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'Renaissance commerciale' ou rhétorique d'entreprise: l'échec du partenariat entre entreprise Sud-Africaine et fournisseurs locaux en Zambie

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Résumé

Une conséquence inattendue de la conversion démocratique de l'Afrique du Sud en 1994, c'est que la nouvelle ère amorcée dans la région a permis aux multinationales sud-africaines, dont Shoprite, le plus grand détaillant africain, de renouveler leur expansion vers d'autres pays d'Afrique. L'expansion « du Cap au Caire » de Shoprite a provoqué de nouvelles contradictions régionales, suscité de nouvelles possibilités économiques, et créé de nouveaux lieux de conflit et de coopération. Cet article détaille la façon dont une communauté de fermiers de Chipata, dans la province orientale de la Zambie, a résisté à l'expansion du géant sud-africain. Écartant la menace, les villageois ont conclu avec Shoprite une entente participative pour l'approvisionnement local de légumes, le Luangeni Community Partnership Project (LCCP), défiant ainsi les chaînes d'approvisionnement régional de l'entreprise. Cette modeste victoire économique des fermiers démontre la vulnérabilité politique des entreprises sud-africaines engagées post-Apartheid dans un processus d'expansion régionale.

Cette étude de cas examine les aspects régionaux des réactions des communautés locales à la restructuration économique mondiale. L'auteur met en valeur une convergence régionale-locale dans les relations sociales entre le capital et les agriculteurs de subsistance dans l'Afrique du Sud du post-Apartheid. Selon elle, la réponse de l'entreprise à la menace de résistance locale a été influencée par une conjoncture régionale spécifique. Shoprite a été forcé à cette entente avec les fournisseurs locaux par l'action directe, sous la forme du LCCP, d'une communauté locale. Cette initiative prometteuse a échoué en bout de ligne à cause du manque de soutien pratique au sein de l'entreprise. Les intérêts immédiats de cette dernière ont pris le pas sur son engagement théorique de cultiver les fournisseurs locaux et leur espoir de jouer un rôle significatif auprès des entreprises sud-africaines dans une Renaissance africaine.

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'Retail Renaissance' or Company Rhetoric: The Failed Partnership of a South African Corporation and Local Suppliers in Zambia

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Abstract

When South Africa had its democratic transition in 1994, one unanticipated consequence of this new moment in the region was the renewed expansion of South African multinationals into other African countries. One such company was the South African retail chain, Shoprite. Their 'Cape to Cairo' expansion opened up new kinds of regional contradictions, evoking new expectations for the economic benefits South African companies could generate for the region, as well as new sites of conflict and cooperation. This article provides an account of how a community of farmers in the Eastern Province of Zambia threatened to resist the South African retail expansion. Averting trouble, the company and these villagers entered into a participatory arrangement to supply vegetables to the company. This small economic victory for the farmers attests to the political vulnerability of South African companies engaged in a post-Apartheid regional expansion. This article examines regional aspects of the responses by local communities to global economic restructuring. The case study of Chipata in Zambia demonstrates how Africa's largest retailer, Shoprite, had a "benchmark" practice in the form of a local supplier arrangement forced upon it by the direct action of a local community.

Introduction

In 1998, an enterprising academic at the University of Zambia, Dr. Yambayamba, sent students from the Department of Philosophy and Applied Business Ethics on a research trip (Interview, Dr Yambayamba, founding member of The Partnership Forum, January 2007). Their aim was to interview villagers in the rural town of Chipata, a border town in the Eastern Province of Zambia in order to investigate poverty amongst the local villagers. Their research brought more than they had bargained for: they found complaints amongst villagers that there was a new enemy in their midst. This enemy was the local supermarket that formed part of the South African chain of Shoprite supermarkets in Zambia. Vegetables regularly sold by villagers at the local town market were now being supplied from South Africa at the local Shoprite supermarket, opened in the same year. Because Shoprite had a better distribution system and a large supermarket, the farmers alleged they could not compete with this large company. Their resistance tactics were those of historic peasant movements: they would burn down the company that had robbed them of their livelihoods.

The recent South African presence in Chipata, they claimed, brought a new cycle of poverty to local farming communities. Previous sources of cash income through the sale of their vegetables were now disrupted as people went to Shoprite to buy vegetables. Now they could not pay for the cash items they needed: hospital user fees, school fees, televisions and clothing. Their only solution was to burn down this new supermarket that was redirecting resources away from Luangeni local farmers. Before this threat could be carried out, however, the Shoprite company sent its emissaries in the form of their local Zambian managers. With the help of the local agricultural extension officer, the managers negotiated a supply deal for the supermarket with these local producers. The villagers were then commissioned to supply the company with five vegetables on a regular and efficient basis and all talk of burning the store abated.

