Document of

COMMON FUND FOR COMMODITIES

DEVELOPMENT OF NATIONAL COTTON CLASSING SYSTEMS IN KENYA AND MOZAMBIQUE (CFC/ICAC/44)

PROJECT DOCUMENT

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PROJECT SUMMARY

TITLE OF THE PROJECT: Development of National Cotton Classing Systems in Kenya and Mozambique (CFC/ICAC/44).

SUBMITTING ICB: International Cotton Advisory Committee (ICAC).

DURATION: Four years.

LOCATION: Kenya, Mozambique (LDC).

NATURE OF PROJECT: Instrument-based cotton classing is the market-enforced future of cotton classification. The two project countries have initiated investment in classification instruments and in the required physical and technical supporting infrastructure. The project will assist both countries to set-up effective classing structures, including the required staff training and organizational aspects of 100% bale testing. This will enable sellers of cotton (including cotton producers selling seed cotton) to fully understand the quality and thus commercial value of their produce before offering this on the national or international market. Based on the confirmed, practical and visible government commitment, it is expected that by the end of the project, effective and operational instrument-based cotton classing will cover 100% of each country's crop, giving producers more insight in the market value of their produce. Continuous collection of detailed information regarding financial benefits at both micro and macro level is incorporated in the project design in order to ensure that the pre-project situation can be compared with the end-of project situation. Ultimate goal is that the systems can/will run on a cost-effective and self-financing basis.

TOTAL COST: USD 3,051,430

CFC FINANCING: USD 1,160,000 (Grant) (of which USD 580,000 will be provided as a contribution from the OPEC Fund for International Development (OFID).

COUNTER PART CONTRIBUTION: USD 1,891,430

PROJECT EXECUTING AGENCY: Wakefield Inspection Services (Dar es Salaam).

SUPERVISORY BODY: International Cotton Advisory Committee (ICAC).

COLLABORATING INSTITUTIONS: Cotton Development Authority (Kenya)
Mozambique Cotton Institute (IAM)

Log frame CFC/ICAC/44

Estimated Project Starting Date: Jan 2012 Est. Completion Date: Dec 2015

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Objective/goal: The goal of the project on development of National Classing Systems in Kenya and Mozambique is to improve the income position of small cotton producers in the two developing countries by inducting a conducive structure for transparent price formation process, effective for both within the countries as well as in relation to export/international trade. It will involve 100% bale testing in the two countries. The structure will be institutionally transparent and self financing through contributions, fees and /or levies.	a) Improved income position of farmers, ginners, spinners and cotton traders in Kenya and Mozambique b) Increase of volume and quality of cotton produced in the two countries. . c) National classing systems established and operating in the two countries d) National classing systems in the two countries serve as pioneer tested examples to be replicated elsewhere. e) Improved market access for cotton from both countries.	- Socio-economic surveys on smallholder cotton farmers - Quantifiable market price difference at local, exported and in particular at producer level in both countries from market reports - Country cotton sector reports (Kenya and Mozambique) - Operational national classing systems in the two countries.	- The local and global market demand for added-value cotton (i.e. instrument tested) will continue to expand over the next decades - Governments and cotton institutions will be favorable to added-value cotton markets and provide an enabling environment - Producers, ginners, traders, buyers/ exporters and their organizations are interested to improve cotton production and marketing conditions to improve their own positions
Project objectives : 1. To describe principles, practices and procedures for cotton fibre classification for Kenya and Mozambique with reference to international experiences and the CSITC of ICAC requirements and recommendations. .	**Objective 1:** a) Officers (country technical teams) trained to develop and implement national classification systems for Kenya and Mozambique assisted through in-house technical support and international exposure b) National cotton classing systems for Kenya and Mozambique described, approved and in use by the industry regulators, CODA and IAM respectively. c) Stakeholders (smallholder farmers, ginners, traders/buyers) participate in the system development	- quarterly, midterm and annual reports, - document of established instrument classification system procedures/for each country - Policy makers study tour and exposure visit to USDA classification facilities - Two in-house trainings/technical support workshops for documentation - Country cotton sector reports (Kenya and Mozambique)	- Producers, ginners, traders/buyers and their organizations are willing to support implementation of the new operational structure in regard to quality assessment.
2. To facilitate the adoption and implementation of developed national classification systems among stakeholders in both countries and establish a strong institutional base for its support including mechanisms for dissemination of the project activities to other actors in the cotton sector (in the country and other countries).	**Objective 2:** a) Classification methodology and instrument testing elaborated and applied to 100% produced bales b) No. of collaborative partners and strategic measures developed to facilitate adoption and implementation of the system c) Communication of the national classification practice to other actors in cotton sector (local and in Africa) through print media, workshops, conferences etc d) Participation in sample exchange networks including Round trials organized under the auspices of the Task Force on CSITC of ICAC	- Collect and analyze 40 random samples from ginneries - 1st Year, 40% of bales classed and reports posted to central database - 2nd Year, 80% bales classed and reports posted to central database, - 3rd Year, 100% bales classed and reports posted to central database - At least 2 MOUs with main partners (1 with RTC on re-tests and trainings and 1 with private transporting company for sample delivery from ginneries - Hold 1 dissemination cum capacity building workshop for stakeholders (1in each country) - Produce dissemination posters and brochures in each country - At least one (1) entry by year 2 into Round Trials /sample exchange networks for both countries	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
3. To create a mechanism that integrates instrument classification/market data into price enforcement at the producer level and into contracts between ginners/ buyers and producers to facilitate transparency in marketing and also provide access to information on cotton quality to growers.	**Objective 3:** a) Price formation and enforcement guideline that incorporates instrument classification outcomes and market information set up, disseminated, accessible and applied by stakeholders b) Market analysts able to train private sector staff on integration of instrument testing results into contractual system c) Improved market linkages of instrument classified cotton to premium markets d) Additional revenue to ginners/traders and ultimately to producers e) International certification of the cotton fibre laboratories	- Seed cotton and lint market/price data collected and analyzed (year 1, 2 and 3, 4) both in-country and for export - Quantification of price/income difference under the system - Assured integration of classification data in price formation negotiation/processes - Reports on financial results to farmers - Implemented stages towards international laboratories certification - Train at least 3 market analysts / marketing officers from each country to integrate classification data into the pricing guideline assisted by a consultant - Enforcement of the 'new' Price setting guidelines by governments (IAM and CODA) at least by 3rd year - Number of premium markets accessed by ginners	
4.To train staff in all aspects of the operations of the system developed under component 1	**Objective 4:** a) Trained classers on cotton classification procedures and practices equivalent to the US system b) Trained classers on database management and lint quality reports generation c) Trained classers in the use of standardized equipment for lint testing	- On site Train at least 3 cotton classers from each laboratory and at RTC for required competences - Train national classifiers in the use of standardized equipment	
5.To implement computerized central databases at CODA and IAM in Kenya and Mozambique respectively	**Objective 5:** a) Centralized Cotton classification database set up at CODA and IAM linked to institutions websites b) Infrastructure set up with labs interlinked c) Trained ICT personnel on competences on handling and dissemination of classification data d) Trained classers and other staff in computerized database management e) Technical manual for data entering and database management	- Centralized databases set up and functional at IAM and CODA by end of 2nd - Interlinking and linking of the 3 laboratories (Mozambique) to the central database at IAM HQ - Linking of the national laboratory (Kenya) to the central database at CODA - Train 2 ICT staff on classification data handling and dissemination using USDA model - Data bases (reports) linked to institutions' websites - Technical manual availed for data entering and management	

I. Project Background

1. The project has been developed by the national cotton organizations in Kenya and Mozambique in close consultation with the International Cotton Advisory Committee (ICAC) which has submitted the current proposal. The project aims to provide support to the initiative taken by Kenya and Mozambique to develop a 100% bale classing scheme[1]. Such a comprehensive classing scheme will provide all cotton producers with an objective description of the quality of their produce and will thus enable them to link their cotton to international standards and prices, resulting in better negotiation positions when selling the cotton.

2. Industrial cotton processing machineries (for yarn/garments) are operating with increasing speed and quality demands placed on garments require increasingly homogeneous feeding of the machineries. Therefore most spinners wish to understand the key quality parameters of the cotton lint they are using in their factories. Instrument classing of cotton provides objective information on six key parameters of cotton, thus enabling users to sort their cottons (which have different geographical origins) in lots with matching characteristics, thus increasing homogeneity[2]. Objective, instrument-generated information regarding the composition of the lots they are buying thus has an operational advantage, for which price premiums can be obtained.

