

gtz Center for the Future of Cotton DEG DEUTSCHE ZUSAMMENARBEITSGEMEINSCHAFT

Cotton Made in Africa

- CmiA -

Competitive African Cotton Initiative

- COMPACI -

ICAC Research Associates Program
4th to 12th May, 2010
Sarah Schneider, GTZ

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gtz Center for the Future of Cotton DEG DEUTSCHE ZUSAMMENARBEITSGEMEINSCHAFT Cotton sector in Sub-Sahara Africa

- Between 10-15% of the world wide traded cotton is grown in Sub-Sahara Africa (SSA)
- Cotton exports make up between 35-75% of the agricultural export earning of those countries
- About 20 mil. people in SSA are living directly or indirectly from cotton production
- Cotton is mostly grown in smallholder structures
- Cotton production presents an important economic factor in Africa and plays a key-function for poverty alleviation
- However the competitiveness of African cotton is affected by various factors and the cotton farmers are facing several challenges, which in the last years led to reduced production areas
- In the past the prices for cotton on the world market decreased particularly due to the subsidies paid by industrialised countries and the appreciation of local currencies against the US Dollar
- Only since the end of 2009 significant price increases for cotton on the world market can be observed

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gtz Center for the Future of Cotton DEG DEUTSCHE ZUSAMMENARBEITSGEMEINSCHAFT Cotton made in Africa – how it started....

aid by trade Initiative for the Cotton Trade

In 2005 Dr. Michael Otto (a German entrepreneur) found the Aid by Trade Foundation (AbTF) who aims at providing market-based support which is long-term and sustainable

AbTF is organiser of the *Cotton made in Africa* initiative (CmiA), a Public Private Partnership, which started in 2005

Partners and funding of PPP *Cotton made in Africa*

AbTF (inclusively demand alliance) 4.4 mil. €

Public sector (BMZ, DEG, GTZ) 4.4 mil. €

Cotton companies (ICA, AIC, Faso Cotton, Dunevant Zambia) 1.4 mil. €

Partners: *Reinhold*, *otto group*, *REWE GROUP*, *PUNIM* (Selected trade partners)

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gtz Center for the Future of Cotton DEG DEUTSCHE ZUSAMMENARBEITSGEMEINSCHAFT CmiA – strategic alliance behind

CmiA is supported by a strategic alliance of numerous significant public and private stakeholders. They help by funding and by providing advice and technical inputs

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gtz Center for the Future of Cotton DEG DEUTSCHE ZUSAMMENARBEITSGEMEINSCHAFT CmiA – objectives and approach I

Objective ⇒ Establish stable value chains from the cotton farmers to the consumer, which stand for fair prices as well as sustainable social and ecological production conditions. This is understood as a key-principle to create an adequate livelihood for African farmers and poverty alleviation.

CmiA's approach

⇒ In the frame of the *CmiA* initiative a **sustainability standard** was developed, containing social, ecological and economic criteria and goals. The compliance with that criteria (ginning companies and farmers) is verified regularly by independent third party verifiers.

⇒ **Agricultural trainings for increasing productivity** of cotton production. The cotton companies engage in leading the cotton farmers to a more sustainable cotton production and provide intensive trainings in good agricultural practices (e.g. integrated pest management). Furthermore they provide micro credits in order to finance production inputs.