A key question arising from the above account is how a small, economically disempowered community of villagers in a marginal geographic location (Luangeni village in the Eastern Province of Zambia) was able to leverage such a significant 'benchmarking' concession from 'Africa's largest retailer'. This impoverished village community had grasped the political and economic attention of a powerful regional multinational, ostensibly with only a threat to burn the store. Not only had they commanded the company's attention, the engagement with the company was formalized into a partnership forum for the provision of five vegetables to Shoprite. This article argues that this dispute demonstrates how local (and fragmentary) resistance has regional consequences due to the political conjuncture of post-Apartheid South*ern* Africa. Peasants historically had resorted to burning down the perceived source of their problems, a quick and direct form of political action that removed the physical form of the social transgressor (even though the social relations for such exploitation might remain) (Scott, 1985; Scott, 1976). The Chipata villagers were no different. Their first response to the South African retail aggressor was to plan the burning down of the store. The swift response of the company and the breadth of the political concessions to the villagers highlight the shifting regional conjuncture (Miller, 2007) and the new possibilities for resistance and change in post-Apartheid Southern African today.

The research for this article was conducted over two fieldtrips to Zambia: the first in Lusaka and Chipata in September 2006 and the second in Chipata in January 2007. Shoprite managers (general and regional) were interviewed and preliminary interviews and a focus group were conducted in Chipata during the first visit. During the second visit, 25 surveys were administered with villagers in the Partnership Forum, 3 focus groups were held, a preliminary research report and a company report was given in an informal workshop and detailed interviews were conducted with Shoprite branch managers in Chipata (3) and with the Agricultural Extension Officer. A random survey of aisle inventories was conducted over a three-day period at Shoprite-Manda Hill in September 2006.

South African Regional Multinationals and Local Partnerships

South African-based or South African multinational corporations played a central role in constituting Southern Africa as a regional entity. Much of this capital flowed through or from South Africa, allowing part of the regional surplus to fuel South Africa's economic development (Seidman, 1980). South Africa has benefited more than other countries in the region from regional economic relationships. The mining sector is concentrated in South Africa while using labour from other areas in the region. South Africa's economy benefited greatly from the growth of the region's mining and industrial sectors. South Africa's economic domination in the region as well as the central role played by large South African multinational corporations in the development of capitalism is an important feature of post-Apartheid Southern Africa. Discussion of post-Apartheid Southern Africa focuses on regional integration and the political consequences of South Africa's hegemonic regional position (Daniel; Schoeman, 2003; Solomon, 1997). While some accounts of South African corporate expansion raise concerns as to whether it improves the local development of host countries, very little has been written on the responses by rural and urban working class communities to post-Apartheid South African expansion.

One mechanism in which social movements have been incorporated into the prevailing capitalist system has been through the formation of partnerships between private corporations and civil society (Hamman and Acutt, 2003; Funke and Nsouli, 2003; Chabal, 2002). The Partnership Forum which developed between Shoprite and the villagers reflects the global neoliberal shift to partnerships and cooperation between contending social forces, as advocated by the World Bank and others. Partnerships between South African corporations and local communities in other African countries are underpinned by a particular regional and global conjuncture. In line with global trends in the 1990s, African countries have embraced various aspects of neoliberal economic and political ideology. Political change in South Africa and the economic shift to liberalization in previously 'socialist' African countries combined to make their retail and wholesale sectors a new potential site for investment. African countries implemented economic liberalization more actively in the 1990s. This liberalization opened up a new phase of retail development, coinciding with South Africa's political democratization.

Like subsistence farmers globally, villagers in Africa witnessed the steady erosion of their livelihoods in the face of neoliberal structural adjustment. The eradication of various state agricultural support mechanisms contributed to the crisis of rural livelihoods (Frank, 1998; Fahy Bryceson, 2002). Social reproduction in rural areas relies more and more on a combination of rural and urban sources of income. These precarious economic conditions have had different outcomes for social resistance amongst local farmers as the debate above demonstrates. Land occupations have been one form of rural (and peri-urban) resistance to the current wave of globalization. Of greater relevance to this article is the global movement for fair trade.