3. The project proposal as submitted by the ICAC in May 2011 has been reviewed by the Consultative Committee (CC) during its 48th Meeting (held from 4 – 8 July 2011). The Committee recognized the importance of instrument testing as a development affecting marketability of cotton produced in Africa, resulting from the increasingly strict quality requirements put forward by cotton buyers in major international markets. There was awareness that instrument based testing was an irreversible development and African cotton producers had to move in that direction if they wish to maintain their market shares. The Committee agreed that the focus of the project on building national cotton classing systems, using available instruments and expertise, was an appropriate and effective approach to securing the future marketability of African cotton by integrating instrument testing into cotton marketing and export processes.

4. The Committee noted, however, that the project would need to give attention to the matter of transfer of higher export prices to the primary cotton producers. In particular, the Committee requested that quantified data on the export cotton price and farmgate price received by the primary producers in both countries was collected to serve as baseline for the assessment of the benefits for the final beneficiaries of the project.

5. The project addresses a key priority of the Fund's 3rd Five Year Action Plan, namely to enable (in this case: cotton producing) developing countries to retain and possibly improve their competitiveness, marketing perspectives and their access to markets, in an environment that is characterized by continuing technological advancements in view of increasing quality demands. The project falls within the priority programme for cotton ("Market Access"), as included in the Fund's 3rd Five-Year Action Plan (Programme 4.3.1) where it is observed that "processing of cotton lint into yarn is taking place in continuously innovating industrial environments, making use of high speed, sophisticated machinery. Quality requirements placed on lint have become increasingly important, not only with regard to the intrinsic quality characteristics of the fibre but

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1 100% bale testing implies that from each bale (a compressed "package" of about 200kgs) of cotton lint produced at the gin, two samples are being taken and labeled. One sample is sent to the classing and testing centre for classing. The second sample is kept and stored at the gin for use in case of litigation or when arbitration is sought.

2 The six parameters are: fiber length, length uniformity, fiber strength, micronaire (maturity), color grade and trash.

also in terms of its uniformity and processability. Lint that does not meet minimum standards will be sold at a discount, to the ultimate detriment of the producer. Training on modern methods of quality determination and introduction of adequate instrumentation for that purpose (with specific reference to cost effective management thereof) is crucial for cotton producing developing countries in order not to lose out in the international markets".

6. Due attention will be given to ensure that the experiences will be properly documented and shared with other cotton producing countries interested in following similar approaches. In addition, during the course of project implementation timely attention will be given to gradually replacing external (i.e. CFC) financial support by internal contributions and cost recovery systems so that there is a clear perspective that after project completion, a financially sound scheme will remain, capable of covering its own financing requirements.

7. The project will have a direct link with the activities under project Commercial Standardization of Instrument Testing of Cotton (CFC/ICAC/33) to which the European Union is providing a substantial co-financing contribution of USD 3 mln. The "Regional Technical Centre", established in Dar es Salaam, will provide major technical expertise and backstopping to the testing centers which will become operational in both countries within the framework of the proposed project. A number of training courses will take place in the RTC in Dar es Salaam. In addition, regular re-tests or "check-tests" will be undertaken at the RTC on samples tested at the national centres in both countries to ensure both consistency in measurements and performance of the operations in those centres.

8. The Executive Board of the Common Fund has approved the project for CFC financing in its 52nd meeting, held in Amsterdam on 13 and 14 September 2011.

II. Overview of the Commodity

9. Cotton is a major agro-industrial crop produced in both developing as well as developed countries. The world cotton industry provides employment opportunities for hundreds of millions farmers and to allied industries such as those relating to agricultural inputs, machinery and equipment, transportation, storage, ginning, baling, seed crushing and textile manufacturing. Cotton is produced in approx. 80 countries and serves as the economic mainstay of many regions and nations. Over 75% of world cotton production is located in developing countries.

10. Cotton production for 2011/2012 is estimated at 27.4 mln ton (lint), about 2.7 mln ton more than the preceding year. Cotton consumption for 2011/2012 is forecasted to rise with 3% to 25.2 mln driven by projected global economic growth and boosted by increased production, but moderated by competition from chemical fibres. Prices for the year 2011/2012 are expected to decline significantly from levels of 150^{+} US cents per pound of lint in 2010/2011, but they are expected to remain above the ten-year average of $0.60 per pound (2000/01 – 2009/10).

11. There are about 20 cotton producing countries in Africa (with an annual production of 10,000 tons or more), many of which are LDC's. About 1.1 mln ton of cotton is produced annually in Africa and the continent accounts for about 4 - 5 % of the world cotton production. Approximately 80% thereof is exported. In some countries cotton represents more than 50% of the national export income and cotton is the largest source of export receipts in several West and Central African countries. Throughout the continent, the cotton sector plays an important role in the fight to reduce rural poverty, with cotton-related activities accounting for a large share of rural employment. It is estimated that about 15 mln people in Africa are engaged in cotton production/processing activities.

12. The two targeted project countries are relatively modest cotton producers, although both countries have substantive potential to increase cotton acreage. Provisional estimates indicate a number of some 30,000 small-holder cotton farmers in Kenya[3], whereas in Mozambique this number is estimated (as indicated in the proposal) at some 250,000[4]. Current levels of productivity are low, thereby adding to the relative low production levels. Both countries have, however, developed initiatives to increase both production and productivity targeting levels again of 10,000 tons of lint in Kenya and 20 – 30,000 tons of lint in Mozambique. In addition, investments have been made to strengthen the cotton institutes in both countries, *inter alia*, by setting up adequately designed and equipped testing centres. These testing centres are expected to be fully operational at the beginning of the fourth quarter of this year.

III. Project Rationale and Objective

13. Cotton (lint) prices are based on assessed and measured quality parameters. The traditional manner of classing (determining the quality) of cotton is done through manual and visual inspection, in addition to a quality perception based on variety and origin of the cotton. Although this way of classing has been applied for as long as cotton is produced, and cotton classers have developed highly valued skills, problems remain with differences in valuations and quality determination between different classers (often between classers of the seller and those of the buyer) which frequently leads to divergences between buyers and sellers as quality variations have price implications. This thus results often in cumbersome arbitration and litigation procedures. When cotton is classed in a more objective and verifiable manner, i.e. less influenced by operator/classer activities and assessments and based on a broader range of characteristics, one can greatly increase the transparency in quality *cum* value determination. When factual valuations, based on a wider range of parameters, are available then the process of price formation and the subsequent trade arrangements will be more transparent.

14. In addition to providing information on the quality of the cotton (i.e. the values of the measured parameters) that is subject of a business transaction, the instrument readings of a certain quantity of cotton also enables spinners to put together relatively homogeneous lots of cotton that they wish to use in their spinning factories. So besides information on quality as such, a description providing information on the homogeneity of composition of the traded cotton lots is also of value to the spinners. This information can be provided through instrument testing of cotton. The more cotton bales are tested, the more information on the overall quantity that is being traded can be made available to the buyers.

15. Although instrument testing as such is not a panacea to prevent any discussion or possible conflict in the market about stated cotton qualities, instrument-based testing is increasingly becoming the standard in international trade. Countries/suppliers that cannot provide the computer-based test results will increasingly face price discounts on their offers whereas suppliers, who do provide test results, are often able to negotiate premiums for supply of homogeneous quantities and/or quantities of confirmed qualities.

16. Whereas instrument testing is thus increasingly becoming the standard in most developed cotton producing countries as well as in a large number of developing cotton producing countries, instrument-based classing is furthest developed in the USA. In this country, an elaborated system has been set up whereby all cotton bales produced are being tested. Since

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[3] Source: CODA website

[4] One would expect this figure, however, to be more in the range of 70,000 – 100,000 in view of the relatively similar productivity levels and land holding areas in both countries (source CFC/ICAC/37 Project Document, table 2).

1992, all cotton in the USA is classed based on HVI[5] data. The US Department of Agriculture (USDA) operates 11 cotton-classing facilities across the Cotton Belt. The facilities are designed specifically for cotton classification and are staffed exclusively with USDA personnel. Samples are taken from the cotton bales by licensed sampling agents, working under USDA supervision. Fiber measurement results are electronically sent to the classing facility's computerized data base and are immediately available to the customer. Farmers see the/their commercial benefits of such system so they test their cotton every year without the imposition of any mandatory requirements from the US government.