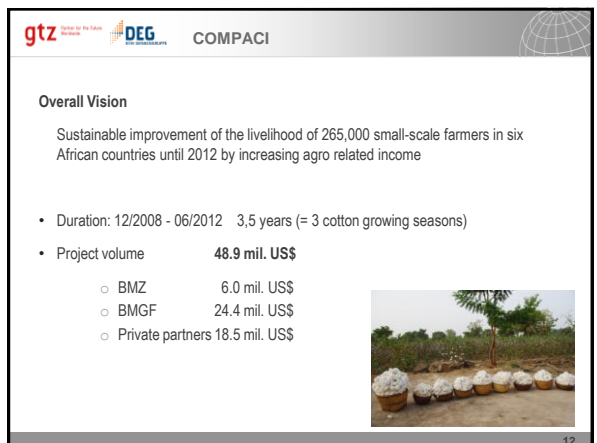
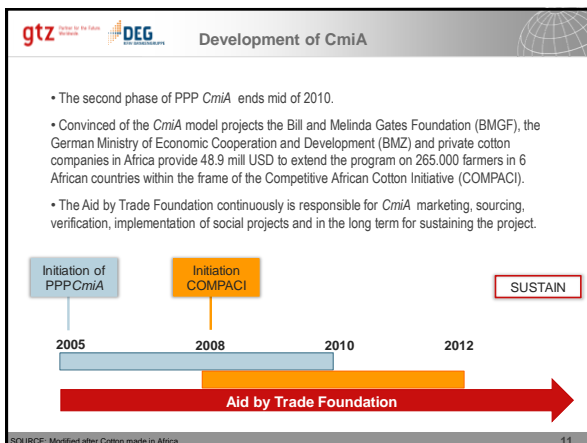
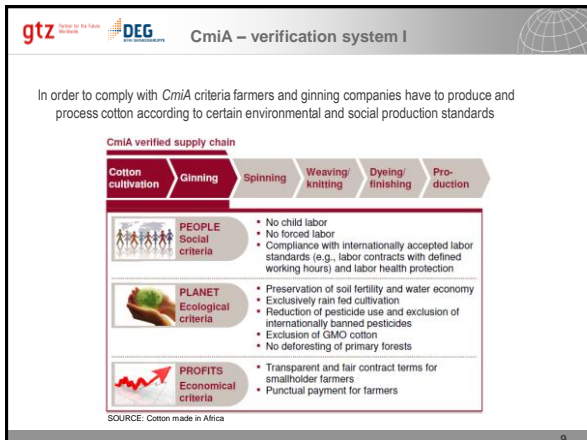
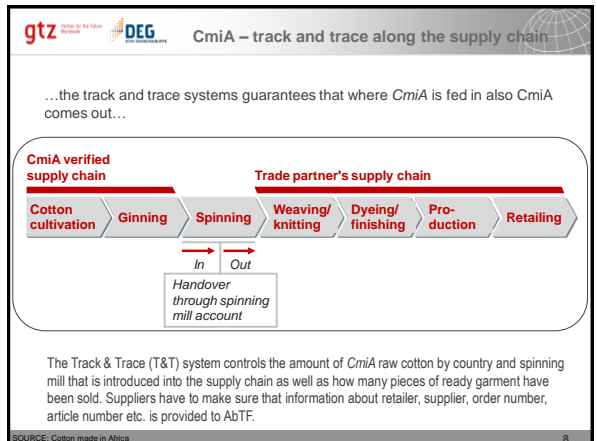
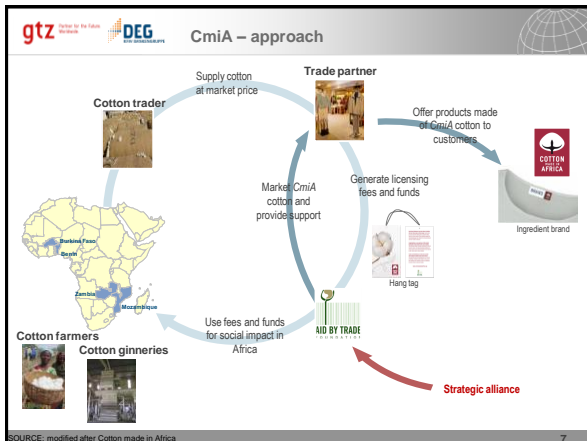
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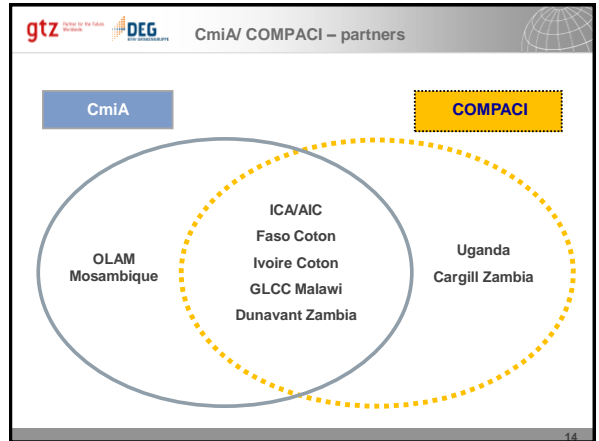
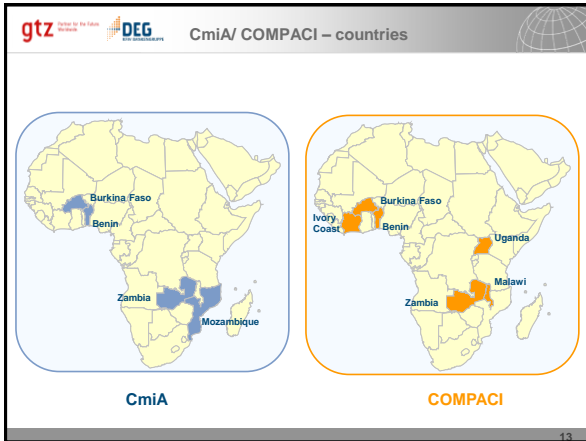
gtz Center for the Future of Cotton DEG DEUTSCHE ZUSAMMENARBEITSGEMEINSCHAFT CmiA – objectives and approach II

⇒ **Transparent value chain and demand alliance for CmiA.** The textile retail industry is connected to the farmers via a long value chain. Together with famous spinning and weaving mills *CmiA* built a worldwide supply chain. An increasing demand for African cotton and an efficient, transparent international value chain are critical to provide for an adequate market position for *CmiA*.

⇒ **Licensing fee.** *CmiA* is traded at world market price. *CmiA* is an ingredient brand and textile retailers pay a license-fee (not passed on the consumer) for every product they sell made out of *CmiA*. The fee is used partly to finance social projects in the CmiA countries (like literacy schooling program for adults in Burkina Faso, facilitate access to schooling for children in Benin). From 2012/13 onwards, it is expected (due to an increasing marketed volume of *CmiA*), that about 50% of the returns through the licensing fee can be directly paid to the farmers as dividend payments, which may increase their income about 10-15%.