The phenomenon of foreign multinationals penetrating local markets and wiping out small farmers and local traders is a global one that has spawned an international NGO movement recognized globally as the "fairtrade" movement. Encapsulating an alternative response to neoliberal globalization, farming communities have turned to the politics of economic supply chains as a local defence against global processes (Moore, 2004). Local suppliers and farmers charge that their economic displacement by multinational penetration is due to their inability to compete. The highly productive economies of scale of large corporations who command superior organizational capacity at every level marginalizes smaller traders. 'Fairtrade' aims to protect local economic communities through a range of buying and selling instruments. Such fairtrade movements have seen villagers and subsistence farmers forcing more equitable trade practices on monopolies in the area of supply chains and pricing mechanisms. When farmers in Chipata protested against Shoprite's presence, their local action mirrored the worldwide resistance by small farmers to global multinational penetration.

The above analyses show how global processes impact on local communities. Less emphasis is given to the regional (or supra-national) dimensions of local responses to foreign multinational expansion. This article thus examines *regional* aspects of the responses by local communities to global economic restructuring. It is argued here that the responses of the South African retail multinational to the threat of local resistance was shaped by a particular regional conjuncture that relates to the changed political context of post-Apartheid South Africa.

In post-Apartheid South*ern* Africa, South African multinationals have had to approach their business activities on the continent in a different way. No longer emanating from an overtly racist society, these companies have had to manufacture a new corporate identity. While their welcome in Southern Africa has been influenced by the global emphasis on foreign investment for development, the conjuncture of democratic transformation in South Africa has produced a highly specific regional moment. South African businesses expanding in other African countries export their old Apartheid practices at their peril in the *new Southern Africa*. In an insightful article, Lodge (1998) points to the relationship between corporate culture, South African President Mbeki's *African Renaissance*, and South Africa's position as a regional sub-hegemon.

In South Africa, public calls for an African Renaissance are quite rightly understood to imply a process of political, economic and cultural re-engagement with the rest of the continent, as well as a process of recognition of South Africa's identity as African (Lodge, 1998: 105). Post-Apartheid South Africa, observe Lodge (1998) and other regional analysts (Vale, Swatuk and Oden, 2001), is trying to redefine its relationship with Southern Africa. This redefinition is premised on South Africa's confidence and strength as a regional power. South African companies have appropriated these pan-African ideals.

What is historically unprecedented about Mbeki's optimistic vision is that it is reinforced not just by the authority of the South African state but also by the corporate culture of Africa's most powerful economy (Lodge, 1998: 107). South African firms claim that their investment in post-Apartheid Southern Africa is part of the *African Renaissance*. Firm cultures are meant to be integrative, to produce stability and to solidify a specific corporate regime, which includes labour practices. Through their actions they advocate a shared, non-racial, democratic value system – '*Ubuntu*' - and a set of universal values that apply to Africans – as consumers, people and workers. If taken seriously this implies a paradigmatic and indeed a cultural shift. Corporate culture is usually understood as a set of values, conventions and rules of the game and is associated with top management. Schoenberger (1997) advances a relational understanding of culture in contrast to these static definitions. In this alternative view, culture both produces material practices and is a product of material (company) practices in a complicated and highly contested historical process (Schoenberger, 1997:120).

The South African multinational in the region today has to take on the political responsibilities of the democratic objectives in post-Apartheid South Africa. Business practices thus have to demonstrate that their economic activities have benefits not only for their companies but also for local communities and national economics. But this regional value shift has a crucial material dimension. The culture of the firm is not merely a matter of annual reports and mission statements. All firms work within the structural constraints of competition and time and space, but they do so simultaneously within the inertia of established cultural practices. Older cultures, networks and ways of doing things under the Apartheid regime, however, no longer fit the new environment. Moreover, they also demand a different valuation of the new possibilities in Southern Africa.

But adopting the *African Renaissance* means that specifically South African firms in the region have been under pressure to find new styles of relationships with their foreign African environments, perhaps even new ways of thinking about African employees and local suppliers in foreign host countries of Africa. South African companies have presented their economic activities as part of a post-Apartheid "African Renaissance" in which they stress the African identity of their companies. This African identification creates different strategic possibilities for host countries and working class communities: a different political configuration for firms, managers, workers and suppliers, even while technical and environmental conditions may remain the same.

