

Letter from the COMPACI Management Board



By:

- Roger Peltzer (left)
- Wolfgang Bertenbreiter (middle)
- Christoph Kaut (right)

Dear member of the CmiA & COMPACI Stakeholder Community

What started as a small pilot project in 2005 has turned into a big project only 8 years later. At the end of 2012, the number of farmers who produce cotton according to the Cotton made in Africa-criteria reached 435,000 in 5 African countries. On the demand side, many well-known textile companies such as the Otto Group, Tchibo, Puma, C&A etc. nowadays offer Cotton made in Africa products. In 2012, around 20 million CmiA garments were sold.

Moreover, a partnership was formed between the Aid by Trade Foundation (AbTF) and the Better Cotton Initiative (BCI). Since May 2012, Cotton made in Africa verified cotton can be sold as BCI cotton. In this way, 22,000 tons of verified lint cotton were already sold to BCI customers in 2012. The cooperation with BCI therefore enables CmiA to enter an additional, dynamically growing market. Demand for CmiA lint will further increase substantially in the forthcoming years.

Further partnerships additionally helped to boost the very positive development of the Cotton made in Africa initiative. The Bill & Melinda Gates Foundation and the German Ministry for Economic Cooperation and Development (BMZ), for example, made substantial funds available in order to support cotton-growing smallholders in Africa in enhancing sustainable production conditions and in increasing their income. Phase II of the Competitive African Cotton Initiative has started at the beginning of the year 2013. It will run until 2015 and aims at reaching 650,000 farmers and thus a total of 4.6 million family members in ten different African countries. Next to the British Gatsby Foundation, also the Aid by Trade Foundation notably participates in the financing, which constitutes an important step forward.

In the future, the support programs for African smallholders and their families are mainly to be financed by license fees paid by the textile retail traders. AbTF will thus gradually replace funding from private and public sources. Therefore, AbTF is contractually configured to manage the support programs with the African partners from 2016 on. •



From left to right - First row: Frauke Schmuhl, Sabine Kleinewiese, Carole Romero Vargas, Christina Bredehorst
Second row: Christian Barthel, Tina Stridde, Johannes Merck, Christoph Kaut

Aid by Trade Foundation:

Development Policy

(Christoph Kaut: Managing Director / Carole Romero Vargas: Project Manager): Standard Development, Verification-, Stakeholder-, Community Project-, Compaci-Management,

Finance and Controlling

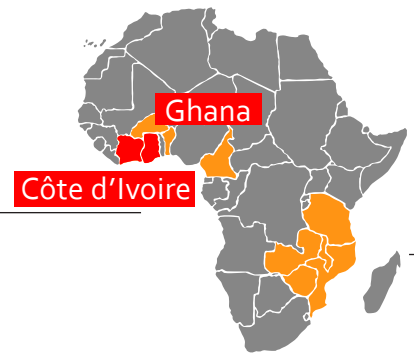
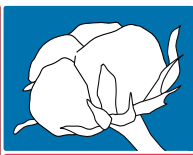
(Sabine Kleinewiese: Project Manager Finance & Controlling / Frauke Schmuhl: Trainee): Financial Reporting, Budgeting, Forecasting and Modeling, Tax, Legal and Administration.

Marketing, Sales und Communication

(Tina Stridde: Managing Director / Christina Bredehorst: Junior Project Manager): Stakeholder-, Press-, Internet-, POS and Product Communication, Partner acquisition and support for Key Accounts, Event organization.

Supply Chain Management

(Christian Barthel: Managing Director): Monitoring of raw material flow and data collection, developing and maintaining tracing systems, sourcing services for partners, workshops for suppliers and partners, partner acquisition and support for Key Accounts



New COMPACI partners: SECO (Côte d'Ivoire) and Olam Ghana

By **Julie Greene** (Business Head Cotton, SECO) & **Das Mritunjay** (Business Head for edible Nuts & Cotton, Olam)

Olam International Ltd. is a leading global supply chain company for agricultural raw materials and food products. Present in cotton trading since 1991 across the world, from America to Africa, Asia, and Australia, Olam today is the largest cotton ginner in the world, and an important partner for cotton farmers in several African countries.

Through its subsidiaries, Société d'Exploitation Cotonnière Olam (SECO) in Côte d'Ivoire and Olam Ghana in Ghana, Olam assists nearly 20,000 cotton farmers in West Africa with crop financing and agricultural extension services, as well as supports food crops and social initiatives. Combined with its subsidiaries in Mozambique, Zimbabwe, and Zambia, Olam provides support to over 100,000 cotton farmers across Africa.

The case of SECO in Côte d'Ivoire

SECO S.A. was created in 2008 with the acquisition of a cotton factory in Ouangolodougou, near the border with Burkina Faso. It subsequently expanded its activities to several regions of central and northern Côte d'Ivoire. Thanks to its innovative policy framework and its research and development activities, SECO has managed to improve agricultural yields from 600 kg / ha in its first year to more than 1,100 kg / ha last season (2012). These yields are among the highest in the industry in Côte d'Ivoire. Cotton farmers have seen significant increases in their revenues and improvements in their living environments. These results have led other farmers to see the potential of cotton as a source of prosperity and to join SECO, which now works with 12,000 partner cotton growers.

OLAM's activities in Ghana

In 2011, the Government of Ghana allocated one of three exclusive zones to Olam Ghana in the context of the Cotton Sector Recovery Strategy. Now in its second season, Olam Ghana provides technical equipment and financing to 8,000 cotton farmers in north-western Ghana.

SECO S.A. and Olam Ghana adhere to the Olam Livelihood Charter, which aims to bring prosperity to partner farming communities and supports the United Nations' Millennium Development Goals. This charter is based on eight principles: providing access to finance, improving crop yields, developing good working practices, providing access to market, improving the quality and traceability of products, and social investment and environmental impact. With respect to cotton, Olam is already an implementing partner and board member of the Better Cotton Initiative (BCI).

