



COMPACI-News

Competitive African Cotton Initiative

Word of the Director

Wolfgang Bertenbreiter | Deputy Director COMPACI



Wolfgang Bertenbreiter (Deputy Project Director)

In early August, the local COMPACI/CmiA team met in Natitingo to take stock of more than three years of Cotton made in Africa and one year of COMPACI in Benin. At the same time, priorities for the next season were defined. We will see this type of mid-term review in the other COMPACI countries in the forthcoming weeks and months, as well. So let's see what the results of the Benin discussion round were:

Formerly one of the biggest cotton producers in West Africa with a production of 400,000 tons, Benin has been going through a continuous process of reform and privatization over the past 15 years. Despite all reforms, the cotton production in Benin has dropped by 40% over the past six years. The reasons are manifold. While the trend in south of the country has been continuously moving towards food production for the greater Cotonou area, the delayed provision of inputs and, especially, the problem of debt overload were responsible for the fact that the farmers in the central and northern regions of the country gave up on cotton production, despite the quite attractive purchase price, which is, on average, 10 – 15% higher than in neighboring countries. Compared to other regions of Benin, however, a contrary trend could be identified in the Cotton made in Africa region. Both the number of farmers and the acreage were expanded. The yields were partly improved and production cost lowered. This is a result of the qualified training of the COMPACI/CmiA associated farmers in good agricultural practices, especially in the compliance with LEC (Lutte étagé ciblée). Thanks to LEC, pesticide application, and thereby production costs, can be reduced. The success of LEC is so convincing that the method has become national policy as of last year and is now being introduced all over Benin. It will, however, be a huge challenge for our partners in Benin to find an adequate substitute for Sherphos, the key insecticide in LEC technology. The production of Sherphos will be abandoned worldwide.

Benin is now facing the alternative of either producing Sherphos itself, or introducing new, equivalent substances. As a rule, this will take time, and in the meantime several ten thousands of smallholders have to be convinced of the necessity of this change.

Another challenge for COMPACI/CmiA in Benin will be to reach the target number of 35,000 farmers. This will only be possible if COMPACI/CmiA includes additional regions beyond Atakora/Donga in the initiative. But the interest of farmers in adjoining

regions is high and COMPACI is now planning to make a prompt decision on the incorporation of additional farmers as part of a pre-qualification process.

Moreover, after several studies and 12 months of discussions with partners and micro banks, COMPACI launched a loan scheme to finance draught animals and agricultural equipment in July this year. To date, loans to the amount of 40,000 euros have been initiated. The volume is intended to be quickly stepped up to 300,000 euros. This would then constitute another major innovation for Benin. To learn more about the set-up of credit lines for draught animals and to boost the exchange of experience in this field, a small group of Benin farmers visited their COMPACI/CmiA colleagues in the Ivory Coast from the 23rd to the 27th of August.

The issue of how to maintain soil fertility is growing more and more in importance in Benin as the consequences of many years of soil-wasting agricultural practices are now showing their effect in this country, as well. New land is scarce and the maintenance of soil fertility will be a key issue in the future, not just in Benin. Nevertheless, the adoption rates of organic fertilizing are still low in northern Benin. Therefore, a group of Benin CmiA farmers is planning to travel to Burkina Faso in September to discuss this issue with their colleagues there and to gather practical experience on composting and organic fertilizing.

Finally, COMPACI and its partners in Benin, AIC, Talon Group, the farmers' representatives, the German retailer Tchibo, DEG and GTZ put a program into place to substantially improve primary school attendance. The program entails the construction of classrooms, supply of school books, school cafeterias, vegetable gardens and a supply of low-cost CmiA school uniforms. A total of 800,000 EUR will be made available by the aforementioned partners over the next 3 years. •



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Zambia

DUNAVANT and Mobile Transactions: The Future of Rural Agricultural Payments

By Brad M'Grath



From field to cash in hand: MTZL-Makwacha

Dunavant Zambia has partnered with Mobile Transactions to transform the way farmers are paid for their cotton. This season, Dunavant farmers in Chipata, Katete, Monze, and Kalomo have the option of being paid into accounts on their mobile phones, and very soon, Dunavant's 70,000 farmers all over Zambia will have the same choice.

"You can get money fast, and deposit and withdraw easily," says John Lungu, a Dunavant farmer in Katete. "It's easier to go to a [Mobile Transactions MaKwacha] Agent than the bank and the fees are low for keeping money and withdrawing," adds Mathius Mwale. "You can withdraw any day, so you save time."

These farmers are describing a technology that will revolutionize the agricultural sector in Zambia.

Dunavant's partnership with Mobile Transactions began in 2007. Mobile Transactions first developed Dunavant's online outgrower management system, which serves as the core of agricultural operations. Within one season, the Dunavant outgrower management system moved from decentralised database at each of the nine agricultural offices to a centralised web-based platform hosted within Head Office. Now these agricultural offices and rural sheds, equipped with laptops powered by solar-charged car batteries that can connect to the internet via mobile GPRS modems, can capture real-time data into a centralised system.