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- Strengthen cotton farmers' capacity with regards to
1. **Increasing productivity and quality of cotton production**
-> introduction and intensification of good agricultural practices (IPM, SWC)
 2. **Diversifying crop production and enhancement of organizational capacity of producer groups**
 3. **Facilitating access to and use of micro credits**
-> support farmers to buy draft animals and agricultural equipment
 4. **Strengthen sustainable business linkages between cotton farmers, ginners traders and retailers**
-> branding cotton according to quality labels and link them to textile retailers
- Facilitate exchange of lessons learnt among program partners
Integration of cotton strategies into CAADP
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Cotton production, qualification measures, productivity increase through cooperation with cotton companies

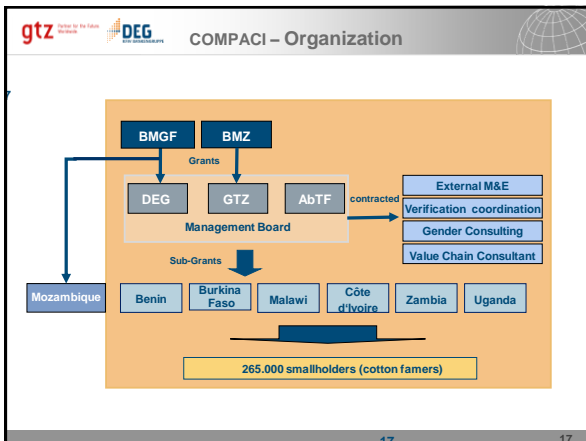
CmiA Verification management and implementation

M&E, impact assessment of CmiA on income generation

Establishment of **value chain structure**

Dividend payments through CmiA in order to increase income of CmiA farmers

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Benin	Burkina Faso	Côte d'Ivoire
35,000 farmers	15,000 farmers	20,000 farmers
Key aspects: <ul style="list-style-type: none"> • Basic cotton technologies • Pesticide use (LEC) • Diversification / cooperation 	Key aspects: <ul style="list-style-type: none"> • Basic cotton technologies • Draft animals (culture attelée) • Organic fertilizer 	Key aspects: <ul style="list-style-type: none"> • Basic cotton technologies • Draft animals (culture attelée)
New aspects: <ul style="list-style-type: none"> • Credit scheme for draft animals • Organic fertilizer 	New aspects: <ul style="list-style-type: none"> • Improved pest management (Lutte sur seuil) 	New aspects: <ul style="list-style-type: none"> • Improves pest management (Lutte sur seuil)
Additional projects: <ul style="list-style-type: none"> • CmiA social project (10,000 school uniforms made of CmiA) 	Additional projects: <ul style="list-style-type: none"> • Literacy training of farmers with CmiA, German NGO Welthungerhilfe & local NGO; EUR 220,000 / 3 years 	

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Uganda	Malawi	Zambia
32,500 farmers	65,000 farmers	100,000 farmers
Key aspects: <ul style="list-style-type: none"> • Train in organic agricultural practices (e.g. organic pest management) • Provide initial support (e.g. tractor ploughing) • Mobilize former IDPs to form producer groups 	Key aspects: <ul style="list-style-type: none"> • Expand extension scheme • Basic cotton technologies • Pesticide use (threshold spraying) • Organisation of producer groups 	Key aspects: <ul style="list-style-type: none"> • Basic cotton technologies • Conservation farming Pilots: <ul style="list-style-type: none"> • Credit schemes for draft animals / tractors Additional projects: <ul style="list-style-type: none"> • Mobile transactions • Planned: include school's fields in extension program

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- M&E is done by an external research organization (NORC)
- Baseline studies beginning now
- Key indicators
 - Economic Impacts
 - Cotton related income
 - Expenditures, Assets
 - Food Security Impacts
 - Availability of adequate food all year
 - Quality, quantity, diversity of diets
 - Social Impacts
 - Ability to afford health care
 - Children's school attendance rates
 - Ecological Impacts
 - Soil fertility
 - Extent of farmers' adoption of "Good Agricultural Practices"
 - General, Pesticide use and handling
 - Gender issues



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- Introduction of good agricultural practices and compliance of environmental, ecological, economic and social sustainability standards according to *CmiA* criteria
- The training of >200,000 farmers is ensured and the objective of reaching 265,000 farmers is achievable
- Through the introduction of improved production techniques farmers in Zambia could increase their yields up to 40%. In Benin incomes could be increased by 20% by the decline of production costs
- Through the targeted use of adequate pesticides cotton production is more environmental sustainable
- Soil fertility of cotton fields in Burkina Faso could be enhanced through the application of compost and organic fertilizer supplemented by measure taken against losses through erosion

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- The farmers are paid between 1-5 days after delivering the cotton
- The value chain is established: increasing demand for *CmiA*-cotton can be supplied
- The demand alliance of *CmiA* could be increased to 20 trading partners
- In 2009 already 6 mil. *CmiA* garments sold, in 2010 13 mil. are planned

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