The Cotton Made in Africa (CmiA) principles align well with those of the Olam Livelihood Charter, prompting Olam to enter into partnership with DEG and GIZ for the second phase of the COMPACI project. This project will enable Olam to further improve its services for partner farmers and further increase their income through technical training, entrepreneurship training, and access to safer working conditions.

Coupled with substantial funding that Olam provides for agricultural inputs and equipment, for both cotton and food crops, this project will contribute to better living conditions for farmers in northern Côte d'Ivoire and Ghana.

To implement this project, Olam has over 150 Agricultural Advisors in Côte d'Ivoire and Ghana who provide close supervision to farmers and who are coordinated by Zonal Heads and Agronomists/Supervisors. Training activities are further supported by a research unit in Côte d'Ivoire, a training and audit unit in Ghana, and the Corporate Responsibility and Sustainability department, which has units in both companies. •

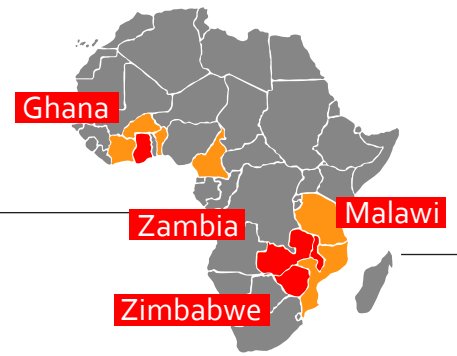


JULIE GREENE is the Business Head Cotton for Seco S.A. & Olam International Ltd. in Côte d'Ivoire.

She holds a BA in Environmental Studies from the USA and a MBA from Switzerland. Before she came to SECO she worked for the GIZ and the International Rescue Committee in Sierra Leone and the National Council for Science and the Environment in the United States.



DAS MRITUNJAY is the Business head for edible Nuts & Cotton for Olam International in Ghana and Burkina Faso. He holds a Bachelor of Commerce and a MBA which he both obtained from Indian Universities. Before coming to Olam, he worked for the Gujarat Cooperative Milk Marketing Federation Ltd. in India.



Introduction of a hand-held Cotton Harvester

By **Joshy Varkey** (Business Head, Armajaro Cotton Ghana Ltd.) & **Rudy van Gent** (Special Consultant, COMPACI)



Joshy Varkey

In Zambia, Malawi and Zimbabwe, a battery-run, hand-held cotton harvester is soon to be tested. With herbicide use gradually becoming more popular among cotton growers (addressing one labor bottleneck), picking will become the greatest labor intensive activity in cotton production. With increasing productivity, the cost of staff hired for picking the cotton may become an even bigger constraint for many smallholder cotton farmers.

In Mumbwa, Zambia, a couple of seed producers refrained from growing crop, following the high costs they incurred for labor in the 2011/12 season, amidst low farm gate price of seed cotton. One farmer in Mumbwa swore not to grow cotton again because of the high labor costs associated with picking.

Experiences from Ghana

Armajaro Cotton Company in northern Ghana, one of COMPACI's partners, had tried out a battery-ran cotton harvester in the 2010/11 season with promising results. *"The cotton harvester can collect between 100-150 kilograms of seed cotton a day. The device is easy to use and powered by a battery. The pickers will not only reduce time and money spent on harvesting seed cotton, but it also encourages farmers to increase their production capacity, thereby creating additional wealth for the households. In addition to its advantages of eliminating unwanted weeds which are sometimes harvested by cotton farmers, the issue of child labor would also be eliminated since traditional cotton harvesting is extremely labor intensive and farmers are sometimes compelled to engage their children as farm hands."* explains Joshy Varkey, Business Head for Armajaro Cotton Ghana Ltd (ACGL), highlighting the advantages of the cotton harvester. Therefore ACGL distributed the cotton picker to other cotton companies and the Savannah Agricultural Research Institute (SARI) for trials and fabrication, if possible.

Test runs with partners in South Eastern Africa

The manufacturer in India was contacted and via GIZ, the COMPACI Lusaka Hub ordered 20 cotton harvesters which will be distributed to GLCC in Malawi, to Dunavant and Alliance in Zambia, and to Cargill and Alliance in Zimbabwe. They will test the device with their contracted farmers during this coming 2012/13 harvesting season.

Using a sample of the cotton harvester obtained from the manufacturer, a small field exposure exercise was conducted in Kafue (Zambia) during the yield survey training exercise of Alliance and Dunavant. Morris Banda, one of the farmers taking part in the yield survey, tried out

the cotton harvester. *"With this, cotton picking will become so easy"* he pointed out and asked to buy the equipment.

Harvester with solar power

The harvester could be another innovation introduced via COMPACI to the cotton sector in Sub-Saharan Africa. Recognizing that rural electrification in Zambia is lacking, as is the case in other countries where COMPACI partners operate, the manufacturer of the cotton harvester has been requested to consider a model that is solar chargeable. The good news is that the manufacturer has promised that a solar model comes out by mid May. With the solar model, rural cotton farmers will be able to use the same charging system to charge their mobile phones as well.

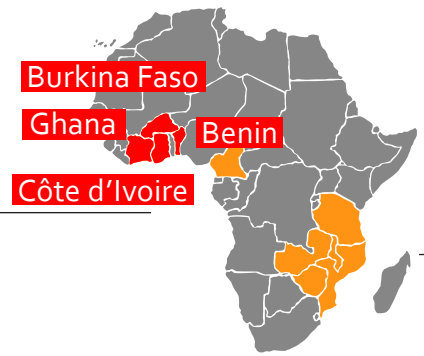
Among the much anticipated benefits of the equipment is that it could significantly relieve the work load of women, who commonly are responsible for cotton picking.

Once the additional cotton harvesters ordered from the manufacturer have been received, they will be distributed among the COMPACI partners for further testing and popularization. The Cotton Development Trust (CDT) at Magoye in Zambia will be involved in developing a protocol for proper testing of the cotton harvester, comparing it to hand picking, and monitoring the tests carried out by the cotton companies. •

JOSHY VARKEY since 1994 he has been working in the agri-sector in Asia and Africa. He is an expert on tea & rubber plantations, agrochemicals and seeds, fast-moving consumer goods (FMCG) and retailing. He holds a bachelors degree in Agriculture and a MBA. In addition, he is also a committed sportsman and rally driver.