17. Countries like China, Uzbekistan, Brazil and Argentina are all on their way to introduce these nation-wide classing systems in order to meet the emerging demands which are rapidly developing in global markets. Cotton producing developing countries that wish to at least maintain their position in international trade cannot ignore these trends and have to prepare now to meet these emerging demands ahead of time.

18. The proposed project intends to provide assistance to two relatively small cotton producing countries[6] to develop a self-financing cotton classing system based on 100% bale testing. Apart from the direct commercial benefit for the two countries, the project should serve as an example for other, larger producers and producing countries, where the systems that are being put in place in the current project can be replicated as is or in a modular type of expansion covering the larger volume of their cotton production.

19. The **objective of the project** can thus be formulated as the setting-up of a functioning national classing structure covering the full cotton production through 100% bale testing in the two countries. The structure will be conducive for a transparent price formation process effective both within the country as well as in relation to export and international trade. The structure will be institutionally transparent and financially sound (self-financing through contributions, fees and/or levies).

20. The goals of the project are measurable. It will be relatively easy to conclude upon project completion whether the system is operational, on a self-financing basis. It will be necessary, however, to pay specific attention to a continuing financial/beneficiary analysis during the project. It is expected that the project will lead to incremental income for producers. This should be monitored/evaluated on a continuous basis in order to draw conclusions at project completion whether the farmers have indeed benefitted from the functioning classing systems set up by the project. Appropriate data collection at project start-up and at project-end should provide insight in this aspect of the project.

IV. Description of Project Components

21. The project has been designed with five major, substantive project components:
    1) Description of main and operational principles, practices and procedures for a national classing system in Kenya and Mozambique;
    2) Consultation and adoption of these procedures among stakeholders in both countries;

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5 HVI = High Volume Instrument, brand name for a computerized cotton classing instrument produced by Uster, a US based company which is also the market leader for this type of equipment. Premier (India) is the second supplier of this type of instruments.

6 For example: Kenya is targeting to produce around 11,000 tons of lint (equiv. to approx. 50,000 bales @225kg/bale) and Mozambique produces around 24,000 tons (equiv. to 106,000 bales). In contrast, Burkina Faso produces around 200,000 tons of lint, equivalent to nearly 900,000 bales. This requires a larger scale of investment and a different organizational structure.

3) Integration of classing/testing results in contractual systems;
4) Training of staff in all aspects of the operations of the system developed under component 1;
5) Design and operationalization of a reliable data base/management system required for information sharing between stakeholders.

A sixth component will focus on the required managerial and project-wide activities, undertaken by the Project Executing Agency, in accordance with the needs of the project and the regular reporting and administrative requirements as stipulated by the Fund.

22. The following sections contain brief elaborations of the main activities to be undertaken in the framework of each substantive component. It reflects a detailed programme of activities, including specifications as to who does what, when and where. Annual Work Plans and Budgets will be prepared each year, taking into account the achievements realized in the previous project period. The Work Plan and Budget will be updated annually, before the start of each project year in accordance with the Fund's pertinent practice (see also Section VII - Organization and Management). In Annex I, a provisional implementation chart is provided, which schedules the project components and the main activities within the set timeframe of the project.

Component 1: Description of main and operational principles, practices and procedures for a national classing system in Kenya and Mozambique

Outputs component 1:

1.1 Review of classification facilities in Kenya and Mozambique by an international technical expert

Main activities:

1.1.1 Draft terms of reference
1.1.2 Recruitment of international technical expert
1.1.3 Identify personnel for implementing the classification systems
1.1.4 Baseline/review study of classification facilities and capacities in the two countries
1.1.5 Exposure (exchange visit to USDA classification and system) to benchmark and share experiences
1.1.6 Report on recommendations
1.1.7 Workshops to consolidate technical expert recommendations and USDA experiences with a view to draft the national classification system (manuals, protocols, tools, guidelines etc) with a description of procedures and practices

1.2 Activities to improve the position of the envisaged national classification systems identified / proposed and implemented.

Main activities:

1.2.1 Formulate business plans for self sustainability
1.2.2 Governments improve the positions in the envisaged systems

1.3 National classification management system (manuals, protocols, tools, guidelines etc) with a description of procedures and practices availed

Main activities:

1.3.1 Draft terms of reference
1.3.2 Identify the experts for implementation
1.3.3 Prepare a cotton instrument classification procedure
1.3.4 Validate the documents and guidelines for application by the sector players
1.3.5 Approve the documents and guidelines by relevant government entities

1.3.6 Disseminate approved and accepted procedure manual for implementation

Main actors: WIS, PIAs, technical expert (to guide drafting), local institutions and stakeholders.

Component 2: Consultation and adoption of these procedures among stakeholders in both countries

Outputs component 2:

2.1 National cotton classification and instruments testing of cotton applied/ implemented

Main activities:

2.1.1 Workshops for building ownership of the processes and results
2.1.2 Ginners and other stakeholders trainings/dissemination on the
2.1.3 Prioritize and implement interventions to improve adoption
2.1.4 Operationalization of laboratories (procure and install cotton testing equipment)

2.2 Developed partnerships and strategic alliances (collaboration) in implementation of the established system

Main activities:

2.2.1 Identify strategic and potential partners in the cotton industry and related sectors
2.2.2 Meetings to develop partnerships (MOUs) and alliances for implementation
2.2.3 Regulatory bodies enforce compliance in the implementation of the accepted procedures
2.2.4 Annual meetings with partners and key stakeholders

2.3 Communication and dissemination to actors in cotton sector, (local and external) of project activities, experiences and expected best practices for a national cotton classification system

Main activities:

2.3.1 Produce publicity materials to create awareness and promote the systems
2.3.2 Workshops to share the progress and results
2.3.3 Communicate the adopted strategies to local/external actors for cross learning
2.3.4 An international end project workshop for dissemination of the achievements

2.4 Services identified for project interventions to improve implementation of the national system

Main activities:

2.4.1 Sample taking at ginneries cum site trainings of operators
2.4.2 Sample management and delivery arrangement both at factories and between ginneries and laboratories
2.4.3 Establish feedback mechanism
2.4.4 Establish service arrangements for instrument maintenance as well as ICT upgrading

Main actors: CODA, IAM, Ginnery operators, WIS and RTC

Component 3: Integration of classing/testing results in contractual systems

Outputs component 3:

3.1 Transparent marketing structure for cotton implemented[7].

Main activities:

3.1.1 Guidelines developed to enforce transparency in cotton pricing using quality data

3.1.2 Recommendation for integration of instrument testing in contractual systems

3.1.3 Information collection on lint price development and volumes sold and their staged impact on farm gate seed cotton prices

3.1.4 Quantification of price/income differences under the developed system

3.1.5 Tools for economical analysis to measure economic benefits

3.2 Improved volume of the cotton sold under the improved marketing environment conditions

Main activities:

3.2.1 Consultation meetings with relevant regulatory authorities

3.2.2 Proposal for regulatory review of the regulatory framework in the two countries

3.2.3 Approval of the regulatory framework review

3.3 Improved seed cotton and lint prices based on quality. 6 marketing officers and market analysts (CODA-3 & IAM-3) trained for 4 weeks

Main activities:

3.3.1 Prepare terms of reference for training of marketing officer and market analysts

3.3.2 Recruitment of the cotton trade expert

3.3.3 Marketing officers and market analysts training on price formation using instrument /market parameter

Main actors: Farmers, ginners, spinners, research institutions, regulators and a cotton trade expert

Component 4: Training of staff in all aspects of the operations of the system developed under Component 1

Outputs Component 4:

4.1 At least 3 national fiber classers from each lab trained for 10 weeks (on site and at RTC) in classification procedures, practices and in the use of standardized equipment for lint testing

Main Activities:

4.1.1 Identify the classifiers for training and develop MoU with RTC on partnerships

4.1.2 Draft terms of reference for trainings

4.1.3 Recruitment of trainers from within and outside the countries for training of classers

4.1.4 Produce training materials in correct use of automatic instruments

4.1.5 Produce a procedures manual for guiding cotton instrument testing

4.1.6 Train national classifiers in the use of standardized equipment for lint testing

Main Actors: USDA, RTC and WIS for facilities and resource personnel, staff and stakeholders to be trained.

