



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

International Cooperative Alliance-Africa Regional Conference

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

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

Regional Conference (Online)!

Fostering Implementation of the African Continental Free Trade Area (AfCFTA) through Cooperatives

15th Oct, 2020
 13:00 hrs (EAT)

The graphic features a purple background with a white outline of the African continent. A white box contains the conference title. Below the title, there are icons for a calendar and a clock. To the right, there is a network diagram of COOP logos connected by lines, overlaid on a photograph of a port with shipping containers.

End of Meeting Communiqué

COMMUNIQUE ISSUED AT THE END OF THE COOPERATIVE REGIONAL CONFERENCE AND THE TECHNICAL COMMITTEE OF THE AFRICA MINISTERIAL COOPERATIVE CONFERENCE, ON THE OVERALL THEME: **“FOSTERING IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA) THROUGH COOPERATIVES”**, HELD ON 15TH OCTOBER 2020 VIA ZOOM.

INTRODUCTION

We the ICA-Africa members, partners, Government officials and Cooperators from Afghanistan, Algeria, Argentina, Belgium, Benin, Botswana, Burkina Faso, Cameroon, Chad, China, DR Congo, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Ethiopia, Finland, France, Germany, Ghana, India, Indonesia, Ireland, Israel, Italy, Kenya, Korea, Lesotho, Madagascar, Maldives, Morocco, Nepal, Netherlands, Nigeria, Peru, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, Switzerland, Tanzania, Turkey, Uganda, United Kingdom, United States of America, Zambia, Zimbabwe and stakeholders met via zoom from on 15th October 2020 to deliberate on how best cooperatives could foster the implementation of the African Continental Free trade Area, under the theme **“FOSTERING IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA) THROUGH COOPERATIVES”**

The theme of this conference, **FOSTERING IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA) THROUGH COOPERATIVES**, recognizes that Africa is 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 GDP of more than US\$3.4 trillion. It is estimated that total export will increase 29%, export within African continent will increase to 81%. 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 August 31st 2020 been ratified by 30 countries who had fulfilled minimum threshold for ratification required under Article 23 of the AfCFTA.

AfCFTA creates a single continental market for goods and services as well as a Customs Union with free movement of capital and business persons unleashing great potentials and opportunities. Some of the opportunities include the reduction in tariffs, better coordination within the supply and demand chains, improvement of agricultural value chain, benefit from economies of scale and access to cheaper and intermediate inputs.

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 main objective of the conference was to sensitize the African Cooperative Movement, Government officials in charge of cooperatives and stakeholders on the need to foster the implementation of the African Continental Free Trade Area through cooperatives. African cooperatives have a great opportunity to take lead in the implementation of Agenda 2030 and Africa Union's Agenda 2063. More specifically, potential synergies, opportunities and benefits for cooperatives emanating from AfCFTA will be identified; 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 will be shared and cooperatives in Africa will be inspired to engage in coop to coop trade.

It is envisaged that after this conference, a renewed impetus for African co-operatives to work together towards the implementation of AfCFTA will be ignited leading to a strengthened partnership with government and other cooperative development actors/stakeholders to implement the AfCFTA.

Session I: Background Paper

The conference discussions were opened up by a background paper on ***Enhancing Cooperative network and building the coop ecosystem for Intra-trade through AfCFTA***: presentation from Dr. Sifa Chiyoge, Regional Director, ICA-Africa on the implementation of the AfCFTA.

- COVID-19 brought the reality home to realize that we depend on one another. Africa is not a consumer continent as we produce less
- **Intra-African trade**, defined as the average of intra-African exports and imports, was around **2%** during the period 2015–2017, while comparative figures for America, Asia, Europe and Oceania were, respectively, 47%, 61%, 67% and 7%. **African exports** have increased from about 10 percent in 1995 to around 17 percent in 2017, but it remains low compared to levels in Europe (69 percent), Asia (59 percent), and North America (31 percent). This is an important reason to expect that trade will be a key driver of growth in Africa. (UNCTAD)
- Cooperatives sell approximately 30 per cent to 50 percent of all fresh food sold within their local area, to retailers and usually goods are sold with no or very limited processing. Because there are very few cooperative owned intermediaries, the intermediaries capture significant value in the agricultural cooperative value chains.
- Cooperatives have embraced the Africa Union Agenda 2063 as the aspirations speak to the most pressing issues that the continent faces such as not exploiting the trading opportunities that exists
- The estimated value of **cooperative to cooperative trade** in 2013 was 10 billion US\$(International Co-operative Alliance, 2015). Dalberg (WTO, 2015) analysis shows that the opportunity for cooperative to cooperative trade is immense if key barriers as identified are effectively addressed (see Figure 3). Using Fair Trade global projections, it is estimates that at minimum, by 2020, cooperative to cooperative trade could increase from 2014 levels of US\$10 billion, to US\$13 billion, and realistically achievable, to US\$18 billion

Session II: Re-engineering Cooperative Organizations in Africa to engage in Coop to Coop Trade.