Shoprite's Regional Organization and Local Supply Chains

Shoprite is a large retail multinational with its headquarters in South Africa. When Shoprite expanded from South Africa to other African countries after South Africa's transition to democracy, regional expectations were very high. Other African countries expected to benefit from South Africa's relatively higher levels of development (Adedeji, 1996). These positive expectations extended to South African corporations who had expanded into other African countries. One mechanism for more equitable trading relations - given the legacy of unequal trading relations between South Africa and countries of the SADC (South African Development Community) (Davies, 1992) - is local procurement. The issue of local suppliers thus immediately became politically contentious for South African firms in foreign African countries, with companies under pressure to demonstrate a role in local development. Failing this, South African companies would be open to a charge of 'exporting Apartheid' in the region. Regional relations were thus implicated in the foreign retail expansion of the South African firm.

Shoprite's stated policy is to establish and support local supply. Their rationale is that this helps to stimulate the local economy and improves Shoprite's ability to meet specific local demands. The Shoprite Group also claimed to provide support and development programmes for local suppliers to help them achieve the company's standards and product specifications. In the company's annual report it states that it sources from local suppliers in foreign African countries (www.shoprite.co.za). The company states that it supports farmers in the areas of farming methods, the provision of seeds of the most suitable cultivars, and the cleaning, processing and packaging of their produce (Shoprite Annual Report 2007, www.shoprite.co.za). The Zambian General Manager explained that the company was interested in developing local suppliers because it could reduce prices and additional overheads such as transport, tariff and exchange-related costs (Interview, General Manager, Zambia, 18 September 2005). If savings in the local economy declined and an overall contraction of the economy took place, Shoprite would have to leave Zambia as its consumer market would decline. Economic sustainability in Zambia was therefore important to the company's survival. The company did not have an interest in seeing Zambia's economy fail; rather it benefited if Zambia's economy grew.

While information provided by key informants indicated that the percentage of local suppliers was increasing in Zambia, internal company estimates within Zambia were still well below the claims of the company report (Interviews, Shoprite managers, Zambia, 2003). Whereas at the beginning of Shoprite's entry into the Zambian market all merchandise came from South Africa, managers estimated in 2001 that Zambian companies supplied thirty to forty per cent of goods. At first, South Africa and Zimbabwe accounted for about 65 per cent of supplies. Goods were transported from Lusaka to areas like Chipata, for example. By 2004 this changed for perishable items like fruit and vegetables, with 85 per cent being supplied locally and 15 per cent imported. Items like soap, biscuits, drinks (for example, DK Enterprise, Zuwalite) and cigarettes were sourced locally in Zambia, while more than ninety per cent of the hardware and non-food items came from South Africa when Shoprite began its operations. Management claimed that local suppliers there had increased by 300 per cent.

Zambia's prospects would also be improved, said the general manager, if South Africa stopped its own aggressive protectionism towards countries of the region. Fifty-six per cent of Zambia's total imports (US$462,455,900) came from South Africa while only 14 per cent of Zambia's exports went to South Africa. In Zambia, local managers estimated that around sixty-five percent of goods in Shoprite stores came from South Africa, with some perishable items coming from Zimbabwe in 2001 (an arrangement that may have been discontinued due to the country's political climate and economic crisis). The Zambian general manager argued that there was strong export possibilities for Zambians such as for their banana producers to export to South Africa, but the waiting period for securing permits from the relevant South African authorities undermined such possibilities. This problem was echoed by local businessmen in attendance at a workshop run by the South African High Commission in September that year (Participant observation, Lusaka, Business workshop, South African High Commission, Pamozi Hotel, September 2005).

South African trade and tariff protectionist practices obstruct Zambian imports into South Africa and limit the growth of the Zambian economy. South African managers also believe that the quantity, quality and regularity of Zambian supplies fall below the requirements of South African retailers. Packaging - which may not be compromised in the distribution of foodstuffs - was another inefficient area of local supply. Shoprite local managers cited regular supply of raw materials as a challenge for local suppliers. While management contended that local supply chains could improve their operations, the company's regional distribution chains also undermined such local possibilities. Local supplier arrangements were limited by Shoprite's centrally organized distribution system with large distribution centres based in South Africa supplying their outlets in the Southern African region. Goods were loaded into containers from these distribution centres in South Africa and taken directly to individual stores in Zambia, for example. High fuel costs made it desirable to use the shortest, most direct distance to each store (Interview, Regional Manager, September 2005). A mega, new distribution centre was built recently in Centurion, Pretoria which is dedicated to the supply of the African operations outside of South Africa.[2] The scale of Shoprite's operations also required a highly organized and efficient supply chain, with countries like Tanzania needing up to about 21,000 listed items. While the company espoused local supply as a policy, this rhetoric did not match the real supply chain challenges and conditions.