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[7] The two countries have seed cotton price setting mechanisms that calculates the domestic floor selling price for every season by growers to buyers that incorporates the world market average prices as reflected by the A Index, export/in-country lint prices and other internal components. To determine the impact of this project, baseline data of the in-country/export cotton price and farm gate price received by farmers will be monitored and collected continuously to give the basis for assessment of the benefits for the final beneficiaries of the project.

Component 5: Design and operationalization of a reliable data base/management system required for information sharing between stakeholders

Outputs component 5:

5.1 Centralized database at CODA and IAM, through ICT, software infrastructure, 11th generation servers - DDR3 memory with at least 4 hard drives capacity.

Main activities

5.1.1 Draft terms of reference for data management system installation
5.1.2 Recruitment of the ICT expert
5.1.3 Rent / building room for installation of centralizing server and connectivity equipment and software;
5.1.4 Design and acquisition of the infrastructure for centralized database system
5.1.5 Installation and maintenance of hardware and software infrastructure for data base and data management system;
5.1.6 Draft a technical manual of basic procedures

5.2 Trained classers on database management and lint quality reports generation

Main activities

5.2.1 Identify the personnel for training
5.2.2 Draft terms of reference for training
5.2.3 Recruitment of trainers from within and outside the countries
5.2.4 Produce training materials in database management and reports generations
5.2.5 Produce a procedures manual for data entering and data base management
5.2.6 Train the classers in computerized database management and reports generation.

5.3 Trained ICT personnel on competences for classification data handling and dissemination

Main activities

5.3.1 Identify the ICT personnel to train on competences on classification data dissemination
5.3.2 Draft terms of reference for training of ICT personnel
5.3.3 Recruitment of ICT expert for training
5.3.4 Produce training material in classification data dissemination;
5.3.5 Train national personnel in the classification data dissemination

5.4 Technical manual for data entering and database management and dissemination

Main activities

5.4.1 Draft terms of reference for development of technical manual
5.4.2 Prepare procedures manual for cotton instrumental classification data entering, management and dissemination

Main actors: Technical Expert /USDA to guide the manual development, to support design of the system and supervise its installation.

Component 6: Establish project management and coordination systems

Outputs component 6:

6.1 Project implementation structure established

Main activities

6.1.1 Prepare terms of reference for the different project positions, including those integrated into normal institutional framework;
6.1.2 Identification of focal points and key actors (PEA and 2 PIAs)
6.1.3 Formation of the project steering committee;
6.1.4 Propose coordination chart of the project structure

6.2 Compressed CFC project management tools produced

Main activities

6.2.1 Produce a compressed CFC project management tool
6.2.2 Distribute the tools referred above to the whole project management structure
6.2.3 Orient the personnel mobilized under output 6.1on the project pre-requisites
6.3 Monitoring and evaluation system developed

Main activities

6.3.1 Develop tools for project monitoring and evaluation(progress reports, annual work plans and budgets)
6.3.2 Present the monitoring tool to the steering committee
6.3.3 Implement the project baseline study as per the project cycle good practices
6.3.4 Implement the project launch workshop

Main actors: WIS, CODA, IAM, ICAC, CFC

V. Benefits and Beneficiaries

23. Within a national instrument-based classing system as foreseen in this project, there will be a deliberate effort to develop a framework that will integrate fiber quality data into contracts between ginners and growers on price offered for their cotton. This will lead to price premiums and discounts in cotton marketing based on instrument classification. These price signals will reward farmers who are producing better quality cotton, and the signals will also guide enforcement of contracts between parties based on fiber quality. The same quality reference will also be included in the contracts between ginners and cotton companies who will sell the cotton to buyers within and outside the two countries.

24. Two levels of beneficiaries can therefore be identified in this project. In the early stage of the supply chain, producers and ginners stand to benefit from better insight in the quality of the seed cotton and the ginned cotton. At macro level, the country as a whole will benefit from increased export earnings and improved reputations with regard to the (consistency) of the different qualities that they sell. One may thus expect a substantive impact on the cotton economies of both project countries.

25. A key issue in this regard, is whether the stated link between knowledge of the quality of a product indeed does lead to a better negotiation *cum* price enforcement position at the level of the individual producer as well as at level of the seller in the national and international markets. This will require the existence of transparent market arrangements within the countries concerned. Both countries Kenya and Mozambique have made first steps towards such minimum transparency of the internal cotton market chains. What remains to be seen is whether (at the micro level) farmers have indeed the required bargaining power to insist on getting better prices and whether the ginners/cotton companies can ensure higher prices for their fully quality-described cotton. This development needs to be monitored from the beginning of the project. Provisions therefore have been included in the project design.

26. The decision to initiate the project is based on the expectation that there is an identifiable difference in market price between manually classed cotton sold in the current (somehow not always fully transparent) trading environment and what could be the price in a fully transparent environment where cotton classing is done on objective criteria. As a basic premise one may take an envisaged premium of 3 – 5 % on the FOB price per ton of lint (equivalent to some US$ 30 – 45/bale or US$ 100 – 150/ton). This information is, however, difficult to document at this stage as not all parameters of the new system are available and their importance may be difficult to assess. Hence the importance of addressing in this project the need to start collecting

financial/price/cost information directly at the beginning of the project. The quantification of price/income differences will be one of the major criteria to assess whether the project is ultimately successful, in particular at producer level.

27. The governments in both countries play a major role in determining the seed cotton price paid to farmers, whereby (*inter alia*) the international cotton prices (the Cotlook A index), the average level of export prices and a number of country specific internal components are weighed and assessed by stakeholders (including producer representatives) under the leadership of the government. Based on this, recommended/minimum prices are determined.

28. It will be important to develop within this project appropriate tools and measures to adequately reflect quality parameters in marketing/trade contracts in such a way that also seed cotton producers will substantially benefit from quality premiums if warranted by the quality of the cotton produced by them. This will lead to price premiums and discounts in cotton marketed based on instrument classification. These price signals will reward farmers producing better quality cotton, and the signals will also guide enforcement of contracts between parties based on fibre quality. Measurement of economic benefits will be done by developing tools for economical analysis once the system becomes operational. Pre – project data shall be compared with data collected under the new arrangement. This will include price comparisons prior and after implementation of the system.

VI. Project Costs and Financing

29. The total cost of the programme with a four-year CFC involvement is estimated at USD 3,051,430 with a CFC contribution of USD 1,160,000 as a Grant. Of this amount USD 580,000 will be contributed by the OPEC Fund for International Development. It is to be noted that of the amount of USD 1,160,000, USD 980,250 will be made available to the PEA to cover technical implementation and project management activities (as outlined in Components 1 - 6). USD 120,000 will be earmarked for CFC-managed expenditures (like supervision by ICAC in its capacity of being the project's Supervisory Body, CFC monitoring, external evaluation in the second and the fourth year). The contingency provision of USD 59,750 will equally be controlled by the Fund.

30. A summary cost/financing table of the grant-funded support to the four-year programme (by project component) is given in full proposal..

31. Indicative calculations for the Kenya and Mozambique-based activities, as well as for the project-wide activities, are being made based upon the final activity programmes and related input requirements as determined in the final Work Programme and Budget (and presented in detailed budget tables in Annex II and III, of this document).

32. A cost/financing table by budget category is given below. Once the detailed activity planning is made, this table will be included in the formal project documentation as well as in CFC's usual financial administration to monitor project expenditures.

VII. Organization and Management

33. The International Cotton Advisory Committee, the designated Supervisory Body for cotton projects supported by the Fund, has recommended Wakefield Inspection Services (WIS) to be the Project Executing Agency (PEA). The PEA is responsible for the day-to-day management of the project in accordance with the Project Agreement and as required for the Fund and the ICAC. The PEA remains responsible for all project activities and accounting for project resources, even if some are delegated and/or subcontracted. It is also responsible for the

coordination and management of project activities and reports. Wakefield Inspection Services will implement and manage the project on the basis of the pertinent stipulations reflected in the Fund's Manual for Project Formulation and Management (v. May 2004) and the Fund's Financial Procedures Manual (v. October 2003)..

34. WIS is a private company with a solid reputation in the field of cotton quality assessment and control activities. It is an inspection services company renowned and respected in the field of cotton quality assessment and control through its global inspections network. It has a team of qualified professionals to ensure that the necessary experience, integrity and expertise are available during project implementation. WIS has identified a dedicated Project Manager in its Dar-es-Salaam office in Tanzania to run the project, with administrative and technical support from other offices if and as deemed required. Office/Contact details of the Project Manager, Mr Moses Charles Bujaga, are as follows:

Wakefield Inspection Services
P.O. Box 71148,
Dar-es-Salaam,
Tel + 255 22 212 2217,
Fax + 255 22 212 5346
email: moses@wiscontrol.com.

