



**International Co-operative
Alliance – Africa**
A Region of the International
Co-operative Alliance



The 2nd Midterm Review of the Africa Ministerial Cooperative Conference (AMCCO)

FOSTERING IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) THROUGH COOPERATIVES.

BACKGROUND AND CONTEXT

In 2012, the fifty-four member states of the African Union agreed to establish the continental free trade area during the 18th ordinary session of the Assembly of Heads of States and Governments in Addis Ababa, Ethiopia. On May 30th 2019, the Agreement of the African Continental Free Trade Area (AfCFTA) came into effect and the said agreement had by October 31st 2019 been ratified by 31 countries who had fulfilled minimum threshold for ratification required under Article 23 of the AfCFTA. It creates a single continental market for goods and services as well as a Customs Union with free movement of capital and business persons.

This will be one of the world's largest free-trade areas in terms of the number of countries, covering more than 1.2 billion people with a combined Gross Domestic Product (GDP) of more than US\$3.4 trillion. One of the central goals of the AfCFTA is to boost African economies by harmonizing trade liberalization across subregions and at the continental level. Estimates from the Economic Commission for Africa (UNECA) suggest that the AfCFTA has the potential both to boost intra-African trade by 52.3 percent by eliminating import duties, and to double this trade if non-tariff barriers are also reduced.

The Africa Continental Free Trade Area offers significant advantages for countries in Africa and may lead to deeper integration and cooperation among them. Some of the potential benefits include:

- Creating bigger and integrated regional market for African products.
- Permitting producers to benefit from economies of scale and to access cheaper raw materials and intermediate inputs.
- Improving conditions for forming regional value chains and integrating to global value chains (GVCs).
- Allowing consumers to have access to cheaper imported products from other African countries.
- Leading to better allocation of resources and faster economic and trade growth.
- Catalyzing the structural transformation of the countries from resource and low technology-based economies to more diversified knowledge-based economies.
- Eliminating some challenges associated with multiple and overlapping trade agreements in Africa (spaghetti bowl).
- Encouraging both intra-African and external direct capital flows to African countries.
- Stimulating cooperation in other areas such as technology transfer, innovation, investment and continent- wide infrastructure development.

COOPERATIVES AND THE AFRICAN CONTINENTAL FREE TRADE AREA

Cooperatives are known as people centered businesses owned and run by members who join together and create the cooperatives in order to achieve a common goal. Cooperatives are enterprises driven by values and not only by profits. The International Cooperative Alliance agrees that self-help, self-responsibility, democracy, equality equity and solidarity are the core values that drive cooperatives. To these are added seven principles which are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives and concern for community.

People gather around a cooperative to solve problems of their common interest in a democratic set up and with equal consideration of all members, this empowers members and the issues are solved fast, easily and with shared risks and costs. When it comes to voting, cooperatives are

led by the ‘One member, one vote rule’. Because cooperatives are owned by members, usually from the same community this allows not only economic benefits but also social benefits within the community. Profits generated by the cooperatives are either reinvested in the enterprise or returned to the members. (International Cooperative Alliance, 2015)

The 2019 issue of the World Cooperative Monitor published by the International Cooperative Alliance and Euricse paints a picture of the scale and strength of the global cooperative movement and reports on the world’s largest cooperative and mutual organizations. In a ranking of the top 300 and sectorial analysis based on 2017 financial data, cooperatives and mutuals report a total turnover of over 2 trillion USD. Co-operatives hence contribute to achieving and sustain economic growth whilst employing about 280 million people worldwide valued to around 10% of the world’s employment population. (ICA, World Cooperative monitor 2019 edition). Co-operatives can combine economic growth with quality employment and are recognized by international organizations like the International Labor Organization (ILO) for their work in the area of economic growth and sustainability.

Cooperatives in Africa can be potential key beneficiaries of the AfCFTA. Major advantages to cooperatives would include increasing economies of scale and access to cheaper raw materials and intermediate inputs; better conditions for regional value chains and integration into global value chains; catalyzing the transformation of African economies towards greater utilization of technology and knowledge; facilitating both intra-African and external direct capital flows to African countries, and creating a labor market and a demand pull throughout the continent.

During the 12th ICA-Africa African Ministerial Cooperative Conference (AMCCO) held in Abuja-NIGERIA in October 2018, the ministers responsible for Cooperative development in Africa, committed to continue with the promotion of the cooperative business model to foster economic growth in Africa. More specifically the ministers are keen to promote Intra trade within Africa through cooperatives which then would result in jobs creation, increased national trade by strengthening national Co-operative value chains for countries, improved tax payment and improved access to expanded markets.

This is a very important commitment from the ministers if one considers the current reality where African countries are trading more with countries beyond the continent than with their own neighbors. In fact, according to UNCTAD, intra-African exports represent just 11% of total exports, compared to 50% in Asia and 70% in Europe. AfCFTA is an important step

towards integrating economies of African countries, boosting intra-African trade and attaining sustainable development in the continent that is consistent with African Union Agenda 2063 and global goals on sustainable development.

Now the obvious question which comes to mind is: can African cooperatives leverage on AfCFTA and engage in intra-African trade?

In order to ensure that cooperatives can benefit from the African Free Trade Area, it is important that cooperatives and stakeholders around cooperatives understand what the AfCFTA and future negotiations will cover. Cooperatives should also ensure their voice is heard as governments craft and operationalize the agreement. In order to do that, they need to be fully aware of the issues, potential benefits, opportunities and most importantly, the role they can play.