Rudy van Gent (left), farmer Morris Banda and an Alliance Field Officer evaluating the seed cotton harvested using the harvester.





Farmers' Business School: Experience, Benefits and Results from Western Africa

By **Boureima Sanon** (Agricultural Advisor, COMPACI)

The implementation of the so-called "Farmer Business School" (FBS) adapted to cotton began in May 2012: the first training was carried out in a growing area of Armajaro Cotton (ACGL) in Ghana. Malawi and Benin then followed later along with Côte d'Ivoire. From November 2012 onwards (during the initial phase of COMPACI I), I was able to gain experiences from Benin and Côte d'Ivoire with FBS as well as to follow the launch of the process in Burkina Faso with Faso Cotton in 2013.

The approach involves "equipping" the producers with decision-making tools in the management of their farms, their home life and social welfare in their environment. The training therefore makes producers aware that their agricultural production activities are first of all a business to earn money in the same way as a construction business, trade, mechanical workshop for tractors etc. It also provides them with knowledge about good business practice, which can be summarized as follows:

- Knowing how to measure fields in order to better determine requirements in terms of agricultural inputs over the year;
- Recognizing and giving priority to foods that improve the quality of nutrition for the family, particularly the protein requirements for children according to the gender and age of the person;
- Controlling the expenses connected with the farming and the overall expenses of the family in order to better manage income in the course of the year;
- Recognizing the impact of business decisions on the yield of different crops and the respective revenues by also adopting good agricultural practice;
- Recognizing the interests of microfinance institutions for savings and group membership for purchases and sales from production;
- Finally, improving incomes through better practice of product quality research in order to take advantage of good prices.

Country-specific training modules

The agro-climatic and socio-economic realities of each production region are taken into account. The datasheets used by the farmers to evaluate their agricultural businesses opportunities are not limited to cotton; they also relate to associated crops: In Benin, they ask about rice, cashews and soya. In Côte d'Ivoire, they ask in addition for soya and maize and in Burkina Faso the datasheets also record data on cowpeas and maize yields.

Country	Partner	Number of producers trained
Benin	Pro Agri and partners	6,000
C. d'Ivoire	Ivoire Cotton	5,000
	Seco	300
B. Faso	Faso Cotton	497
Ghana	Olam	300
	Armajaro	1,206

Benefits: The table above shows the number of producers trained by country in recent months in Western Africa.

Results according to the beneficiaries

The feedback received after these training sessions reveals great interest from producers and private partners in all countries.

"The FBS has brought us light in a way that could not be replaced even by 1 million Francs given for free; my family and the families of my children when they grow up will have a better future as a result of this training," admits Noufou Sini, cotton producer in Koupeltenga, Bazega province in Burkina Faso. •



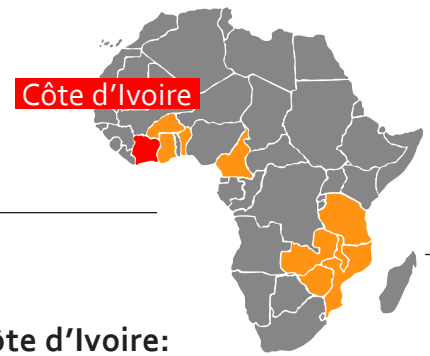
Boureima Sanon (right) and members of the Sini family, trained in FBS

Principles of FBS:

- M1 Making money with farming
- M2 Knowing the units in order to know the resources
- M3 Managing your agricultural farming for enough food
- M4 Knowing if you are doing good business
- M5 Decisions for doing good business
- M6 Seizing opportunities for greater income
- M7 Managing your money over the entire year
- M8 How to obtain good financial services
- M9 Greater income with high-quality cotton
- M10 Benefits of being a member of an OPA
- M11 Becoming an entrepreneur

Since the beginning of 2013, **BOUREIMA SANON** (in the picture above first one from the right) has been working as an Agricultural Advisor for the COMPACI team, operating from the GIZ office in Accra (Ghana) and covering all the partner countries in Western Africa. He has a Master in Development Innovations and Partnerships as well as in Economics and Business Management and Organization. Before joining COMPACI, Boureima worked for three years as a Country Coordinator for the African Cashew Initiative (ACI), a program implemented by GIZ and private partners for the Bill and Melinda Gates Foundation.

From 2002 – 2008, he had the position of a National Coordinator in the Union of Cotton Producers (UNPCB) in Burkina Faso as well as in several programs for the promotion and consolidation of the Burkinabe cotton sector.



Co-operation with the Cotton and Cashew Regulatory Authority (Autorité de Régulation du Coton et de l'Anacarde – ARECA) in Côte d'Ivoire: Interview with Executive Director Mr. Malamine Sanogo

By **Stefan Kachelriess-Matthess** (Agricultural Advisor, GIZ)

Mr. Sanogo, would you please explain the role of ARECA?

Founded in 2002, **the overall mission of ARECA** is to formulate the regulatory framework for carrying out the activities of the cotton and cashew industries and to rule on applications for approval submitted by operators related to the exercise of marketing and processing activities of the products. ARECA supports the state with the identification and implementation of projects in order to improve production, marketing and processing of the products (cotton and cashew). Moreover, it participates in the negotiation, monitoring and implementation of international agreements and arrangements on behalf of the state.

More specifically, **with respect to cotton**, ARECA ensures the regular payment to cotton producers by the ginners and monitors the implementation of inter-trade provisions, i.e. signed agreements between the producers and the ginners within the framework of their inter-trade organization (price, agricultural council, seed production etc.). Furthermore, our authority advises the government on the appropriateness of a subsidy to the industry and conducts operations to verify the inputs actually provided to producers with respect to payment of the subsidy.

What are the major tasks and challenges to be taken up by ARECA with respect to the cotton industry in Côte d'Ivoire?

With respect to **cotton producers**, we are aiming at empowerment of a cotton company for a given area on the basis of standard terms, which will allow securing supply for the ginning units and improvement of assistance to producers as well as promoting medium and long-term action and investment.