35. Because of its wide presence in the region, WIS handles a majority of all raw cotton that are subject to weighing, sampling or quality inspection before shipments or after landing. WIS is also a strategic partner of the Regional Technical Center (RTC) which was set up under the project CFC/ICAC/33 following a Memorandum of Understanding signed between WIS and the Tanzania Bureau of Standards. It also has well established relations with the US Department of Agriculture's Cotton Program and its Commodity Office.

36. USDA will serve as an important provider of relevant experience in running a national classing system. Wakefield's professional reputation and links with key staff in the USDA will ensure that the identified experts from Kenya and Mozambique will be accepted as trainees to learn from USDA operations and management. In addition, Wakefield has intimate knowledge about the cotton sector structure in both project countries and will be capable of playing the role of a "neutral insider".

37. In taking up the role of Project Executing Agency, Wakefield will be responsible for project implementation, management, administration and reporting. It will work closely with CODA in Kenya, IAM in Mozambique and the ICAC. In order to strengthen the project management structure, a Project Steering Committee is envisaged to be set up by the PEA consisting of representatives of the ICAC, the PEA, the two lead national partners (CODA and IAM) and the Fund. It is envisaged that this Committee will meet one or two times per year. The PEA will designate a suitably qualified technical manager to lead the project in addition to setting up the appropriate internal framework to ensure sound operational and administrative/financial management of the project.

VIII. Supervision, Monitoring, Reporting and Evaluation

38. The International Cotton Advisory Committee (ICAC), the Fund's designated International Commodity Body for cotton activities, will be the Supervisory Body for the project. It has the expertise to do so and the experiences of the Fund with the ICAC as Supervisory Body are generally satisfactory. The current project has been developed by the proponents in close consultation with the ICAC and has the full endorsement of that organization. ICAC will advise on work plans and budget, regular progress reports and other reports as prepared by the PEA.

39. CFC will undertake monitoring visits depending on perceived need to assess progress and developments in the field. It is envisaged that shortly before the completion of the second project year, an external evaluation mission will be fielded to assess the progress made and to advise the Fund (and the other project partners) on the achievements made and to give advice on possible improvements in operational issues. A final, external, project evaluation is foreseen towards the end of the project.

40. The PEA will prepare the usual annual work plans/budgets and progress reports for submission to CFC and the ICAC in an agreed-upon timeframe. It will submit financial reports in the required formats for review by CFC. A provisional timeframe for the main activities as envisaged by the PEA is included in Annex I.

IX. Risk Assessment

41. The project is novel in its approach. It is addressing an upcoming development which will have major repercussions for the role of African cotton producing and exporting countries in the world market. The governments of both countries have confirmed their commitment to make the required physical infrastructure for the project operations available and has mandated the two lead national counterpart organizations to fully develop their capabilities towards setting up the national cotton classification system. In that respect one may consider that from the institutional side the appropriate guarantees are in place.

42. One of the main lessons learnt from other projects of similar nature on the introduction of instrument testing is that without a neutral institution mandated to oversee the classification data management, trust on the classification reports and hence the reputation of the national system will be at risk of perceived conflict of interests. The institutions in both project countries are under government direction and supervision, and have no vested interests in cotton trade.

43. A successful project will, however, also depend on the full and committed involvement of the cotton chain stakeholders in each country, who will have to adhere to government-introduced stipulations regarding price formation, taking into account quality parameters determined on the basis of instrument tested classing. The importance of adequately involving stakeholders (in particular ginners and cotton companies) may be considered to be adequately addressed in the current project design.

44. The objective of the project is to establish a functioning system of nationwide cotton classing. Such system can only operate beyond the project duration if sufficient funding for its operations is ensured. Assuming there will be no government subsidy for such system, the self-financing and income-generating capacity of the system is the ultimate “proof” of its sustainability. Although this aspect is normally taken as self-evident, it will be important to pay specific attention to determining, in the early stages of project implementation, which resources would ultimately be required and how they can be guaranteed. Adequate provisions for expertise to obtain relevant information and formulate operational plans/business plans as deemed appropriate will be covered in the project implementation arrangements.

Project Work Plan

Component 1: Based on comparative studies of best practices around the world, describe principles, practices and procedures for cotton fibre classification in Kenya and Mozambique

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
1	1	1.1.1 Drafting of the terms of reference for base line study and gap analysis	IAM, WIS, CODA, KARI, KEBS, MU	ToR developed
		1.1.2 Identify and recruitment of international technical expert for review of classing facilities;	WIS, CODA, IAM	International Expert engaged
		1.1.3 Identify personnel for implementing the classification systems in Kenya and Mozambique	CODA, IAM, KARI, MOI, MoA	Project coordinators identified with their contact details
		1.1.4 Implement baseline study of classification facilities and capacities in the two countries	System expert, CODA, IAM, MoA,	Report on current systems and recommendation availed
		1.1.5 Implement a study tour for exposing the management and policy making of the two countries to USDA classification and system facilities to benchmark and share experiences	IAM, WIS, CODA, MU, KARI, MOA	Visits to USDA conducted and shared experience
	2	1.1.6 Recommendations and report generation based on the review of classification facilities and procedures	System expert, WIS	Report
		1.1.7 Organize a workshop to validate and consolidate technical expert recommendations and USDA experiences with a view to draft the national classification system (manuals, protocols, tools, guidelines etc) with a description of procedures and practices	IAM, Ginners, CODA, MU, KEBS, KARI, MOI, KIRDI, Spinner, AAM	Expert's recommendation reviewed ToR for drafting of national classification system developed
		1.3.1 Drafting of terms of reference for National Classification management system (manual/tools/guidelines)	IAM, Ginners, CODA, MU, KEBS, KARI, MOI, KIRDI, Spinners, AAM, WIS	ToR on national classification management prepared
		1.3.2 Identify the experts for implementation of the above 1.3.1	CODA, MU, KEBS, KARI, MOI, MOT, KIRDI, IAM	Technical team identified from among the stakeholders
	3	1.3.3 Prepare a cotton instrument classification procedure manual for the country	Team of technical experts as per 1.3.1	Manuals, protocols, tools and guidelines drafted
		1.3.4 Validate the documents and guidelines for application by the sector players	Ginners, Spinners, Farmer representatives (FONPA), Lint merchants, Textile Manufacturers, ACTIF, IAM, CODA, MU, KEBS, KARI, MoI, MoT, MoA, MoF, AAM	Approval of Documents and guidelines by sector players
		1.3.7 Dissemination and implementation of the accepted procedure manual	CODA, IAM	Procedure manual disseminated to sector players

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
	4	1.2.1 Formulate operational plans and business plans for self sustainability of the national classing systems for each country;	CODA,IAM, WIS, Local Consultant	Business Plan for each country
		1.2.2 Propose for the governments to institute appropriate regulatory measures to improve the positions in the envisaged systems	WIS, CODA, IAM	The positions in the envisaged systems improved
2	1	1.3.3 Review the cotton instrument classification procedure manual for each country as prepared in $PY_1 – Q_3$	IAM, Ginners, CODA, MU, KEBS, KARI, MOI, KIRDI, Spinner, AAM, WIS	Improved Manuals, procedure and guidelines
		1.3.4 Validate the documents and guidelines for application by the sector players	Ginners, Spinners, Farmer representatives (FONPA), Lint merchants, Textile Manufacturers, ACTIF, IAM, CODA, MU, KEBS, KARI, MoI, MoT, MoA, MoF, AAM	Approval of Documents and guidelines by sector players
	2	1.3.5 Approve the validated documents and guidelines by relevant government entities	CODA, IAM, MoA	An All accepted document
		1.3.6 Dissemination and implementation of the approved and accepted procedure manual	CODA, IAM	Procedure manual disseminated to sector players
3	2	1.3.6 Dissemination and implementation of approved and accepted procedure manual	CODA, IAM	Procedure manual disseminated to sector players
4	2	1.3.3 Review the cotton instrument classification procedure manual for each country as reviewed in $PY_2 – Q_1$	IAM, Ginners, CODA, MU, KEBS, KARI, MOI, KIRDI, Spinner, AAM, WIS	
		1.3.4 Validate the documents and guidelines for application by the sector players	Ginners, Spinners, Farmer representatives, Lint merchants, Textile Manufacturers, ACTIF, IAM, CODA, MU, KEBS, KARI, MoI, MoT, MoA, MoF, AAM	Approval of Documents and guidelines by sector players
		1.3.5 Approve the validated documents and guidelines by relevant government entities	CODA, IAM, MoA	An All accepted document
		1.3.6 Dissemination and implementation of approved and accepted procedure manual	CODA, IAM	Procedure manual disseminated to sector players