Ms. Michal Tsoran; Director of International Trade Kibbutz Industries Association: Topic: Enhancing Cooperative network and building the coop ecosystem for Intra-trade through AfCFTA.

- The cooperative model share common goals, shared pools, and same demographic and geographical challenges. To achieve the economies of Scale by developing high expertise and powerful organizational network.
- Embracing such practices as regional cooperative enterprises is an added value for cooperatives for pooling resources and effective strategic planning. Enhancing powerful supply chains will assist expand coop to coop trade

Mr. Zhang Wangshu; Director General International Cooperation Department- All China Federation of Supply and Marketing Cooperatives. Topic: Leveraging technology for enhanced coop to coop trade in Africa:

- Technology creates space and its Progress makes trade easier through such platforms as: online shopping, payment possible international transportation more convenient and long-distance communication easier. Coop trade also benefits from this.
- Cooperation among cooperatives is essential as it will contribute to the full realization of the AfCFTA. Through such collaborations with like-minded organizations as ACFSMC in creating trade committees, support in research, setting of online trading platforms will further enhance global trade.
- All China Federation of Supply and Marketing cooperatives has already begun collaboration with ICA-Africa on knowledge sharing on e-commerce and other areas

Dr. Simel Esim; Manager of the Cooperatives Unit at the International Labour Office

- Enabling environment- FTA increase trade opportunities
- There is need for enhanced capacity building for cooperatives to exploit fully the trade opportunities that exists at the domestic level, intra-regional area and the world trade.
- C2C trade is critical in increasing transparent and sustainable supply chains- scale up needs an enabling environment and strategic programmes from the cooperative movement and other stakeholders.
- C2C should not be considered as something for North to South but also South to South
- Research on cooperative development and trade potential for cooperatives
- C2C and C2B in this time of Covid-19 should be considered as a tool to shorten the supply chains

Ms Sarah Mbago-Bhunu; Regional Director East and Southern Africa Programme Management Division. Topic: Investments in the Food Economy as a catalytic entry-point for promoting sustainable development

- Many countries in light of Covid- 19 restrictions, climate challenges and invasion of desert locusts. To achieve food & nutrition security, Africa will need to invest in sustainable transformation of its food economy
- There exists old blue prints for governing markets- Introduction of policies, improve on governance systems and encouragement of all business organisations to participate in development
- There is a strong need to harmonize the rules of origin for effective implementation of the AfCFTA which is backed with solid research and support for SMEs with innovative finances

Session III: Panel Discussion on Potential Partnerships and Collaboration in AfCFTA Implementation

Ms. Reema Nanavaty (SEWA) 12'Topic: South-South collaboration in enhancing the capacity of cooperatives. (Case of informal Workers)

- Cooperatives play a major role in shaping the livelihoods for informal workers.
- Organizing and formalizing the informal sector into coops as in the case of SEWA is one of the key things to fight poverty. However, extensive training and capital investments will be required in the formalization of these informal groups.

Mr Hong Gwangsey (ICAO): Topic; Cooperation over Competition in free trade

- African agricultural cooperatives to form cooperation across national, trans-national, regional and global markets.
- Synergize among cooperatives to leverage on the opportunities brought about by AfCFTA.

Mr Todor Ivanov Secretary-General, Consumer Cooperatives Worldwide (CCW): Topic Policy Guide for Strategic Political Representation

- Consumer coops are close to the people- hence focusing on the opportunities they present and building on the inter-cooperation, ownership, trust and traditions makes cooperatives even more sustainable
- Cooperative environment and regulatory framework that responds to the cooperative specificities. Starting with government workers understanding what cooperatives.
- Clear, consistent communication in Representation of cooperatives in policy processes and public affairs is critical.

Ms. Anne Chappaz: Chief Institutional Strengthening (ITC): Topic; Cooperatives and ITC for impact in Africa

- Cooperative assessment- to design capacity building programs facilitating trade:

Session IV: Technical Committee of the Africa Cooperatives Ministerial Conference

- Agricultural cooperatives in Lesotho and Botswana supported the population during the Covid-19- with health necessities
- Coops need to re-align and restructure /re-engineer with their governments to be in line with AfCFTA trade agreements.

RESOLUTIONS

In the light of the observations made during the conference, we the participants are:

AWARE that by 2050 Africa population will increase to 2.5 billion people. To achieve sustainable development, Africa will need to invest in sustainable transformation of its economy and that the cooperative model which bring people with common inspirations and goals, shared pools and capital to achieve economies of scale presents an enormous potential in intra-Africa trade.