The style of liberalization in Zambia also failed to protect local markets. The advent of structural adjustment in Zambia in the 1980s paved the way for South African multinationals to reenter the Zambian economy on highly favourable terms for South

African and foreign capital in the 1990s. The Zambia Privatization Agency (ZPA), established in 1992 by an Act of Parliament, privatized dairy boards, parks, milling factories, sawmill assets, hotels and wholesalers to firms from around the world. By 1997, over 200 of 326 parastatals had been sold (Kolala 2000). No limitations or conditions have been applied to foreign investors and their capital exports from profits. MNCs have also bought a large proportion of the privatized companies (Torres, 1998: 214).

As part of Zambia's privatization programme, the state's wholesale stores were sold off in 1996 to South Africa's Shoprite Holdings. Shoprite (Africa Supermarkets) is the largest South African retailer in Zambia, dominating 39 per cent of the Zambian retail market, according to the Zambia Investment Centre's statistics. The South African retailer thus entered the Zambian market under conditions that favoured foreign investors and with no conditions to protect local producers and suppliers.

In order to test these management claims against actual store merchandise, a random store inventory based on an aisle-by-aisle listing of products and their manufacturers was compiled from the biggest supermarket in Zambia (Manda Hill, Aisle price inventories, September 2006). The sample included 26 perishable and non-perishable items in 14 aisles, excluding fruit and vegetables. In the sample, 67 per cent of goods came from South Africa with only 29 per cent being sourced locally. As reported by the management, fruit and vegetables were observed to be supplied and packaged by Freshmark South Africa while sourced from the same local Zambian suppliers mentioned by management, namely Galuni Farms, Green Farms and Mango Inn Products.

This random sample suggests a supplier relationship that contradicts company claims about increases in local procurement. South Africa still appears to be the dominant supplier for the key Manda Hill, their largest supermarket in the country, based in Lusaka. Reports and store inventories suggested that some degree of sourcing was happening locally but this was with stronger, more established business entities in Zambia rather than with local subsistence farmers. These supply chains are difficult to establish, however, as packaging is often used to obscure the origins of supplies. However, the available evidence here suggests that regional supply chains are a strong component of Shoprite's African operations despite initiatives to use local suppliers. It is into these regional company operations that the local villagers in

Luangeni enter. Their attempts to secure a supplier arrangement with the company thus come up against stronger and more organized local suppliers as well as the established regional distribution chains of the South African regional multinational.

The Luangeni Community Partnership Project

A local procurement arrangement was forced on Shoprite because of the resistance of the local community to Shoprite's presence. While a promising initiative, the lack of practical support for the Luangeni Community Partnership Project (LCCP) by key institutional actors such as the government and the company has contributed to the failure of the LCCP. The company's immediate interests have taken precedence over the need to develop more equitable regional relationships.

Shoprite in Zambia has participated in the formation of two partnership forums, one in Luangeni, Chipata, and a second one in the Chumba Valley region, in an attempt to develop local suppliers. Some of the support for these initiatives came from donor funds. The LCPP was formally launched on December, 31, 2003. The Chamba Valley Project was launched in September 2002, including both public and private partners and was modeled on the LCCP (Annual Report, Partnership Forum, March 2004). The LCCP was officially formed after two years of a relationship between the company, the Lusaka-based academics and the Luangeni villagers following a meeting with the villagers at the end of 2000.

Luangeni is located in Chipata in the Eastern Province of Zambia, 523 km east of Lusaka on the Mozambican and Malawian borders. Of the eight administrative districts in the Eastern Province of Zambia, Chipata is the largest, with a population of 367,539. It is 567 km outside of Lusaka, the country's capital. This province is the highest regional producer of maize, tobacco, cotton, groundnuts and soya beans. The Chipata district borders Malawi in the east and Mozambique in the south. The Eastern Province Chamber of Commerce and Industry (EPCCI) has organized the local business community and initiated a business plan for the province. Access to finance is expensive and the province has a generally poor business environment. While there are a few large and small commercial farms, there are also smaller subsistence farms producing tobacco and cotton.

Annual farm incomes from the sale of cotton in the province are estimated to be more than US$15m (Eastern Province Chamber of Commerce, 2005). It is also estimated that 50 to 60 per cent of Zambia's cotton and tobacco exports come from the Eastern province. One of the country's largest transporters, Sable Transport Ltd., is also based in the Eastern Province. With inadequate rail transport, road transportation is the main form of haulage. Energy supply is inadequate, while most of the goods produced in the province are exported to South Africa, DR Congo, Zimbabwe, Malawi and Mozambique.