Component 2: Facilitate adoption and implementation by relevant parties of modern procedures for cotton fibre classification

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
1	1	2.2.1 Identify and link with strategic and potential partners in the cotton industry and related sectors;	CODA, WIS, IAM, CFC, ICAC	Partners identified
		2.2.2 Establish and develop partnerships / strategic alliances with relevant institutions for stakeholders training, project activities dissemination and enhancement on implementation;	CODA, WIS, IAM	Memorandum of Understanding (yearly)
	2	2.1.1 To implement workshops for building ownership of the processes and results for establishment of an all inclusive and accepted classing system.	Ginners, Spinners, Farmer representatives, Lint merchants, Textile Manufacturers, ACTIF, IAM, CODA, MU, KEBS, KARI, MoI, Moo, MoA, MoF, AAM	Cotton sector development strategy
		2.3.1 Implement publicity to create awareness and promotion of the systems	CODA, IAM	Brochures, booklets and print media
	3	2.1.2 Ginners and other stakeholders training on the system requirements (ginnery management and ginnery operators)	CODA, WIS, IAM, Ginners, FONPA, AAM	At least two gin operators from each gin trained
2	1	2.2.1 Identify and link with strategic and potential partners in the cotton industry and related sectors;	CODA, WIS, IAM, CFC, ICAC	Partners identified
		2.2.2 Establish and develop partnerships / strategic alliances with relevant institutions for stakeholders training, project activities dissemination and enhancement on implementation;	CODA, WIS, IAM	Partnership improved and new alliances developed
		2.3.3 Communicate the adopted strategies to local and external actors in the sector for cross learning	CODA, IAM	System development strategies reports
	2	2.1.3 Prioritize and implement interventions to improve adoption	CODA, WIS, Local artisan	Automatic lint sample cutter developed at 11 Kenya gins
		2.4.1 Develop mechanism for cotton sample taking at ginneries coupled with site trainings of operators	CODA,WIS, Local private sector	Automatic lint sample devices designed and fitting at Kenya gins
		2.4.2 Establish sample management and delivery arrangement both at factories and between ginneries and laboratories	CODA, WIS	Double cabin pickup purchased, MoU with private transport co. signed
		2.4.3 Develop information flow and establishment of feedback mechanism between the laboratories and data consumers (ginneries, spinners and others)	CODA, IAM, WIS	Feedback system established
		2.1.1 To implement workshops for building ownership of the processes and results for establishment of an all inclusive and accepted classing system	Ginners, Spinners, Farmer representatives, Lint merchants, Textile Manufacturers, ACTIF, IAM, CODA, MU, KEBS, KARI, MoI, MoT, MoA, MoF	Project ownership by sector players

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
		2.2.4 Implement annual meetings with partners and key stakeholders for continuous consultation	CODA, WIS, IAM	Partners are updated on project progress
		2.3.1 Implement publicity to create awareness and promotion of the systems	CODA, IAM	Brochures, booklets and print media
		2.3.2 Implement workshops and conferences to share the progress and results of the development in national classification systems.	IAM, CODA, ICAC, CFC, WIS	Presentations on project progress
	3	2.1.2 Ginners and other stakeholders training on the system requirements (ginnery management and ginnery operators)	CODA, WIS, IAM	At least two more gin operators from each gin trained
		2.1.4 Operationalization of laboratories and implementation of the national systems	CODA, IAM, WIS	HVI Machines and air conditioners installed and up running
		2.2.3 Regulatory bodies enforce compliance in the implementation of the accepted procedures	CODA, IAM	Regulation developed, Field training, data and random sample collection
		2.4.4 Establish service arrangements for instrument maintenance as well as ICT upgrading to improve service delivery	CODA/USTER, WIS, IAM/Premier	Maintenance schedule
	4	2.1.4 Operationalization of laboratories and implementation of the national systems	CODA, IAM	HVI machine up and running
		2.2.3 Regulatory bodies enforce compliance in the implementation of the accepted procedures	CODA, IAM	Field training, data and random sample collection
3	1	2.2.1 Identify and link with strategic and potential partners in the cotton industry and related sectors;	CODA, WIS, IAM	Partners identified
		2.2.2 Establish and develop partnerships / strategic alliances with relevant institutions for stakeholders training, project activities dissemination and enhancement on implementation;	CODA, WIS, IAM	Partnership improved and new alliances developed
		2.3.3 Communicate the adopted strategies to local and external actors in the sector for cross learning	CODA, IAM	System development strategies reports
	2	2.1.1 To implement workshops for building ownership of the processes and results for establishment of an all inclusive and accepted classing system.	IAM, CODA, Ginners Association, Spinners, Weavers, WIS	Project ownership by sector players
		2.2.4 Implement annual meetings with partners and key stakeholders for continuous consultation	IAM, CODA, KARI, KEBS, MU, WIS	Stakeholders involvement
		2.3.1 Implement publicity to create awareness and promotion of the systems	IAM, CODA, WIS,CFC, ICAC	Brochures, booklets and print media, TV talk shows, conference
		2.3.2 Implement workshops and conferences to share the progress and results of the development in national classification systems.	IAM, CODA, ICAC, CFC, WIS	Presentations on project progress
	3	2.1.2 Ginners and other stakeholders training on the system requirements (ginnery management and ginnery operators)	IAM, CODA	Field training, data and random sample collection
		2.1.4 Operationalization of laboratories and implementation of the national systems	CODA, WIS, IAM	Cotton lint samples tested and reports issued

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
	4	2.1.4 Operationalization of laboratories and implementation of the national systems	CODA, WIS, IAM	Cotton lint samples tested and reports issued
		2.2.3 Regulatory bodies enforce compliance in the implementation of the accepted procedures	CODA, IAM	Field periodic and random visits for checking compliance
4	1	2.2.1 Identify and link with strategic and potential partners in the cotton industry and related sectors;	IAM, CODA,WIS	Partners identified
		2.2.2 Establish and develop partnerships / strategic alliances with relevant institutions for stakeholders training, project activities dissemination and enhancement on implementation;	IAM, WIS, CODA	Partnership improved and new alliances developed
		2.3.3 Communicate the adopted strategies to local and external actors in the sector for cross learning	CODA, IAM	System development strategies reports
	2	2.1.1 To implement workshops for building ownership of the processes and results for establishment of an all inclusive and accepted classing system.	Ginners, Spinners, Farmer representatives, Lint merchants, Textile Manufacturers, ACTIF, CODA, MU, KEBS, KARI, MoI, MoT, MoA, MoF, WIS	Project ownership by sector players
		2.2.4 Implement annual meetings with partners and key stakeholders for continuous consultation	CODA, WIS, IAM	Stakeholders involvement
		2.3.1 Implement publicity to create awareness and promotion of the systems	IAM, CODA, WIS,CFC, ICAC	Brochures, booklets and print media, TV talk shows, conference
		2.3.2 Implement workshops and conferences to share the progress and results of the development in national classification systems	IAM, CODA, ICAC, CFC, WIS	Presentations on project progress
	3	2.1.2 Ginners and other stakeholders training on the system requirements (ginnery management and ginnery operators)	IAM, CODA	Field training, data and random sample collection
		2.1.4 Operationalization of laboratories and implementation of the national systems	CODA, WIS, IAM	Cotton lint samples tested and reports issued
		2.2.3 Regulatory bodies enforce compliance in the implementation of the accepted procedures	CODA, IAM, WIS	Field periodic and random visits for checking compliance
	4	2.1.4 Operationalization of laboratories to implement the systems	CODA, WIS, IAM	Cotton lint samples tested and reports issued
		2.2.3 Regulatory bodies enforce compliance in the implementation of the accepted procedures	CODA, IAM	Field periodic and random visits for checking compliance
		2.3.4 Organize international end project workshop for dissemination of the lessons learnt	WIS, CODA, IAM, ICAC, CFC	Presentations on lesson learnt and project sustainability

Component 3: Integration of instrument testing values into the contractual system

