THE ROLE OF CO-OPERATIVE FINANCIAL INSTITUTIONS IN INDUSTRIALIZING AFRICA AND CREATING JOBS THROUGH STRATEGIC SOURCING

PROF DOUGLAS BOATENG

LEADING GLOBAL EXCELLENCE IN PROCUREMENT AND SUPPLY
The information contained in this document has been prepared purely as a guide for educational purposes only. It aims to provide insights using excerpts and cases examples from various sources and informediaries.

It cannot be replicated and sold without the expressed permission.

The contents plus any presentations made to date is subject to updating, completion, revision, further verification and amendment without notice. To the best of the knowledge and belief of the author, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All rights reserved. Copyright
POLITICAL FREEDOM AND INDEPENDENCE ACHIEVED

Ghana
1957

South Africa
1994

South Sudan
Oldest country in Africa is 56 years old
SOME POSITIVES SINCE INDEPENDENCE

- **OIL**
  - Kenya/South Sudan sign pipeline agreement
  - Uganda and Tullow sign oil production deal

- **ECONOMIC GROWTH**
  - Tanzania earned $1.4bn from tourism in the year ended October 2011, up from $1.2bn in 2010

- **AGRICULTURE**
  - Mozambique expects $50bn to be spent developing its liquid natural gas (LNG) industry over the next 10 years, implementing projects for exporting 20m tonnes of LNG a year

- **MINING**
  - The US plans to invest $1.5bn in the Nigerian power sector through US private sector firms wishing to work in Nigeria

EXTRACTION DEPENDENT ECONOMIES NOT CREATING JOBS FAST ENOUGH FOR GROWING POPULATION
SOME UNFORTUNATE FACTS AND REALITIES - AFRICA

THE FACTS

+ Less than 50% of Government procurement spend directly goes to African owned and based organizations**

+ Africa is generally supporting long term job and wealth creation in other regions of the world

+ Resource-based raw and semi-processed goods accounted for about 80% of African export products In 2011, compared with 60% In Brazil, 40% In India and 14% In China***.

GDP DOES NOT REFLECT THE REAL ECONOMIC DEVELOPMENT PICTURE

**Direct and indirect procurement

***Source: Africa Economic Outlook 2013
WHY THIS?

Africa is relatively not harnessing the collective value chain resources at her disposal

Africans generally just “buy” and not strategically source

It is generally no different for ACCOSCA members and benefactors
Strategic sourcing is a sub process within Procurement that assists in amongst others maximizing the use of every dollar of rand used to source a product.

Coined as strategic because:
- It is a medium to long term procurement SUB process.
- Procurer has to be innovative and strategic when sourcing.
- Helps leverage the organizational spend to benefit company and society.
- More emphasis on socio-economic development.
- Concept applies to personal BUYING BEHAVIORS.
**Fundamental to Strategic Sourcing is the Total Cost of Ownership - An Example**

With most acquisitions, in Africa unit price is often the 1st consideration before anything else.

**Product Canned Tomatoes Benchmark Prices**

<table>
<thead>
<tr>
<th></th>
<th>Product A</th>
<th>Product B</th>
<th>Product C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ingredients</strong></td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Grams</strong></td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td><strong>Unit Price/Device Cost</strong></td>
<td>90 CENTS</td>
<td>$1</td>
<td>80 CENTS</td>
</tr>
<tr>
<td><strong>Source</strong></td>
<td>Sri Lanka</td>
<td>South Africa</td>
<td>Italy</td>
</tr>
</tbody>
</table>

Based on the data above, Juice B would be the best value but does it help with job creation in Africa?
So What Can ACCOSCA Do?

- Encourage members to change their buying behaviors to reduce the short term **GAIN** long term **PAIN** syndrome
- Start early to indoctrinate the African child about the concept of PROUDLY AFRICAN AND BUYING AFRICAN PRODUCTS
- Encourage co-operative members to 1st source from within country, then Africa and then the rest of the world
- ACCOSCA must take the lead and create a Pan African co-operative electronic supplier database trading ecosystem to promote and market member products
- Aggressively promote “**Made in Africa**” products through its grass roots
- Tackle issues and challenges as a collective
- Educate and encourage individual members to think beyond their own community and national boundaries
- Use information systems to promote continental wide networking

**Leading Global Excellence in Procurement and Supply**
SUMMARY AND CONCLUSION

Africa’s potential can be unlocked through our individual sourcing behaviors

ACCOSCA’s organizational and individual benefactors are part of the solution to unlocking this potential for the African Child and future generations!

TOGETHER WE RISE, DIVIDED WE FALL

MAY GOD CONTINUE TO BLESS AFRICA, AND HER BELOVED PEOPLE

Nkosi sikel’ iAfrika !!