With respect to the **production of cotton seed**, production is undertaken by the national center for agricultural research (Centre National de Recherche Agronomique – CNRA), which produces only G3 basic seed. This seed is distributed to the ginners, who undertake its proliferation themselves on their own behalf with their seed farmers. The fact that this seed proliferation phase is not mutualized, raises the issue of the quality of the seed provided to the producers. For us, shared seed proliferation under controlled conditions is necessary in order to guarantee varietal purity and seed quality as well as the distribution of seed in sufficient quantity and on time to producers.

Equally, with respect to **supplying production factors to the producers**, we suggest a better co-ordination by the inter-trade organization under the control of the regulatory authority or body of the industry. Greater transparency must therefore be established in the operations in order to reassure suppliers, to reduce acquisition costs and delivery times. This will have a direct impact on the final prices to the producers and on their performance.

Finally, what do you think of the co-operation between ARECA and COMPACI/Cotton made in Africa?

The **COMPACI/CmiA initiative is a pioneering idea in terms of support for cotton producers**. It is fully supported by ARECA. The interests we share with your organization are higher producer incomes on the one hand and the sustainable development of the industry on the other. The income of producers improves when they master the different elements of production, i.e. optimization of costs by using means and methods that are suited to high-quality production. A good crop yield and good quality in production ensure a substantial income. Also, for various reasons, durability in cotton growing is a particularly important issue in Côte d'Ivoire. Firstly, as an annual crop, cotton is in strong competition with perennial crops, which tend to occupy the geographical area in cotton producing regions. Our attention is drawn to the non-rational use of agricultural inputs and the gradual degradation of farmable land. We think that the solutions suggested within the context of CmiA are suitable and the results that have been provided to us are encouraging. This is why we support the initiative and hope that more stakeholders on the level of Côte d'Ivoire will subscribe to it. We are willing to contribute to this! •



Since November 2011, **MALAMINE SANOGO** has been working as Executive Director of ARECA. During his 20 years of experience in the field of agriculture, logistics, management and structured financing of agricultural commodities, he has been holding different leading positions, for example with Ivoire Logistique, Audit Control & Expertise (ACE-CI) and Compagnie Ivoirienne pour le Développement des Textiles (CIDT).

Since October 2011, he is also secretary and rapporteur of the working group for reforms in the cotton and cashew sector in Côte d'Ivoire.

Malamine Sanogo has a degree in Civil Engineering. He is married and father of two children.



Going Paperless in Yield Surveys – COMPACI Partners in Southern and Eastern Africa turn to GPS and Tablets

By Ben Sekamatte & Rudy van Gent (Special Consultants, COMPACI)

The difficulties cotton companies repeatedly experienced when seeking to get accurate yield estimates from grower fields might become less of an issue in the coming seasons, as extension teams of COMPACI partners in Zimbabwe and Zambia are going high tech. Through a COMPACI initiative, implemented by NORC, all companies under the project will have their field staff trained in the use of GPS and tablets. With these two gadgets, provided by the project, it will no longer be necessary for the staff to carry papers or pens during farmer interviews. As one Alliance field staff commented, *"there will be no need to sit under mango trees to 'cook' data anymore..."*. A series of such trainings have now taken place in Zimbabwe for Cargill and Alliance staff, and in Zambia with Cargill, Alliance and Dunavant. Other sessions are planned for partners in Tanzania later in the year.

Four days, from Monday 6th to Thursday 9th May, 2013, fifteen field agents (8 from Dunavant and 7 from Alliance) attended this training in Kafue, about 50 km south of Lusaka. Dr. Eric Weiss (middle of the rear row in the picture) from National Opinion Research Center (NORC) in the United States saved no energy to equip the staff with knowledge of both the equipment and also of its application for the collection of survey data.

After two days of classroom work, the participants worked in pairs to practice the use of the GPS and tablets with farmers. On average, it took every pair of field staff nearly two hours to complete the questionnaire and the field measurement parts

of the survey. In view of the planned number of farmers to be included in the planned survey, the participants got worried about the long hours it would cost to cover four farmers a day.

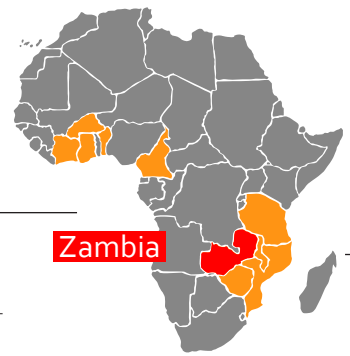
Practice leads to perfection. *"With practice, it will become easier and easier"* Eric comforted the team. Indeed, none of the participants spent more than one hour and ten minutes during the second day's practice. In most cases the trainees reported 25-30 minutes that were spent on the interview part and 30-35 minutes on the field measurement and boll counting part.

It was a great moment having staff of two competing cotton companies attending training together. To one who has followed the evolution of COMPACI, this demonstrated that everyone wins if the resources for capacity building are collectively deployed for the good purpose of enhancing farmers' production efficiency.

The more exciting news, however, is that after decades of frustratingly large errors in estimating smallholder cotton yields, there is now hope that major improvements can be made with the introduction of the high tech, paperless method. At the same time, the questionnaire part of the survey introduces a consistent method for measuring the impact of trainings on adaptation of good agricultural practices by smallholder cotton farmers. This should be considered a historical moment in the evolution of the cotton sector in Eastern and Southern Africa. •



A group of Dunavant and Alliance field staff attending cotton yield survey training conducted by Dr. Eric Weiss from NORC. The training was also attended by the local NORC expert Peter Elkind, two COMPACI consultants, Ben Sekamatte and Rudy van Gent, as well the Alliance Production Manager, John Tembo.



Workshop on seed cotton price setting models in Zambia

By Bourne Chooka (Consultant for the Zambia Cotton Ginners Association & COMPACI)



Bourne Chooka

Background

Zambia's cotton industry has been a success story since privatization in 1994. The sector has grown by over 100 % in terms of area planted, numbers of farmers growing cotton and production. There are currently over 200,000 households growing seed cotton and with an average number of 6 persons per household, it translates into over 1.2 million people directly benefiting from the seed cotton production.