RECALLING Africa is one of the world's largest free-trade area in terms of the number of countries, covering more than 1.2 billion people with a combined GDP of more than US\$3.4 trillion yet intra-Africa trade is only 2%. AfCFTA creates a single continental market for goods and services. This presents a great opportunity such as the reduction in tariffs, better coordination within the supply and demand chains, improvement of agricultural value chain, benefit from economies of scale and access to cheaper and intermediate inputs yet the African cooperatives have not positioned themselves to leverage on the opportunities presented by AfCFTA.

RECOGNISING the immense potential cooperatives have and the important role they play in democracy, economic growth and ability to create a multiplier effect by providing sustainable livelihoods and associated benefits (education, health, gender mainstreaming, etc.) to the community.

- In domestic Markets; which are demonstrably in short supply of many fresh food products which could be supplied by local cooperative producers. This is the easiest market to access for agricultural cooperatives as import replacement and food and nutrition security are critical issues for the region and the main competition currently arises from imports into home markets.
- Intra- Africa Markets; various options for cross-border trade are available, especially in the light of the AfCFTA. Strengthening intra- regional trade has been a part of the regional integration agenda for the Africa Union (AU.)
- Exports- Fresh food produce, such as fruits and vegetables, is in high demand in global markets, which are typically served by multinational supply chains. For high volume cereals such as wheat, corn and others, the global market is dominated by four or five firms and cooperatives can be a part of this.

HONOURING the efforts made by the 54 member states of the Africa Union (AU) in establishing the AfCFTA, and the support of the civil society, private sector, cooperatives and development partners in the implementation of the Free Trade Area agreement.

- Honoring the cooperative departments of cooperatives in supporting cooperatives in contributing to the implementation of AfCFTA.

COMMITTED to encourage all stakeholders to redouble their efforts' in fostering the implementation of the AfCFTA through the cooperative business model.

DO HEREBY CALL UPON:

Governments to go beyond the usual policy making and develop strategies for implementation of policies as well as recognize and involve other actors such as civil society, stakeholders and cooperatives in policy formulation and implementation of AfCFTA. There is need to create an enabling environment and enact enabling policies to support small and medium sized enterprises and cooperatives as they form the majority of the African economies. Key challenges around improving agricultural productivity; meeting time, quality and quantity requirements consistently; understanding market needs; setting competitive price; building processing capacity, and managing logistics need to be addressed as a matter of urgency.

Cooperatives, partners and stakeholders to promote and popularize the creation of cooperatives in such key sectors for trade such as; Consumer cooperatives, producer cooperatives among others. Cooperatives can overcome market barriers, through mechanisms such as fair-trade certification in the off season or products that cannot be grown locally, including coffee, cacao and a range of fruits. In addition, promotion of coop to coop trade where opportunities exist for the retail and wholesale cooperatives in intra-Africa trade as well as developed countries cooperatives trading directly with

producer cooperatives in developing countries.

Partners such as:

- ACFSMC to work together with ICA- Africa in leveraging technology to enhance coop to coop trade in Africa and the world as well as B2B opportunities.
- CCW to work with ICA- Africa in raising their voice and call upon national governments to improve national policy and legislation for trade as well as call upon the Africa Union (AU) to promote and enhance cooperative statutes to conform with the AfCFTA.
- ITC to work with ICA-Africa in assessing cooperatives, building capacity, sharing good practices, connect coops with other coops and other relevant stakeholders as well as improve access to international market.
- Kibbutz to work hand in hand with ICA-Africa Enhancing Cooperative network and building the coop ecosystem for Intra-trade through AfCFTA
- ILO to work with ICA-Africa in research - Need to review trading activities across the world in light of the Covid-19 Pandemic
- IFAD to collaborate with ICA-Africa and other partners in support for Agri-SME including cooperatives to access markets and finance in a bid to harness opportunities Africa Continental Free Trade Area (AfCFTA) to boost their resilience. The Financing **solutions** to be designed & tailored for specific value chains both for de-risking & agri-SME financing as well as cooperatives
- SEWA to work with ICA-Africa to work on South-South collaboration and cooperation in the global centre for learning

ICA-Africa: To set up task groups/working groups and trade committees on coop to coop trade, collect demand and supply information, establish B2B online platform, capacity building for coops and create opportunities for cooperatives through holding trade fairs and trainings.

ICA Africa to engage governments and high-level representation in the AU and regional leaders

Proposer: Nobusi Yvonne, and Theresia Alex

Secunder: Benard Obajeh

This communiqué was issued by We on behalf of all the participants, representing cooperators from across the Africa region and the world during the ICA-Africa Regional Cooperative Conference.

Thank you.