooperative.”*

**Respondent 7 identified:** *“There are also poor internal controls within the cooperatives explaining why cases of stealing money and tools and equipment are high and perpetrators of these vices are not apprehended, so his cooperative is not going anywhere if assets and money go missing all the time. That’s why the government withdrew funding because corporate governance systems are weak, and there are so many unethical practices leading to financial losses.”*

This finding demonstrates that poor cooperative governance in the form of flouting of procedures, overriding members’ decisions, the existence of autocratic practices and the selective application of consequences management, poor internal controls, and attendant vices such as the theft of cooperative assets and funds are all challenges associated with the sustainability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area. Similarly, a lack of proper corporate governance structures in most cooperatives was a challenge experienced in the implementation of corporate governance practices [5]. Another challenge facing cooperatives is that management business has difficulties and a lack of appreciation of the need to introduce and implement sound corporate governance practices [28]. Equally, it has been speculated that a challenge facing cooperatives, in general, is the evident lack of standardisation of the elements of good corporate governance systems in their businesses [29].

## RECOMMENDATION

Based on the findings, it is recommended that the cooperative should prioritise the recruitment of experienced and qualified personnel in financial management, marketing, human resources, and production management. This will ensure the professional management of the cooperative. Additionally, implementing a performance management system is crucial to motivate employees to meet specific, measurable, achievable, rateable, and time-bound targets. To foster a culture of integrity, a code of conduct and ethics should be developed, with a particular emphasis on eliminating favouritism, nepotism, and patronage. Lastly, leaders should prioritise promoting and appointing individuals based on merit.

## CONCLUSION

Based on the research findings, this paper concludes that the viability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal region is confronted with many problems. The Peach Value Addition Cooperative project is currently experiencing financial difficulties because of funding hurdles arising from the loss of government assistance. This has consequently led to financial constraints being experienced by the cooperative. Additionally, there are obstacles arising from inadequate financial resources resulting from factors such as low sales, ineffective marketing strategies, and instances of corruption, which in turn hinder the ability to uphold and maintain existing infrastructure and machinery, as well as to allocate funds for retooling and disbursing dividends to cooperative members as per their entitlements. A significant obstacle exists in the form of a deficit of skills among both leadership and cooperative members. The sustainable existence of the Peach Value Addition Cooperative project in this area is being challenged by a lack of organisational cohesion and unity of purpose, which is caused by poisoned politics and bickering among members. Additionally, the project faces difficulties due to the presence of multiple centres of power, divided loyalties, favouritism, and inadequate consequences management. This study additionally asserts that inadequate cooperative governance, characterised by a disregard for procedures, overriding of members' decisions, presence of autocratic practices, and selective implementation of consequences management, as well as deficient internal controls and associated issues such as theft of cooperative assets and funds, poses a significant obstacle to the long-term viability of the Peach Value Addition Cooperative project in the Umzimvubu Municipal area.

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