Despite the above successes, the cotton sector has been faced with key critical challenges, which - if left unchecked - could plunge the sector into severe difficulties. Among these challenges is the lack of a national formula that is used to arrive at a producer price for cotton.

In the light of the foregoing, more than 30 key cotton industry stakeholders met on 9 April 2013 to discuss the pros and cons of different seed cotton pricing models during a workshop that was organized and sponsored by the Competitive African Cotton Initiative (COMPACI) in conjunction with the Cotton Board of Zambia.

The need for seed cotton price setting in Zambia

The first presentation during the workshop was held by Mr Stephen Kabwe from Indaba for Agricultural Policy Research Institute (IAPRI). He emphasized that the concentrated and market based cotton sector of Zambia needed a regulatory approach with the objectives to ensure continued provision of inputs to smallholder farmers, maintenance of high quality lint and a win-win price for both ginners and farmers. While appreciating the role the Consumer and Competition Protection Commission (CCPC) is playing to level the seed cotton pricing field in the country, he warned that the anti-trust focus could be counter-productive given the reality of the credit and input market failure. According to him, the way forward was to have a more formalized and transparent price setting mechanism, that could generate a win-win indicative price to reduce the price disputes between farmers and ginners.

Cotton pricing systems in Africa

Mr Gerald Estur, a consultant on cotton pricing models, gave an overview of different cotton pricing systems. Generally, price setting mechanisms in Africa depend on the cotton sector structure and on the degree of competition among ginners. In West and Central African states, the price is normally a pan-seasonal, minimum guaranteed pre-planting price based

on a percentage of international prices. In East and Southern African states, the price is fixed just before marketing based on international price projections minus the costs. The latter scenario implies an increased price risk for producers and more fluctuations in production. Furthermore, Zambia does not have a formula for arriving at a price. This, coupled with the volatility of the international cotton prices and unpredictable exchange rates, increases the price risk for producers in Zambia.

Mr Estur presented a number of questions that need to be considered when creating a price mechanism. Among these were questions of who should set the price (government, ginners, producers or interprofessionals); whether the pricing formula should take ginners and/ or producers costs into account; when the price should be set (before planting, before marketing, at purchase or pluri-annual); whether it should be an indicative or minimum guaranteed price and whether the price should be paid cash or after delivery. Participants were put into three groups (farmers, ginners and government) and were asked about their view on these questions. As expected, the different groups answered those questions quite differently, representing the diverse interests of the groups.

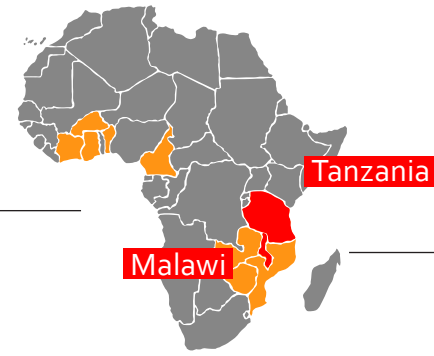
Since the main objective of a pricing system is to contribute to the improvement of the performance and competitiveness of the cotton sector, to increase transparency, to build trust and mitigate risks of intra-seasonal price volatility, the consultant recommended a simple and transparent formula where the producer price could be calculated as a fixed percentage of lint and seed sales based on easily accessible and verifiable data. It should also be flexible, allowing for adaption to volatile world price.

Outcome

The common feeling and consensus among the participants was that Zambia should indeed look into developing a pricing formula "sooner rather than later", taking into account the international lint prices, seed revenue and ginners and farmers costs. Therefore, the consultant was asked to come up with a questionnaire to help develop the required formula. •

BOURNE CHOOKA works as a consultant for COMPACI and helps to establish the African Cotton Association (ACA) in Eastern and Southern Africa. In addition he serves as a part-time consultant for the Zambia Cotton Ginners Association. In his over 20 years of work experience in the cotton sector he operated inter alia for the Great Lakes Cotton Company (GLCC) and Birchand, cotton companies which are partners of COMPACI.

Bourne Chooka holds a Bachelor of Mathematics and is a trained expert on agro-marketing.



Three Tanzanian cotton companies have joined COMPACI on 25th of April 2013 in Dar es Salaam

By Rudolf Schütz (Consultant, COMPACI)

A luncheon reception was offered by the Country Director of GIZ in Tanzania, Dr. Regine Qualmann, on the occasion of the signing ceremony of three grant agreements in order to improve the performance of the Tanzanian cotton sector. The event took place at Protea hotel.



Participants - first row left to right:

B. Ogola (Secretary General, Tanzanian Ginners Association)
Dr. R. Qualmann (Country Director, GIZ)
A. Georgianna (Country Director, Gatsby UK)

Second row:

Minish D Karia (Director of Transport Logistics, Birchard Group)
R. Schuetz (COMPACI-Consultant, Tanzania)
E. Dandu (Managing Director, NGS)
M. Mtunga, (Director General, Tanzania Cotton Board)
Dr. R. and S. Haider (CEO and Director of Logistics, Biosustain)
R. Mlolwa (Consultant, GIZ)

On behalf of the German Ministry for Economic Cooperation and Development (BMZ) and the Gatsby Foundation, GIZ is implementing the Competitive African Cotton Initiative (COMPACI) in Tanzania. Public funds are matched in the frame of the grant agreements with funds of three private cotton companies operating in Tanzania, namely: Biosustain, Birchard Group and NGS. Alliance Tanzania has been invited to join on the basis of a successful bid. They have declared their intention to join from the sowing season 2013/14 onwards. All cotton programs implemented in Tanzania are coordinated under the umbrella of the Tanzania Cotton Board.

In a nutshell the supported program can be described as follows:

Duration of the cooperation:

January 2013 to December 2014

Target group: close to 42,500 cotton producing small-holder farmers, spread across some 900 farmers' business groups in the Western Cotton Zone of Tanzania.