THE PURPOSE

Africa's intraregional trade lies well below that of other regions. In 2016, intra-African exports made up 18 percent of total exports, compared to 59 and 69 percent for intra-Asia and intra-Europe exports, respectively. The figures for imports are similar. There have been slight improvements in the past 10 years, though, as the share of African countries' exports within the continent have slightly increased. The share of imports, on the other hand, have remained stagnant, despite the increase in total import volume. Total exports stagnated and even decreased after 2011, the total volume of intra-Africa exports increased. While Africa has increased its aggregate trade volume, the share of intra-Africa trade remains stagnant.

In 2017 the International Labour Organisation together with the International Cooperative Alliance Africa carried out a study on 'A rapid assessment of Cooperative competitiveness potential for export and import in the SADC region'. The study showed that the general policy environment for trade is supportive for cooperatives though on the ground trade implementation leaves much to be desired. This hence opens doors for opportunities including cooperatives supplying home markets, cooperatives to replace existing imports trade in the SADC as well as cooperatives exporting to the international level.

The African Continental Free Trade Area is forecasted to be a solution and a catalyzer for regional cooperation and poverty eradication through regional integration. Deepening Intra-regional trade is actually more than ordinally exchange of market access and cooperation. Both rail, roads, air and other modes of communication are necessary. Perhaps, a more robust and

collective action and cascading down the implementation strategies is critical for inclusive development as well as the speedy achievement of the AfCFTA. At this level one may ask ‘What in practical terms will be the impact of the establishment of this free trade zone for cooperatives in Africa?’

Cooperatives need to understand the implementation of the AfCFTA. They help in organizing and pooling members and resource together for the betterment of communities. Cooperatives allow people to take control of their economic future and, because they are not owned by shareholders, the economic and social benefits of their activity stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members.

GENERAL OBJECTIVE

The general objective of this conference is to bring government officials, cooperative leaders and other stakeholders in the forum to deliberate on how best cooperatives could foster the implementation of the African Continental Free trade Area.

SPECIFIC OBJECTIVES

- To identify potential synergies, issues, opportunities and benefits for African Cooperatives emanating from the implementation of AfCFTA.
- To share knowledge that enables Cooperatives and other stakeholders in Africa to engage effectively in advocacy and policy dialogue mechanisms to support the negotiations and subsequent implementation of AfCFTA.
- To spur Cooperative organization in Africa to engage in coop to coop trade.

EXPECTED OUTCOMES

- Potential synergies, issues, opportunities and benefits for African Cooperatives emanating from the implementation of AfCFTA identified.
- Knowledge that enables Cooperatives and stakeholders in Africa to engage effectively in advocacy and policy dialogue shared.
- Cooperatives in Africa encouraged to engage in coop to coop trade.

CONFERENCE PRONFERENCE PROGRAMME

Day	Time	Sessions	Facilitator/Speaker
DAY 1: 10th MAY, 2020	09H00 – 14H00	International Cooperative Alliance Africa Board meeting (Closed)	
		Participants arrival	Host and ICA Staff
DAY 2: 11th MAY, 2020		EU Pre-Conference Theme: ‘Unlocking the employment creation potential of Cooperatives for women and youth in the green economy’	ICA Staff/ Speakers
DAY 3: 12th MAY, 2020	08H00 – 08H30	REGISTRATION FOR THE CONFERENCE	ICA Staff
	08H30 – 10H00	Opening Session and Welcoming - Host speech - ICA Africa speeches (Regional Director & President) - Minister statement - Guest of honor’s remarks	
	10H00 – 10H30	<i>COFEE & TEA BREAK / GROUP PHOTOS</i>	
	10H30 – 11H00	Background paper presentation on the implementation of the AfCFTA	Speakers
	11H00 – 12H00	Panel Session Ministers speaking on how their countries intend to position cooperatives in the AfCFTA implementation	Ministers
	12H00-13H00	Re-engineering Cooperative Organisations in Africa to Engage in Coop to Coop Trade: • Enhancing Cooperative network and building the coop ecosystem for Intra-trade through AfCFTA	Michal Tsoran Director of International Trade Kibbutz Industries Association (KIA)

		<ul style="list-style-type: none"> Leveraging technology for enhanced coop to coop trade in Africa 	Zhang Wangshu Coop China
	13H00 – 14H00	LUNCH BREAK	
	14H00 – 15H00	PARTNERS: Potential Partnerships and Collaboration in AfCFTA Implementation <ul style="list-style-type: none"> South-South collaboration in enhancing the capacity of cooperatives. (Case of informal Workers) 	Reema Nanavaty SEWA. Hong Gwangsey
	15H00- 16H00	Action Plan: Cooperatives fostering implementation of the AfCFTA	
	16H00 – 16H15	COFFEE & TEA BREAK/ GROUP PHOTOS	
	16H15 – 16H30	Summary Conclusions and Recommendations	
DAY 4: 13th MAY, 2020	08H00 – 08H30	REGISTRATION FOR THE MID TERM REVIEW	ICA Staff
	08H30 – 10H30	Presentation of Country progress Reports Eastern Africa	Registrars/ Commissioners
	10H30 – 11H00	COFFEE & TEA BREAK/ GROUP PHOTOS	
	11H00 – 13H00	Presentation of Country progress Reports Eastern Africa, Northern Africa and Central Africa	Registrars/ Commissioners
	13H00 – 14H00	LUNCH BREAK	
	14H00 – 16H00	Presentation of Country progress Reports West and Southern Africa	Registrars/ Commissioners
	16H00 – 16H15	COFFEE & TEA BREAK	
	16H15 - 16H45	Conclusions and Recommendations	
DAY 5			

14th MAY 2020		Excursions	
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