There are 500 villagers in Luangeni (including children), and a number of clinics. Tobacco, cotton, cashew, ground nuts and other fruit and vegetables have fuelled the town's growth but production is seasonal so income from these crops is irregular. Farmers go to market daily by bike or hire a van, especially the women. Tobacco goes to the Malawi Lulungushi Jinna. (Malawi benefits from the earnings generated by the export of this tobacco.) The land in Luangeni is traditionally held and shared communally under the leadership of the paramount chief who lives at Mezeni Palace in Chipata. Water is typically scarce as five bore holes serve as the main source for the farmers. These bore holes are shared communally but are not piped. According to the local agricultural extension officer, the bore holes dry up from September/October. As a consequence, three quarters of local farmers have stopped growing vegetables. There has been a shift to food crops such as mealies and ground nuts, allowing less time for the production of commercial crops. The shift to maize production has occurred to provide food for the locals when the cash income from seasonal crops declines.

The above data indicates that the rural livelihood of the Luangeni community in which the Partnership Forum was formed was not a wealthy community but one in which subsistence farmers struggled to maintain an income. The Partnership Forum (PF) was formed simultaneously with the Luangeni Community Partnership Project (LCCP) as its flagship programme to facilitate the activities of the farmers. Four company directors were appointed to the PF at the executive director level along with a local coordinator for the Luangeni project. The Partnership Forum (its full name being the "Forum for Business Leaders and Social Partners") was based in Lusaka and set up by businessmen and educationists. The initial resistance of the villagers had been channeled into a public-private partnership with NGO participation and donor support. The Luangeni project was financed by the Catholic Organisation for Relief and Development (CORDAID) with 41 690 Euros between 2002 and 2003. The Partnership Forum received 26 per cent of this allocation while the Luangeni community received 2.5 per cent. This support was not monetary but various forms of in-kind support was given, according to the Annual Report of The Partnership Forum. The Chief Executive of the Partnership Forum was also the Director of Agriculture in 2002. The LCCP was a key partner in the Luangeni PF which was formed to help coordinate the objectives of the LCCP.

The steering committee of the LCCP included two non-governmental organizations (the Society for Family Health and World Vision), the Department of Agriculture, Shoprite, and local farmers representing the LCCP. Participants in the Luangeni project also included representatives from the Ministry of Agriculture and Cooperatives (MACO) and Eastern Seed and Vet Limited (Zamseed). Farm inputs were given by donors to the farmers during the first phase of the Partnership Forum's existence and the Luangeni farmers agreed to supply the company with five mutually agreed upon vegetables. The Shoprite green market adjacent to the Chipata supermarket where villagers could sell their wares also began operating in late 2002. Some training sessions were held in Chipata and led by Shoprite, the Ministry of Agriculture and the Partnership Forum, partly in response to the donors' requests for the "capacity-building" and training of the villagers. Different constituencies claimed responsibility for the formation of The Partnership Forum. The academics involved in the research project said that they proposed to the local farmers that they could expand their market by linking up with Shoprite.

It is not clear from the various interviewees which of them was responsible for the idea of the Partnership Forum as various constituencies claimed it as their own (including Shoprite senior management in Zambia and the directors of the PF). Both managers and government representatives in Chipata, however, also credited the students and university academics with the partnership initiative in Luangeni (Interviews, Shoprite regional and branch managers, September 2006). These competing accounts as to who initiated the partnership, demonstrates the importance of the issue of local suppliers. In the account of The Partnership Forum,

> There was a pilot period for the LCCP. The second phase was capacity-building and communication. The motto of the PF is ‘energy from synergy and power from diversity’. Partners looked to the Partnership Forum as a saviour, which is not healthy. We are conscious of that. (Dr Yambayamba, Director, Partnership Forum).

The PF identified the key strategic partners to participate in the LCCP. The coordinator of the LCCP would take an initiative and then liaise with stakeholders in the village. The PF and the LCCP faced a number of challenges. The LCCP coordinator was limited by cost and time in the number of visits he could make from Luangeni to Chipata, so miscommunication was easy. Resources were also a problem, according to PF representatives (Interviews, 3 Executive Directors, PF, January 2007). The coordinator needed to be able to keep all the partners informed and also ensure that the government’s Agricultural Extension officers were actively involved. The capacity of the PF to ensure an effective relationship between the company and the villagers was thus limited. Despite the “low levels of development in the community” (Executive Director, Partnership Forum, Interview, January 2007), however, PF directors reported that local farmers were able to link up with Shoprite and build an economic partnership with a large modern corporation. Government support was needed for the partnership initiative to succeed, argued the PF directors.