Total financial volume of grants:

4.8 million USD for 24 months, thereof 1.78 million funded by BMZ and Gatsby Foundation

Operational partner companies:

- BIOSUSTAIN (Singida)
- Birchard Group (Mwanza)
- NGS (Bariadi)

Objectives:

- Increase cotton yield by 30 %
- Improve cotton quality
- Increased food crop production of participating farmers
- Channel raw material into marketing system of the Cotton made in Africa standard for sustainable cotton production

Strategy: Qualify management staff and members of private extension services of the partner cotton companies, train Farmer Business Group staff and farmers

Cotton Bill passed by Malawi Government

By Amos Chipungu (General Manager of Great Lakes Cotton Company, Malawi)

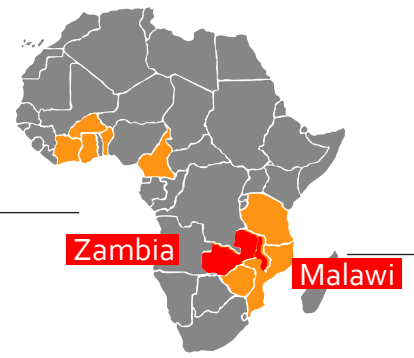


Before the Cotton Bill was passed in April this year, the Malawi cotton sector had been regulated by the Cotton Act of 1965. This act allowed the Ministry of Agriculture to control all policies linked to cotton production, cotton grading, cotton pricing and its marketing. From the late 1980s, the market was liberalized as Malawi adopted a market

economy where new competitors started doing business in all commodities including cotton. Even nowadays, the government still plays a major role in the sector but this does not play well with the liberalized market.

In view of the above it was decided that the Cotton Act will be replaced through the Cotton Bill which will establish the Cotton Council. The Cotton Council becomes a regulatory body of the sector with an executive secretary who will be fully employed and a board that oversees the activities of the council. The board will consist of ginners, chemical suppliers, farmers and government officers on an ex-officio position.

Among other things, the Cotton Council will be responsible for:



1. Regulating the sector i.e. designing policies and developing an code of conduct for the sector
2. Promotion of cotton production
3. Overseeing registration of farmers and ensuring that the farmer organizations are fully empowered to mobilize as many farmers as possible in cotton production
4. Developing training programs and technologies for cotton farmers in collaboration with stakeholders – i.e. a research unit will be introduced
5. Providing market information i.e. pricing and demand trends
6. Setting of minimum producer prices
7. Determining input requirements based on registered hectareage

8. Decision on how inputs should be sourced in cooperation with key stakeholders and Fund Managers

The Cotton Council will be private sector driven and the government will only comment to ensure that decisions made are fair and that the government objectives are met. Funding for the council will come from taxes and some subvention from the government. It is anticipated that the president of Malawi will sign the Cotton Bill soon.

GLCC - a COMPACI Partner - expects that the new Cotton Council will regulated the cotton sector in a way that private cotton companies are more systematically encouraged to provide qualified extension services for smallholder farmers. •



This is how it shouldn't look like: Spraying without protective clothes.

What is Verification about?

By Carole Romero and Christoph Kaut
(Aid by Trade Foundation)

Sustainability matters – for farmers and consumers

Fanely Ngwira is convinced that Cotton made in Africa has made a change for her and her family. *"Now I only spray my cotton field three to four times, instead of up to six times, as before!"* The young woman, who cultivates one hectare of cotton in Eastern Zambia, continues: *"It is much better now. Spraying takes time and chemicals are expensive. And less spraying is also better for our children."*

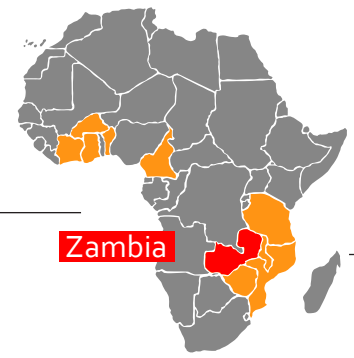
African cotton companies implement steps towards greater sustainability

Firstly, we work together with our partners, the African cotton companies. They train and qualify their farmer base and assure compliance with the Cotton made in Africa standard. Each cotton company is asked to send us a yearly statement in which their management evaluates its farmer base and the ginning operations according to the CmiA criteria. To be able to sell CmiA cotton, a cotton company has to prove that it complies with our standard. CmiA evaluates the company's management capacity and the practical implementation of the CmiA criteria at farm and gin level.

The criteria are divided into "exclusion" and "sustainability". The use of the most harmful types of pesticides is banned under CmiA. The same applies to exploitative child labor, the planting of genetically engineered crops and planting in nationally protected areas, to name a few. The direct relationship between

cotton companies and cotton farmers is crucial for the Aid by Trade Foundation. It can have a large impact on people's health, for instance: Switching to a less toxic pesticide leads to direct improvements for 10,000 to 150,000 farmers.

On the other hand, the CmiA sustainability criteria are providing cotton companies with a blueprint for constant progress towards sustainability. Some of those criteria may be "red" at the time of entry into the CmiA program, showing that the cotton company and its farmers need to improve their rating to "yellow" or - even better – to "green" over time. Examples are techniques to identify pests with the aim of reducing the use of pesticides without risking the loss of harvest, or the



Zambia

application of good agricultural practices, like crop rotation and soil conservation, to increase productivity and smallholder income.

Verification checks progress and compliance with sustainability standard

"Trust is good. Control is better." This proverb is part of Cotton made in Africa's philosophy. Every two years, AbTF commissions independent certification organizations to check the cotton companies' self assessments, the so-called "Third Party Verification". These verifications are paid by AbTF to assure the objectivity and integrity of contracted certification organizations. Besides controlling adherence with the CmiA criteria at farm and gin level, the organization discusses the progress of sustainability criteria and provides valuable inputs to the upcoming management plan that includes sustainability targets for the coming two years and the means to reach them.

To give certification organizations the best possible insight, verifications at farm level are conducted during cultivation of cotton while verification of the cotton company's ginning operations are conducted once the gins are running.