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
1	1	3.2.1 Hold consultation meetings with relevant regulatory authorities	IAM, CODA, MoT, MoA	Consensus on various issues
		3.3.1 Prepare terms of reference for training of marketing officer and market analysts	IAM, MoT, CODA, WIS	Draft training curriculum manual produced
		3.3.2 Identify the experts for the training of the marketing officers and market analysts	IAM, CODA, WIS	List of identified trainer candidates produced
	2	3.1.5 Develop tools for economical analysis to measure economic benefits	IAM, CODA, KARI, MOT,MoA, MOI	Economic indicators developed
	3	3.1.3 Collect information on lint price development and volumes sold and their staged impact on farm gate seed cotton prices	IAM, Ginners, CODA, MoA, Spinners	Report on cotton price trends
		3.1.4 Quantification of price/income differences under the developed system	CODA, IAM	Report on cotton price trends
2	1	3.2.1 Hold consultation meetings with relevant regulatory authorities	IAM, CODA, MoT, MoA	Consensus on various issues
		3.3.1 Prepare terms of reference for training of marketing officer and market analysts	IAM, MoT, CODA, WIS	Updated training curriculum manual produced
		3.3.2 Identify the experts for the training of the marketing officers and market analysts	IAM, CODA, WIS	List of identified trainer candidates produced
	2	3.1.5 Review tools for economical analysis to measure economic benefits as developed on $Py_1 – Q_2$	IAM, CODA, KARI, WIS, MoT,MoA, MoI	Economic indicators updated
		3.1.1 Prepare guidelines to enforce transparency in cotton pricing using quality data	IAM, MoA, CODA,WIS, MOI, MoT,KARI	Regulation and guidelines developed
		3.1.2 Develop recommendation for integration of instrument testing in contractual systems	IAM, MoA, CODA,WIS, MoI, MOT,KARI	Quality data integrated into contractual systems
		3.2.2 Prepare proposal for regulatory review of the regulatory framework in the two countries	CODA, IAM	Draft regulatory framework
		3.2.3 Lobbying for approval of the regulatory framework review	MOA, CODA, MoT	Approval of different proposals
		3.1.3 Collect information on lint price development and volumes sold and their staged impact on farm gate seed cotton prices	IAM, Ginners, CODA, MoA, Spinners	Report on cotton price trends

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
	3	3.1.4 Quantification of price/income differences under the developed system	CODA	Report on cotton price trends
		3.3.3 Training of marketing officers and market analysts on integration of instrument test results into cotton delivery contracts and prices	Trade expert, IAM, CODA, MoT, MoA	At least 3 marketing officers trained for each country
3	1	3.2.1 Hold consultation meetings with relevant regulatory authorities	IAM, CODA, MoT, MoA	Consensus on various issues
	2	3.1.1 Review guidelines to enforce transparency in cotton pricing using quality data as on $Py_2 – Q_2$	IAM, MoT, CODA,WIS	Regulation and guidelines reviewed
		3.2.3 Lobbying for approval of the regulatory framework review	IAM, CODA, KARI, WIS, MoT,MoA, MoI	Approval of different proposals
	3	3.1.3 Collect information on lint price development and volumes sold and their staged impact on farm gate seed cotton prices	IAM, Ginners, CODA, MoA, Spinners	Report on cotton price trends
		3.1.4 Quantification of price/income differences under the developed system	CODA, IAM	Report on cotton price trends
		3.3.3 Training of marketing officers and market analysts on integration of instrument test results into cotton delivery contracts and prices	Trade expert, IAM, CODA, MoT, MoA	At least 3 market analysts trained for each country
4	1	3.2.1 Hold consultation meetings with relevant regulatory authorities	IAM, CODA, MoT, MoA	Consensus on various issues
	2	3.1.1 Review guidelines to enforce transparency in cotton pricing using quality data as on $Py_3 – Q_2$	IAM, MoT, CODA,WIS	Regulation and guidelines reviewed
		3.2.3 Lobbying for approval of the regulatory framework review	IAM, CODA, KARI, WIS, MoT,MoA, MoI	Approval of different proposals
	3	3.1.3 Collect information on lint price development and volumes sold and their staged impact on farm gate seed cotton prices	IAM, Ginners, CODA, MoA, Spinners	Report on cotton price trends
		3.1.4 Quantification of price/income differences under the developed system	CODA, IAM	Report on cotton price trends

Component 4: Train the national cotton classing staff in the classification procedures and practices equivalent to the US system

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
1	1	4.1.1. Identify the classifiers to be submitted to the training and prepare their profiles and training needs.	IAM, CODA, WIS	List of identified trainees produced
		4.1.2. Based on the gap analysis and road map developed on the component 1, draft terms of reference for training of classifiers for operation of the system;	IAM, CODA, WIS, System expert	Draft training curriculum manual produced
		4.1.3. Identify trainers from within and outside the countries for training of classers;	CODA, WIS, IAM	List of identified trainers produced and contracted
	2	4.1.4. Produce training material / brochures in correct use of automatic instruments;	WIS, System expert	Manuals and procedures, brochures, Modules produced
		4.1.6. Train national classifiers in the use of standardized equipment for lint testing.	IAM, CODA, WIS, System expert	At least 3 classifiers trained from each lab
2	1	4.1.1. Identify the classifiers to be submitted to the training and prepare their profiles and training needs.	IAM, CODA, WIS	List of identified trainees produced
		4.1.2. Based on the gap analysis and road map developed on the component 1, draft terms of reference for training of classifiers for operation of the system;	IAM, CODA, WIS, System expert	Draft training curriculum manual produced
		4.1.3. Identify trainers from within and outside the countries for training of classers;	CODA, WIS, IAM	List of identified trainers produced and contracted
	2	4.1.4. Produce training material / brochures in correct use of automatic instruments;	WIS, System expert	Manuals and procedures, brochures, Modules produced
		4.1.6. Train national classifiers in the use of standardized equipment for lint testing.	IAM, CODA, WIS, System Expert	At least 3 classifiers trained from each lab
	3	4.1.5. Prepare a procedures manual for cotton instrumental classification to serve as day to day guide for instrument testing of cotton in the two countries;	IAM, WIS, System expert, CODA	Procedures manual produced

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
3	1	4.1.1. Identify the classifiers to be submitted to the training and prepare their profiles and training needs.	IAM, CODA, WIS	List of identified trainees produced
		4.1.2. Based on the gap analysis and road map developed on the component 1, draft terms of reference for training of classifiers for operation of the system;	IAM, CODA, WIS, System expert	Draft training curriculum manual produced
		4.1.3. Identify trainers from within and outside the countries for training of classers;	CODA, WIS, IAM	List of identified trainers produced and contracted
	2	4.1.4. Produce training material / brochures in correct use of automatic instruments;	WIS, System expert	Manuals and procedures, brochures, Modules produced
		4.1.6. Train national classifiers in the use of standardized equipment for lint testing.	IAM, CODA, WIS, System expert	At least 3 classifiers trained from each lab
	3	4.1.5. Prepare a procedures manual for cotton instrumental classification to serve as day to day guide for instrument testing of cotton in the two countries;	IAM, WIS, System expert, CODA	Procedures manual produced
4	2	4.1.6. Train national classifiers in the use of standardized equipment for lint testing.	IAM, CODA, WIS, System expert	At least 3 classifiers trained from each lab

Component 5: Implement a centralized database system through specific software and interconnected network between the data store house at head offices in Kenya and Mozambique and the classing labs in both countries

