TC's Cotton Development Initiative uses South-South cooperation to make Africa a stronger competitor in the international cotton trade. It has two major focus areas: facilitating learning and collaboration with countries that have successfully built a cotton sector and a textile and clothing sector, and building sustainable trade linkages (i.e. exports and imports).

Facilitating learning and collaboration
- Learning from success – Training programmes organized by ITC allow successful cotton producers in China, India, Turkey and elsewhere to share their knowledge with cotton professionals from Africa.
- Developing capacity to transform cotton – Successful textile and clothing producers in Asia are relaying their experiences to African countries. Closer linkages with cotton-consuming spinning mills will lead to closer partnerships between spinners, ginners and farmer groups. These partnerships will, in turn, lead to major improvements along the value chain, raising the quality of cotton and ensuring long-term market stability.
- Encouraging intra-African cooperation – Extensive knowledge and know-how is available in Africa, but is often neglected.

Developing sustainable trade linkages
- Sourcing from other developing countries – Finding new suppliers in the developing world promotes savings on items ranging from seeds and fertilizer to ginning and textile technology.
- Promoting African cotton – ITC assists African cotton companies, independent ginners and producers to benefit from closer linkages with cotton-consuming countries in Asia, not only to learn what their clients expect from them but also to promote their cotton.
- Reducing cotton contamination – In Africa reducing cotton contamination remains an important issue even though in many cases the reputation of African cotton is more contaminated than the cotton itself. To overcome this, ITC identifies spinning mills that are willing to assist selected ginning factories to produce clean lint.

Other technical assistance under ITC’s Cotton Development Initiative
- Sector strategy development
- Capacity building of cotton-related associations to understand and build partnerships along international cotton value chains
- Capacity building in cotton trade and marketing.

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empowering zambian farmers
THROUGH SOUTH-SOUTH COOPERATION

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Cotton is one success of Zambia’s turn towards a market economy and offers a powerful tool for poverty reduction. Until recently, the industry had been dominated by the foreign-owned private sector that dictated prices and marketing arrangements for over 300,000 smallholder farmers in contract cotton production, with almost exclusive access to policy discussions and formulation.

Against this background, the Cotton Association of Zambia (CAZ) was established in July 2005 to represent the interests of all cotton farmers in Zambia. Since 2006, CAZ has been collaborating in ITC-organized South-South cooperation activities in China, India, Senegal and Turkey, as well as in market-related activities in textile-producing countries such as Bangladesh, China, India, Thailand, Turkey and Viet Nam.

Building on the linkages created by ITC, CAZ was able to change the cotton sector in a number of ways:

- **Farmer empowerment** – Knowledge gained from farmer groups in China, India and Turkey, as well as in Africa, enabled CAZ to change the fundamental power structures whereby cotton farmers now have a greater say in critical issues affecting the industry, such as pricing and contract negotiations. Historically, smallholder farmers were told the cost of inputs and given a general indication of the seed-cotton prices, but ginners had a free hand to amend prices without redress. In fact, ginners used farmers to manage price risks as they were disorganized and isolated. Following the introduction of a new cotton pricing model developed together with ITC, farmers are now able to negotiate on almost level terms with the ginners. An independent evaluation by the Swedish Development Agency (SIDA) in 34 districts showed an increase of seed cotton prices by 40% in the past two seasons. This price increase was shown in real terms and related to the incomes generated by smallholder farmers. In total, approximately 270,000 cotton farmers have benefited from higher producer prices negotiated by CAZ.

- **Transparency and partnership along the value chain** – Exposure and training brought producers and ginners together to learn from each other and, more importantly, to interact more regularly. The mistrust that existed between ginners and farmers is almost entirely wiped out and regular meetings to discuss pre-planting prices and producer prices are held.