Verification time

Eastern Zambia, beginning of March. Day 1 of a field verification: The first steps of a Third Party Verification take place in the cotton company's offices. Following some presentations, an onsite visit and interviews with the management, the two verifiers from AfriCert Certification Company proceed to a document check. *"Can you show me the list of the pesticides you purchased and sold on to the farmers? At what price did you sell them? How do you record sales, and do you take back remaining stock or empty containers?"* Asking questions and collecting objective evidence seem to be the most important tasks of the verifiers.

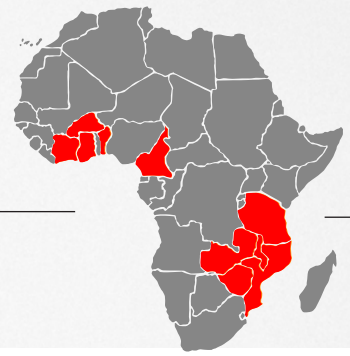
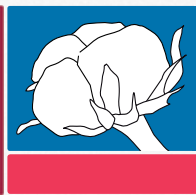
Day 2 of the field verification: The verifiers start with their farmer visits and interviews. From the contracted farmer list they randomly choose where to go to. It is a two hours drive, the cotton fields along the road are in full blossom. First stop is at a depot, a local services outlet of the cotton company. A visit at short notice is not easy to arrange: Only four farmers are waiting together with the local buyer, as many farmers are attending a funeral in the neighboring village. But the outlet manager indicates that there is *"a women's group, waiting for you on their field"*, four kilometers away from the main road. The verifiers again ask questions. *"How do you know when you have to spray?"* Fanely Ngwira proudly explains the threshold spraying, i.e. only applying pesticides when cotton pests reach a certain number. She is very motivated and seems to have used the method many times already. The verifiers insist and point on another woman: *"Please, can you show me how you look out for pests?"* The woman goes *"five steps into the cotton field, five steps to the left"*, leaves out 5 plants and then

bends down to check for aphids and bollworms to see if the threshold for the application of pesticides has already been reached. The verifiers are satisfied – the women seem to be familiar with the concept. Next question: *"How do you dress when you go spraying? Do you dress like you do now?"* Fanely Ngwira protests: *"No, I put on a long jacket. And goggles. And closed shoes"* – *"Can you show me?"*, asks the verifier. What she then happily does.

Day 10 of field verification: After eight days of farmer interviews in different areas, the verifiers come back to the management of the cotton company. Not every farm visit has been as easy for the verifiers as the first one. Some visits showed that farmers have not yet received training and that there is still progress to be made. But after almost two weeks of verification, of interviews, of observing farmers on their fields and of collecting evidence, the verifiers have come to a "level of comfort" and can present their findings to the management of the cotton company. Once back home, the verifiers draft their report and send it to the Aid by Trade Foundation. When no exclusion criterion is violated and sufficient improvement in the sustainability criteria has been demonstrated, Fanely Ngwira's cotton, as well as that of other verified smallholders in Zambia will be sold as Cotton made in Africa. •

Demonstration of protective clothes.





News from Cotton made in Africa

By Tina Stridde & Christina Bredehorst (Aid by Trade Foundation)



New demand alliance partner Engelbert Strauss.

1. Update Sales

Demand for Cotton made in Africa cotton raises further

Sustainable raw materials have become an integral part of the fashion world. This means that demand for Cotton made in Africa cotton is growing. Consequently, it is our great pleasure to welcome two new partners this month:

Engelbert Strauss, producer of brand-name work clothes and work protection garments, is a new demand alliance partner. In late summer 2013 the family owned company will introduce a collection of 350.000 pieces to the market, using CmiA cotton.

We are also pleased to announce our sponsoring partnership with the traditional brand **Vlisco**, a leading fashion company for women's clothing in Western and Central Africa. Initially, the focus of the cooperation will be on marketing and communication cooperation. The demand for CmiA sustainable African cotton will become crucial for Vlisco in the future. According to Jan van der Horst, Director of Corporate Affairs at Vlisco, the cooperation goes well with Vlisco Group's policy to increase the use of locally sourced materials in its entire supply chain in the long term.

Companies who have been CmiA partners for years are also expanding their involvement. Otto Group, for example, currently accounts for an impressive 10 percent of the entire amount of CmiA cotton ordered, and this is set to increase even more. By 2020 the company plans to produce 100 percent of the cotton items in their in-house line from sustainable cotton – for the Otto Group this will be, besides CmiA, e.g. recycled or organic cotton.

2. Update Marketing and Communications

Photos of the exhibition "Albert Watson: Visions feat. Cotton made in Africa" travel to Benin and Cologne

Round about 35,000 visitors saw the successful exhibition "Albert Watson: Visions feat. Cotton made in Africa" in the House of Photography in the Deichtorhallen Hamburg. But the story still moves on as the photos found their way to Western Africa and Cologne:

Initially, the exhibit "Albert Watson: Visions feat. Cotton made in Africa" returned to its country of origin, Benin: a selection from the heart of the show – the portraits of the Cotton made in Africa smallholder farmers – were on display in public spaces in Cotonou as part of the Biennale Regard Benin. The photographs were shown from February 16 to April 16, 2013, in four-square-meter display cases owned by the Sonaec Company in Cotonou's central square, Ganhi Market, and in the windows of the Hôtel du Port in Boulevard Marina.

Additionally, the GIZ in Benin donated large-sized por-

traits to the models Albert Watson had photographed in December 2011, as part of a celebration. One of them was 21-year-old Boukari Kaoulatou, whose impressive portrait was one of the most distinctive at the exhibition in the Deichtorhallen Hamburg.

Thereby, the circle of the Watson-project closes as one of its main objectives from the beginning on was to involve those who had been portrayed.

Until July 28, 2013 the Rautenstrauch-Joest Museum is showing over 40 exclusive and impressive photographs from Benin in the exhibit "Albert Watson: 14 Days in Benin". The show in Cologne was initiated by DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, and Ernsting's Family, a Cotton made in Africa Initiative demand partner. Additional support for the show comes from OTTO and the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation, GIZ).