In 2009, Mobile Transactions and Dunavant began to develop a system that interfaces with the outgrower management system to pay farmers electronically into accounts on their mobile phones that are commonly known as m-wallets. This Bank of Zambia approved system is currently being piloted in Dunavant's Eastern and Southern regions, and it is expected that within three seasons, the electronic payment option will be available to every Dunavant farmer in Zambia.

Through this system, the farmer receives payment as electronic credit into their m-wallets immediately upon processing the cotton sale, instead of waiting for cash payment to be made. Farmers then have the choice of when and how they use their credit. They can withdraw their cash at the nearest Mobile Transactions MaKwacha Agent or they

can also use their mobile phones as an interface to store and transfer money, purchase airtime, and make retail purchases, such as agricultural inputs. Several MaKwacha Agents are agricultural retailers and accept electronic payment for seeds, fertilizer, chemicals, and farming implements. Farmers can even contract local, small-scale tillage and spray service providers by making person-to-person money transfers between their mobile phones. Another option is that farmers can pay school fees directly to local schools who accept MTZL transfers. The benefits of accessing these low-cost financial services are many. For the first time, smallholder farmers will gain a transaction history that will enable them to access microfinance, insurance, and savings products. Many farmers also see the m-wallet as a simple tool that can help improve farm management. Scholastica Phiri, farmer in Katete, says, "It will make farmers have a good plan. If he has money, he will keep it in his account, instead of just spending it."

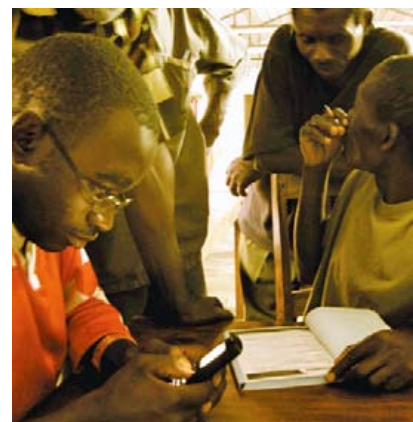
It is also believed that by improving their service offering, Dunavant will be able to build stronger relationships with their farmers and generate greater loyalty, which is incredibly valuable in Zambia's highly competitive cotton industry.

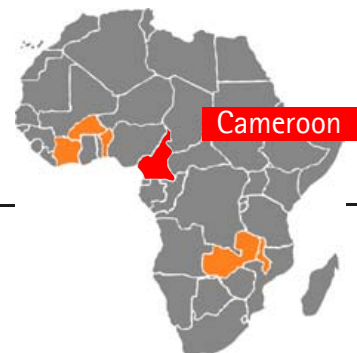
Dunavant believes that the use of technology to improve farmer payments, makes payments quicker and gives farmers more choice and control on their use of their cotton income, is the future.

The technology, however, is not without its challenges. Though Zambia has followed the African trend of rapid mobile phone growth (there are now three million mobile phone users on the two largest networks, Zain and MTN), coverage is still limited to mainly urban areas. Only a small percentage of farmers have mobile phones, and many do not have an incentive to buy one because of low network coverage. Dunavant and Mobile Transactions recognize this as a formidable barrier, but they are driven by a longer term vision of the agricultural sector in Zambia, one where transactions between farmers, outgrowers, input suppliers, commodity traders, and service providers are all done, cashlessly. "Together, Dunavant and Mobile Transactions are transforming the rural economy," says Mike Quinn, General Manager of Mobile Transactions. "The farmers are the real winners with this technology, and we are just getting started."

Indeed, farmers are excited about this future vision and the freedom of choice it offers them. Many farmers with mobile phones have already been paid into their m-wallets, rather than by cash. •

Through this system, the farmer receives payment as electronic credit into their m-wallet immediately upon processing the cotton sale, instead of waiting for cash payment to be made.





Interview with Fernand Sadou

Director of Service de Professionalisation de la CPNC –
National Confederation of cotton producers

Could you outline the cooperation between Sodecoton and the farmers' association in Cameroon?

Sodecoton, the single national cotton company of Cameroon, cooperates with about 220,000 farmers. Together with the farmers and the government, Sodecoton agrees on the purchase price for the cotton prior to sowing. Moreover, Sodecoton ensures the agricultural consultancy for the farmers by means of its so-called Service d'encadrement. Sodecoton also processes the purchased seed cotton to lint, edible oil and fodder.

It is a particularity of Cameroon that the farmers' association actually purchases all inputs. However, Sodecoton is commissioned to carry out the tender bid and the logistic organization. In addition, Sodecoton guarantees the required loans to the banks. The representatives of CNPC are, however, actively involved in all decisions.

The local management of the loans for fertilizers is, however, organized by the farmers' groups GIC, groupement d'intérêt commune, the basic organizations of the farmers' association of the CNPC.

There have been some major reforms and modifications particularly as regards the organization of the farmers' association and the cooperation with Sodecoton.

It is our long-term aim to empower the cotton farmers to take the management of their inputs and the loans associated with them more and more into their own hands. They are to be qualified to administer the loans in such a way that malpractice is avoided and a high repayment rate ensured. Only then can the farmers benefit from the favourable input prices in the long term. Losses are eventually to be paid by the farmers, who work properly and pay their debts regularly.