- **Indigenizing and adding value to the cotton value chain** – Experience in countries such as Turkey and India showed CAZ that farmers can add value to their cotton, and that they can run ginning operations successfully. This prompted CAZ, through the Zambia National Farmers’ Union (ZNFU), to identify district farmers associations to pilot farmer-owned gineries in the country to counter the 100% foreign-dominated ginning sector. A feasibility study confirmed the sustainability in six districts. As a result, the Mumbwa Roller Ginning and Pressing Company has been established as a farmer-owned ginning company with shareholding of 60% by farmers, 20% by ZNFU and 20% by CAZ for the first three years. Then the farmers cooperative will become the sole owner. The ginning equipment was sourced from India through contacts made via ITC. Farmers are also seeking to invest in ginning and cooking oil extraction in order to increase their farm incomes.

- **Building partnerships with preferred buyers** – CAZ is capitalizing on the knowledge gained during training and marketing activities in Asia and is actively developing contacts with preferred buyers in Asia. These buyers are willing to pay higher prices for cleaner cotton. Farmers are partnering with preferred buyers (i.e. spinning mills) to reduce cotton contamination. Farmers have also introduced approved cotton picking bags and are grading cotton at the farm, a practice successfully adopted in Senegal.

- **Managing farm inputs** – For the coming season, the Mumbwa Farmers Cooperative will start sourcing its own inputs. The cooperatives and CAZ will use the business linkages created in Asia and have developed a new self-finance scheme to make farmers independent of ginning companies in the supply of fertilizer and chemicals on loan terms.

- **Creating an institutional infrastructure that supports farmers** – CAZ liaises with all cotton-related institutions in the country, such as the Cotton Development Trust (CDT), the Zambia Cotton Gimmers Association, the Conservation Farming Unit and the Cotton Board of Zambia, and acts as a transmission belt for ITC’s assistance. As a result, CDT started a process of partnering with scientists in India to introduce Bt cotton research in Zambia. CDT also acquired a roller gin to process seeds on behalf of ginning companies and outgrower schemes.

- **Regional collaboration** – Due to its international exposure and facilitated interchange with cotton stakeholders in Africa, CAZ was instrumental in forming a subregional collaboration agreement in the cotton sector among cotton stakeholders from Mozambique, Zambia, Zimbabwe and Malawi (MoZaZiMa).

As farmers rotate cotton with food crops, the capacity built among farmers will also enhance the production of crops such as maize or cereals and thus contributes to food security in the country.
The ginney has agreed in principle with the factory on both but will start by selling lint, which they will process and sell back for final packaging of sanitary products. The idea is to work backwards, learning from the Vietnamese experience, and adding value subsequently at each stage of production until the ginney has a fully sanitary cotton plant. They do not anticipate marketing problems because Kenya’s new constitution makes it mandatory for the government to supply sanitary towels to all girls’ schools. Moreover, Makueni Ginners will also be able to process and supply hygienic cotton for general use to hospitals.

Involving the government

Finally, value addition and market expansion are also necessary for the domestic textile and clothing industry, which faces difficulties from illegally imported products as well as second-hand clothing. For an industry to survive in this situation, it will require support from a large buyer. The Kenyan government is one such buyer, procuring products for public institutions, including hospitals and universities. With the Chinese experience, Makueni Ginners approached the prime minister for support to the industry and it was decided that public procurement for products such as textiles and clothing should first be sourced locally. This is a very big boost for cotton and the textile industry, as it enlarges the market.

As Kenya’s cotton industry expands, companies need to address the marketability of all products along the value chain. Value addition widens the domestic market and creates opportunities abroad. South-South cooperation has been a crucial starting point for the process.

Partnering along the value chain

In Viet Nam, ITC exposed Makueni Ginners to companies all along the textiles and clothing value chain. All companies visited had very high cotton quality requirements, but also needed a minimum quantity that the company could not yet deliver. During the trip, representatives from Makueni Ginners also visited a factory specializing in cotton products, such as sanitary towels. As this company does not need large quantities of seed cotton, they source lint from textile manufacturers, which is expensive. Makueni Ginners therefore saw the business opportunity to export lint and, in parallel, partner with them to produce sanitary cotton products in Kenya, for which there is a large market.