Cotton made in Africa and demand alliance partner s.Oliver at the Africa Festival

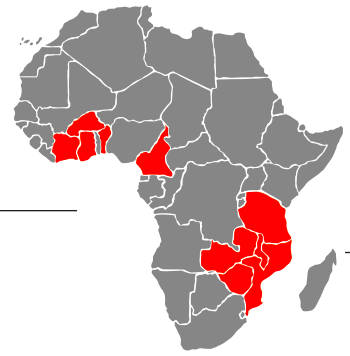
As usual, Cotton made in Africa, in cooperation with its demand alliance partner s.Oliver, will be present at the Africa Festival in Würzburg end of May. Not only in its stores but also on the festival area, s.Oliver as famous fashion and lifestyle retailer supports the idea of the festival as well as the work of CmiA. The International Africa Festival exists since 1989 and is the largest festival for African music and culture in Europe. 370 bands and solo artists have so far performed for about two million visitors who therefore had the chance to hear, see and taste the cultural wealth of the African continent.

Cotton made in Africa Fashion Contest

To mark the occasion of the Cotton made in Africa Fashion Contest, design student Michelle Thornhill created a t-shirt that combines traditional African prints with modern design. It is now available at the OTTO online shop. With her design for a dress made of raw cotton the South African was chosen by the well-known Cotton made in Africa Fashion Contest jury, consisting of renowned representatives from journalism, fashion design and the textile branch. •

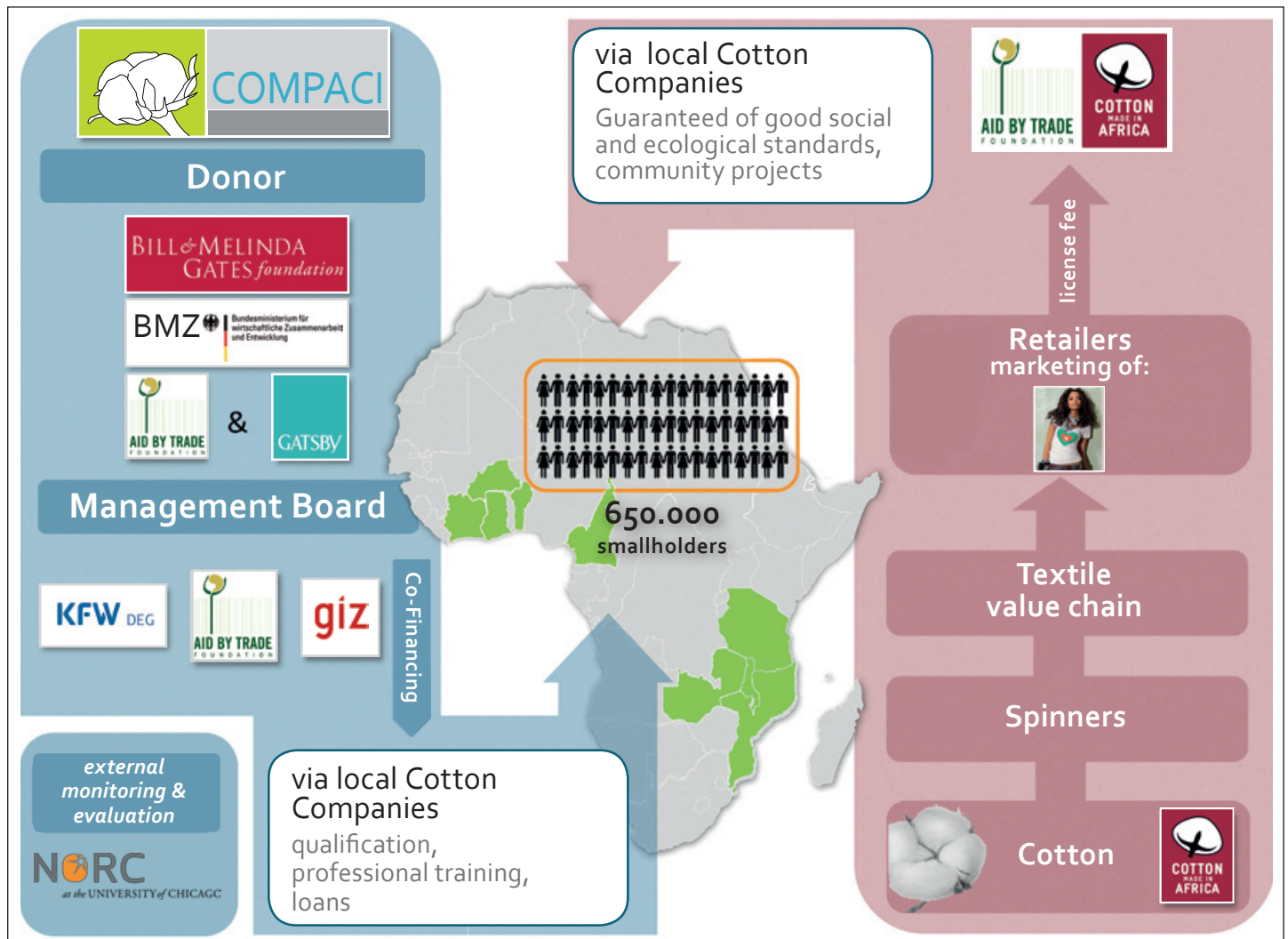
Vlisco's new collection "Dazzling Graphs" | © Vlisco





The Structure of COMPACI and Cotton made in Africa

By Jishoy Vithayathil (Intern, COMPACI)



The AbTF is responsible for ensuring the socio-economic standards and environmental criteria of the CmiA-standard. Also they coordinate the independent “3rd party”-verifications and the implementation of the social projects. In addition, they sell CmiA cotton and support the CmiA partners of the textile value chain.

As a cooperation partner COMPACI handles the financial contracts with the African partners as well as the provision of technical know-how to increase yields. Furthermore the Monitoring & Evaluation of the project is organized by COMPACI in cooperation with NORC (National Opinion Research Center, Chicago). •

Imprint

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