To assist with the problem of water supply, the PF bought 20 diaphragm pumps through the University of Zambia. These pumps were to improve water supply to the vegetable farms by pumping water more effectively. The 92 farmers in the Luangeni Cooperative were meant to share these pumps. The LCCP proposed that the Ministry of Agriculture help with technology, production recommendations and technical know-how; the farmers should plan with the branch manager of Shoprite to identify which vegetables could be supplied to the company, and what training and capacity-building should be given to the community for the production of crops needed by the company.

Currently, there is a stalemate in the agreement between the company and the local farmers. Internal problems within the Luangeni Cooperative and the Executive Committee and difficulties confronting the supplier arrangement led to a breakdown in the supply arrangement by January 2007. A number of the cooperative members dropped out: out of 92 farmers in the original agreement, only 46 were still active.

Challenges to the South African-Zambian Partnership

Shoprite cooperated with local communities through its participation in local partnership forums. While the Luangeni Partnership Forum has encountered debilitating problems, the fact that a partnership was formed between Shoprite and the villagers is in itself testimony to the possibilities of the post-Apartheid context in the region. Despite the highly organized regional supply chains that source products for the shelves of the foreign African supermarkets all the way from Shoprite in South Africa (Cape Town and Pretoria), Shoprite attempted to include local Zambian villagers in its supply chain in the wake of the villagers' threats. However, once the partnership was formed, the company had problems with the efficacy of the arrangement. In interviews, both the general manager and branch managers complained that the supply arrangement was difficult. Sometimes villagers did not produce the required quality and the company had to return the produce. Vegetable supplies were also often irregular. In their regional supply chains, Freshmark delivered once per week. The farmers promised to deliver on a specified date (April 2004) but there was no supply forthcoming. Shoprite customers complained because there were no products on the shelf for half the week. The company then reverted back to Freshmark which delivered twice per week after this failed attempt at local farmer supply. The company had thus not given the partnership Forum much opportunity to succeed. As soon as its efficiency had been compromised, it reneged on its agreement with the villagers, citing their failure to deliver as the cause of the breakdown.

Shoprite made the improvement of the quality of the vegetables a condition of the supplier arrangement. The farmers came from a poor, illiterate community, according to the Chipata branch manager, and partnering with the company was to help the community to grow quality products. Farmers needed to improve their production. They were required to use particular insecticides to meet Shoprite's high standards. The notion of consistent supply is one that local farmers have difficulty with, say management. Farmers need to grow produce all year round. Packaging was also a challenge. Farmers were unable to compete with the prices and packaging of Shoprite. Product prices at the "green market" adjacent to the supermarket were higher than the supermarket's prices. Shoprite had a clientele that appreciated the superior Shoprite packaging, explained the local branch manager. Very few people thus went to the vegetable market next door.

The company's ability to integrate the farmer's items into their inventory systems posed some minor administrative challenges. The general manager indicated, however, that the Shoprite ordering system did not pose an impediment to including the items from the farmers. The problem with the partnership, in his view, was that it was the villagers who were unreliable partners. Their (the villagers) internal divisions and unreliable supply patterns were the principal obstacles to a local supply partnership. The cooperative also lacked the appropriate political representatives with whom the general manager could liaise effectively (Interview, Shoprite Zambia General Manager, September 2006).

Local suppliers and companies face a range of challenges in such local procurement partnerships. Farmers need effective political representation to liaise with companies. The general manager complained that, even though some of the internal conflict in the Luangeni community had been dealt with, he still lacked someone with whom he could communicate in an efficient way. While the company embraced local development through local supply in its company policies, managers emphasized efficiency at all costs and lacked the institutional culture to accommodate the difficulties faced by the villagers. The company's commitment to the partnership with local farmers can therefore be called into question.

The local farmers, on the other hand, were very enthusiastic about the partnership initiative, saying they had seen significant benefits. This included the provision of fertilizer, chemicals and seeds (Interviews with LCCP Executive and Cooperative members, September 2006 and January 2007). One cooperative member reported that he could now buy enough food for his family; his knowledge and skills had been improved through the farming of vegetables and he was also given bricks to build a house. With the support payments he had received, he was able to dig up a well and garden. In the past, no other NGO had given such effective assistance.

