Cooperative competitiveness & potential for export and import

LOOKING AT SELECTED SADC COUNTRIES (DEMOCRATIC REPUBLIC OF CONGO, MOZAMBIQUE, NAMIBIA, SOUTH AFRICA, ZAMBIA AND ZIMBABWE)

Gender Research Alliance

Methodology of research

PROCESS

- Initial scoping based on ILO TOR
- Based on initial scoping, research questions developed with variables for measuring and organising data
- Inception report agreed with ILO and the Alliance Africa
- Secondary and primary research carried out during November and October 2017.
- Draft rapid appraisal with conclusions and recommendations produced followed by final draft after feedback from ILO.

DATA COLLECTION

- 12 interviews with 2ndary coops and apex organisations, governments and agricultural unions/chambers and 5 electronic communications in response to questions.
- Use of trade data sets from ITC, COMTRADE, WTO for trade flow assessment
- Use of trade and development indices for enabling environment assessment
- Other secondary data from country and commodity assessments as well as coop research reports

Opportunities for coops

- There is unmet demand (and supply) for all the products examined by the research, in domestic, SADC and international target markets
- Tariff barriers are not the most serious issue for coop trade within SADC.
- Sustained consumer demand for out of season and speciality products means that the scope for cooperative to cooperative trade is there.
- Existing export/import supply chains (RVCs and GVCs) within SADC, EU and East Asia (APEC).
- Supporting national policy environment but focus on poverty reduction and food security.
- Coop to coop trade has potential but backward value chain development will be required.

Research summary of export potential per country/product

#	Country	Country enabling environment total index score	Products	Markets
1	South Africa	17	Macadamia nuts	EU, APEC, SADC
			Fish and shell fish	EU, APEC, SADC
			Raisins	EU, APEC, SADC, Middle East
2	United Republic of Tanzania	15	Coffee	EU, APEC, SADC, Middle East
			Cashew	EU, APEC, SADC, Middle East
			French Beans	EU
3	Namibia	12	Marula	EU
			Fish	EU, APEC, SADC, Middle East
4	Zimbabwe	8	Maize	Domestic, SADC
			Ground nuts	EU, APEC, SADC, Middle East
			Banana	EU, APEC, SADC, Middle East
5	Democratic Republic of Congo	2	Coffee	EU, APEC, SADC, Middle East
			Cacao	EU, APEC, SADC, Middle East
			Palm nuts (oil)	EU, APEC, SADC, Middle East
6	Zambia	2	Maize	Domestic SADC
			Sugar	
7	Mozambique	-4	Cashew	EU, APEC, SADC, Middle East
			Ground nuts	EU, APEC, SADC, Middle East
			Sugar	SADC

Challenges

- Non-tariff barriers are the main challenges for producer and marketing coops
- Crisis of management for coops in meeting export requirements
- Supporting national policy environment but focus on poverty reduction and food security
- In developing countries cooperatives typically demonstrate low levels of productivity and a lack of capacity to meet not only export requirements but often local markets. E.g. South Africa and requirements of Supermarkets
- On the ground implementation of policy support for coops is often weak despite conducive policies. In addition a focus on food security and local markets.
- Coop to coop trade has much potential but often backward value chain development is required as well as human and organisational transitions.

What is working in trade promotion: coop to coop, trade

- Trends indicate increasing demand for off season and premium products between countries.
- Successful coop to coop trade by SADC countries, thus far, has focussed on high value exports to countries with more sophisticated customer demands.
- These exports invariably have involved originating coops being supported by consumer coops (directly or by third parties such as development agencies).
- Actions include: Coop mobilisation and grouping, product development and production (quality and value added), logistics, marketing, coop organisational and human development.
- Support very much tailored to coop and product situation.
- However could be said to have limited scope (to certain products, geographic areas or target groups). Scaling up is challenging.

What is working in trade promotion: coop to coop, value proposition

- Stimulating demand of products sold though coop value chains in general has a ‘pull’ effect. Consumer coops key role.
- Amplifying the value proposition of cooperatives as a unique selling point to promote coop to (E.g. as consumer coops in UK, Switzerland, Japan have done.)
- However, within SADC coops have a reputational issue and the coop values are often perceived as irrelevant because quality and consistency thresholds not met by coops in the first place.

What is working in trade promotion: coop to coop, commercial linkages

- Commercial linkages between coops, (in particular between SADC countries and the rest of the world) do not happen spontaneously;
- Coops need initial support on becoming market orientated rather than ad hoc production;
- Coop-coop trade depends foremost on the competitiveness of producer/aggregating/processing coops, trust, shared values, contribution to social responsibility commitments;
- Nurturing trust and trading relationships between coops for export including the strategic use of quality marques (process and quality) and the social capital they generate;
- A mechanism that actively facilitates partnerships between producers to reduce the asymmetry of information between suppliers and consumer coops. For example, an export coop that provides a trade facilitation service.

What is working in trade promotion: coop to coop, policies

- An enabling environment for cooperative development is important for scaling up coops to export. (Agricultural extension, trade logistics, transparency, good governance, liberal coop policies, lack of corruption, stable currency….etc.). Improved productivity (seed, fertiliser etc)
- Within SADC cooperative development policies tend to focus on their role in poverty reduction and food security rather than market orientation.
- Due consideration needs to be given local or regional markets in trade development. This may be the scaling up needed before export.
- Better inclusion of cooperatives in ‘mainstream’ National trade promotion strategies.
- Increased role of producer unions, associations, 2ndary cooperatives.

General Recommendations

- Consider building basic cooperative capacity to meet national demand whilst preparing for a) SADC and b) International (EU and APEC) export markets
- Build on products with export strength. Expand what is working (Marula in Namibia, Coffee in DRC)
- Extensive market orientation, management and value chain support needed for coops to meet export demands (quality, quantity and price)
- More effectively link coops in developing countries to coops in EU and East Asia, e.g. database, product and coop promotion, trade facilitation, partnerships
- Adding value to cooperative products for improved profit margins
- Develop private and public national institutions capacity to support export oriented coops