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
1	1	5.1.3. Rent / building room for installation of centralizing server and connectivity equipment and software;	CODA, IAM	Lease agreement/building ownership document
2	1	5.1.1. Based on the recommendations on the road map for national classing system development in Mozambique and Kenya, develop terms of reference for data management system installation;	IAM, CODA, WIS	Requirements for data management system draft produced
		5.1.2. Identify ICT expert for database and database management system design and contract the expert;	IAM, CODA, WIS	ICT expert identified and contracted
		5.3.1. Identify the needs of the ICT personnel to be submitted to train on competences on classification data dissemination.	IAM, CODA, WIS	List of trainees' needs identified
		5.1.4. Based on the terms of reference, acquire computers, including servers and their accessories for installation of the system, the software for database at central level, as well as corresponding equipment for the classification rooms;	IAM, CODA, WIS, Computer Expert	Computers, servers and accessories procured
		5.2.1. Identify the personnel/classers to be submitted to the training and prepare their profiles and training needs.	CODA, IAM	List of identified personnel for training produced
		5.2.2/5.3.2. Based on the road map, draft terms of reference for training of personnel on ICT, database management and report generation;	CODA,WIS, IAM	Draft training curriculum manual produced
		5.2.3/5.3.3. Identify trainers from within and outside the countries for training of the personnel/classers;	IAM, CODA, WIS	Trainers identified and contracted
	2	5.1.5. Installation and maintenance of hardware and software infrastructure for data base and data management system;	CODA, IAM	Computers and servers installed, maintenance schedule produced
		5.4.1. Draft terms of reference for development of technical manual for data entering, data management and data dissemination;	IAM, CODA, WIS	Terms of reference for development of technical manual developed
		5.1.6/5.2.5/5.4.2. Draft a technical manual of basic procedures for cotton instrument classification data entering and database management to serve as day to day guide in the two countries.	CODA,WIS, Computer expert	Technical procedures manual produced
		5.2.4/5.3.4. Produce training material / brochures in database management, reports generations and classification data dissemination;	CODA, IAM, Computer expert	Brochures and manuals produced
	3	5.2.6/5.3.5. Train the classers in computerized database management, reports generation and classification data dissemination.	IAM, CODA, WIS, Computer expert	At least 3 classers trained from each lab
		5.1.5. Maintenance of installed hardware and software infrastructure for data base and data management system;	IAM, CODA	Maintenance schedule produced
		5.1.6/5.2.5/5.4.2. Update the technical manual of basic procedures	CODA, WIS	Technical procedures manual

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
3	2	for cotton instrument classification data entering and database management to serve as day to day guide in the two countries		produced
		5.2.4. Produce training material / brochures in database management and reports generations;	CODA, IAM, Computer expert	Brochures and manuals produced
	3	5.2.6/5.3.5. Train the classers in computerized database management, reports generation and classification data dissemination.	CODA,WIS, Computer expert	At least 3 classers trained from each lab
4	2	5.1.5. Maintenance of installed hardware and software infrastructure for data base and data management system;	IAM, CODA	Maintenance schedule produced
	3	5.2.6/5.3.5. Train the classers in computerized database management, reports generation and classification data dissemination.	CODA,WIS, Computer expert	At least 3 classers trained from each lab

Component 6: Establishment of project management and coordination systems

PY	Quarter	Main Activities to be Implemented	Responsibilities	Output
1	1	6.1.1. Prepare terms of reference for the different project positions, including those integrated into normal institutional framework;	WIS, AIM, CODA	ToR on project positions developed
		6.1.2. Identify suitable personnel within the 3 institutions (PEA and 2 PIAs), and contract them or other form of engagement in to the project;	WIS, CODA, IAM	3 personnel engaged as focal points
		6.1.3. Propose to the stakeholders terms of reference and the list of prospective Project Coordination Committee for approval and mobilization of the project steering committee;	WIS, CODA, IAM	Steering committee established
		6.1.4. Propose coordination chart of the project structure, including clear indication of subordination, coordination and information exchange lines, as well as sharing and separation of responsibilities	WIS, CODA, IAM	Project coordination chart produced
		6.2.1. Access the CFC tools both for technical and administrative management of the project and prepare compressed version for quick references;	WIS	Compressed technical and admin CFC version developed
		6.2.2. Distribute the tools referred above to the whole project management structure;	CODA, WIS, IAM	CFC compressed version disseminated
		6.2.3. Prepare and implement on job training for personnel mobilized under output 6.1 as to disseminate the management instruments	WIS, CODA, IAM	Identified focal point personnel trained on project management
		6.3.3. Implement the project baseline study as per the project cycle good practices	IAM, CODA, WIS, KARI, MoI/MoT	Base line study report produced
		6.3.4 Implement the project launch workshop	CODA,WIS,IAM	Official project launch
	2	6.3.1. Based on the minimum requirements and good practices for project implementation, draft and implement project monitoring and evaluation document, covering both internal and external project monitoring	CODA, WIS, IAM	Draft Project monitoring and evaluation document produced
	3	6.3.2 Present the said draft to the steering committee and seek approval	IAM, CODA, WIS, Stakeholders	Project monitoring and evaluation document approved
2	1	6.2.3. Prepare and implement on job training for personnel mobilized under output 6.1 as to disseminate the management instruments	WIS, CODA, IAM	Identified focal point personnel updated on project management best practices
3	1	6.2.3. Prepare and implement on job training for personnel mobilized under output 6.1 as to disseminate the management instruments	IAM, WIS, CODA	Identified focal point personnel updated on project management best practices
4	1	6.2.3. Prepare and implement on job training for personnel mobilized under output 6.1 as to disseminate the management instruments	WIS, CODA, IAM	Identified focal point personnel updated on project management best practices

Annex I: Provisional Implementation Chart for CFC/ICAC/44

Activity	Timing															
	2012				2013				2014				2015			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1. Description of main and operational principles, practices and procedures for a national classing system in Kenya and Mozambique																
Output 1: Classification facilities and procedures in Kenya and Mozambique reviewed including gap analysis by an international technical expert																
Output 2: Road map to improve the position of the envisaged national classification systems identified / proposed																
Output 3: National Classification management system (manuals, protocols, tools, guidelines etc) with description of procedures and practices availed																
2. Consultations, promotion, adoption and implementation of cotton fiber classification procedures among stakeholders in both countries																
Output 1: National Cotton classification and instruments testing system introduced																
Output 2: Partnerships and strategic alliances (collaboration) for implementation of the proposed systems established through continuous consultation																
Output 3: Communication and dissemination strategies to actors in cotton sector (local and external) of project activities, experiences and expected best practices for a National cotton classification system																
Output 4: Services identified for project interventions to improve implementation of the national systems																
3. Integration of classing /results in contractual systems																
Output 1: Recommendation for integration of instrument testing results in contractual systems is developed																
Output 2: Proposal to relevant authorities for regulations review of the regulatory framework in the two countries																
Output 3: Capacity of marketing officers and market analysts in the two countries built																

Activity	Timing															
	2012				2013				2014				2015			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
4. Training of staff in all aspects of the operations of the system developed under component 1																
Output 1: National fibre classers trained in classification procedures and practices	■	■			■	■	■		■	■	■			■		
5. Design and operationalization of a reliable data base /management system required for information sharing between stakeholders																
Output 1: Database at CODA, Kenya and IAM, Mozambique respectively, through ICT and software infrastructure designed and implemented	■				■	■				■				■		
Output 2: Trained personnel on database management and lint quality reports generation					■	■	■			■	■				■	
Output 3: Trained ICT personnel on competences for classification data dissemination					■	■	■				■				■	
Output 4: Technical manual for data entering, database management and dissemination developed						■				■						
6. Establishment of project management and coordination system																
Output 1: Project implementation structure established	■															
Output 2: Project management, administration and reporting instruments disseminated	■				■				■				■			
Output 3: Project monitoring and evaluation system is established	■	■	■			■								■		

Consolidated Implementation work plan																
Activity	**Timing**															
	2012				**2013**				**2014**				**2015**			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A. Needs Assessment and system reviews Kenya and Mozambique (field/site visits, stakeholder meetings/ workshops)																
B. Baseline studies (pre- project)																
C. Training and exchange visit- external exposure (travel) for experience sharing																
D. Development of classification system (manuals, protocols, tools, guidelines etc) with a description of procedures and practices																
E. Communication and Dissemination: development material (brochures, website, advertisements), collection of best practices/lessons learnt, Dissemination workshop, presentation to annual CFC/ICAC forum																
F. Development of objective pricing structure																
G. Development of Data management technical manual																
H. Technical partnerships and alliances establishment																
I. Classers and other trainings etc;																
J. Data base Servers and other equipment acquisition and installations																
I. Overall Programme Coordination/administration																
II. Steering group committee Meeting																
III. Progress reports compilation																
IV. Progress report to CFC/ICAC																
V. End of project workshop																
VI. Final report																

Key

WIS Wakefield Inspection Services
CODA Cotton Development Authority
MoT Ministry of Trade
KEBS Kenya Bureau of Standards
MoF Ministry of Finance
MoA Ministry of Agriculture
IAM Instituto do Algodao de Mocambique
KARI Kenya Agricultural Research Institute
MoI Ministry of Industry
KIRDI Kenya Industrial Research & Development Institute
KRA Kenya Revenue Authority
MU Moi University