At first, the company was on good terms with the farmers but afterwards ‘it was not working’, said an ExCo member, and the relationship soured. After training, the farmers said they had new ideas but a major problem was in marketing their produce. They also indicated that they incurred a lot of waste as Shoprite often returned some of their produce. Farmers complained:

> We shall get our produce back at the end of the day and where shall we take them? Even in the buying of cabbage, only fifty heads were bought (Interview, Mr. Nkuwa, LCCP Executive Committee member, September 2006).

The farmers were dissatisfied with the breakdown of the Shoprite relationship and wanted a more reliable distribution relationship with the company. They indicated that Shoprite should place bulk orders with them, but conceded that their internal divisions had created obstacles to the ability of the partnership to work effectively. The farmers complained that the government had not given them enough support, with the exception of the under-resourced Agricultural Extension Officers. Executive committee members emphasized the need for more infrastructure support and said they needed to be given the seeds of various vegetables as well as chemicals and fertilizers. Water supply was also a big problem as these supplies dried up between August and November with the rains only coming in December. Deeper wells, along with pumps and pipes were required so that farmers could stop watering with cans. They were selling vegetables at the Saturday open market supplied by Shoprite. They were not happy with the conditions at the building adjacent to Shoprite, given to them by the company:

> Customers don’t like it and onions sit there for a month without being sold. Shoprite is selling the same produce so customers can buy it next door. Now we are on our own and this is a major problem. We cannot get seeds, fertilizers and chemicals. The pumps that were donated by the Partnership Forum didn’t work for a day because there were no pipes. These pumps are “still rotting in people’s homes”. If we can sit together with the new Shoprite branch manager, we can make a plan (Interview, Chairperson, Luangeni Cooperative, September 2006).

Villagers complained that there was no formal launch of the Saturday "greens market" initiated by the company so the Saturday market had insufficient advertising and exposure. While the initial militancy of the Luangeni farming community was stymied through the formation of a partnership between the company and the villagers, an important organizational initiative was begun through the formation of a village cooperative that in January 2007 still facilitated the combined response of villagers to their local problems (Interviews, LCCP executive, January 2007).

Conclusion

The failure of the Partnership Forum demonstrates the limited capacity of poorer, rural communities to enter into supplier arrangements on a sustained basis. Internal difficulties make it difficult for rural working class communities in other African countries to hold South African investors to their commitment to local development. Many African countries have liberalized trade policies to allow foreign investment without regulating ways in which the companies can support local development. Despite Shoprite's policies in support of local supply, organizational initiative and capacity is expected from the villagers and their representatives. The company does not take responsibility for retaining relationships with these poorer Zambian suppliers. Stronger, more organized local suppliers may form more successful partnerships with foreign multinationals. For the South African multinational, the rhetoric of local empowerment wore thin in Chipata as soon as the partnership faced challenges.

While the *African Renaissance* and the New Partnership for African Development (NEPAD) declared by President Thabo Mbeki looks to the North for investment partnerships with Africa, a primary source of investment comes from within the Continent itself. NEPAD proponents emphasize that the programme is internally self-reliant and can proceed with or without the support of Northern countries, yet the impact of South African capital on the continent is often overlooked. The Luangeni Community Partnership Project demonstrates the potential for organic cooperation and partnerships in host countries between South African foreign investors and local communities, despite the difficulties encountered. Shoprite management has in practice demonstrated that economic efficiency is more important than the politics of cooperation and local development. But an *African Renaissance* cannot be predicated on the evisceration of local African communities.

Despite the failure of the Luangeni Partnership Forum, the partnership between the villagers and the company highlights the dynamic contestations opened up by South African investment in Southern Africa. As weak and fragmented as local struggles may be, they pose a threat to the regional expansion of South African companies. If more trade unions and civil society organizations in Southern Africa understood this vulnerability in the regional operations of South African multinationals and were better able to exploit this regional opportunity structure, a significant challenge may be posed to unfettered capital accumulation by South African corporations in the region.

Endnotes

1. Senior Lecturer, Rhodes University, Grahamstown; Senior Research Specialist, Human Sciences Research Council, Cape Town, South Africa, Email: DMiller@hsrc.ac.za. The research was conducted with the fieldwork assistance of Ruwayda Mohamed.
2. Orders to suppliers went through an intranet company facility, installed in April 1999 to facilitate centralized buying and distribution. This was an in-house communication system that linked all its stores in the region. Ordering and buying was more rapidly coordinated centrally with this device.

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