To reach this goal we have set up a specific Division de Professionalisation de Groupement in Cameroon, which is run by both

CNPC and Sodecoton. This division is headed by me. We consult our 2,020 groupements in terms of holding their annual general meetings, accounting, administration of inputs and loans. The number of staff has been stepped up to 100, so that we now have one colleague who is responsible for 20 groupements. The relation is good, even though there is still room for improvement. Moreover, CNPC has an independent Control Service with another 35 employees, who perform controls of settlements of accounts and annual financial statements of the groupements, also without prior notice. All in all we feel that this will help to significantly professionalize the business practices of the groupements.

CNPC in fact constitutes the biggest micro finance organization of the country, providing the farmers with inputs worth 30 million euros every year. However, the farmers also grow other crops, such as corn. Can't the existing structures be used to provide input credits for these cultures as well?

In the past, the farmers, in fact always used a considerable share of the cotton inputs for corn and other crops. This has often led to the problem that the cotton harvest was not high enough to repay the loans. There was a psychological problem too. Since the complete pre-harvest cost was attributed to cotton, the farmers often felt that cotton didn't pay off, while at the same time seeing the other crops as lucrative despite their having benefited from cotton.

Together with CNPC we have now decided to also provide the farmers with fertilizer for corn cultivation, independent of cotton. However, the farmer has to provide a cash deposit to the amount of 20% of the loan for this purpose. Moreover, he has to deposit two bags of corn for each bag of fertilizer immediately after harvest as a guarantee with the groupement until the loan is repaid. This has the advantage for corn cultivation that it benefits from the big volumes purchased for cotton on the international market at favourable logistics cost.

This solution is relatively new and it remains to be seen whether or not it proves its value over the next few years. •



Brief CV of Fernand SADOU

Nationality: Cameroon

POSITIONS HELD:

Since November 2008: Head of Farmers' Professionalization, SODECOTON/CNPC

December 2006 – November 2008: Head of Division Extension of the project on soil preservation in north Cameroon ; PCS/ESA2/SODECOTON

EDUCATION

1991 – 1996 Diploma as an agro engineer at the Institut National de Développement Rural; University Centre in Dschang



Verification Report – Cotton made in Africa July 2010

by Anja Meinecke



Training of verification agents by PwC

1. Verifications realized

After discussions, completion and acceptance of the Cotton made in Africa (CmiA) Verification Criteria Matrix during the Second CmiA Stakeholder Workshop in Hamburg in December 2008, the CmiA Verification System went into operation.

First third-party verifications started in February 2009 and focused on ginnery operations in Benin, Burkina Faso and Côte d'Ivoire. Third-party ginnery verifications in Malawi and Zambia followed during the ginning season in August/September 2009.

There were neither any significant limitations to the verifications, nor have there been significant issues and findings. The processes were implemented as planned and all parties verified were able to adhere to the verification requirements.

The following table gives an overview of relevant ginnery figures:

Region	Ginneries	Lint (mt)	Permanent Staff	Temporary Staff
Western Africa	7	35,547	248	1,038
Southern Africa	5	14,410	194	1,536
Total	12	49,957	442	2,574

Following the Third AbTF Stakeholder Workshop in Ouagadougou/Burkina Faso in November 2009, first field verifications by Ecocert and AfriCert took place in December 2009 in Burkina Faso, Benin and the Ivory Coast. These two independent organizations were selected by CmiA Verification Management as third-party verification organizations after an open tendering process. Each organization sent a team of two qualified verifiers to a two-day theoretical training course in Ouagadougou / Burkina Faso and a three-day field coaching exercise in Benin, Burkina Faso and the Ivory Coast prior to conducting and completing the field verifications on their behalf. No significant findings were recorded during field visits, nor was there any systematic non-compliance with CmiA exclusion criteria.

The second round of field verifications started in March 2010 with a two-day training in Johannesburg and field coaching in Zambia and Malawi. The final reports are currently in the review cycle and expected to be finalized in the near future.

The following table provides an overview on the number of farmers, hectares and yield per hectare. Since harvest was not completed in all CmiA regions during the time of data collection, numbers are estimates.

Region	Management Units	Hectares Planted	Number of Farmers	Yield (Kg/Ha)
Western Africa	3	88,253	55,801	967
Southern Africa	2	109,957	115,632	595
Total / Average	5	198,210	171,433	781

2. Aggregated update on sustainability criteria for ginneries

Dust:

Workers experience allergic reactions, chest pains and coughing due to the exposure to dust. According to generally available information there are two solutions for this problem: (i) technical improvements, and (ii) increasing the consistent use of personnel protective equipment (PPE). Issues including implementation guidelines or regulations regarding dust exposure are not part of national and/or local law.

- CmiA will start investigations on how to deal with the health effects from dust and initiate projects to encourage the use of PPE

Working hours:

Double shifts are frequently observed, mainly due to limited labor attributed to sick leave. Four shift rules are established but quite a few workers do work double shifts on a regular basis. It has also been observed that rest days as prescribed by local legislation are not taken and seasonal workers, in particular, work seven days a



Training of verification agents by PwC

week during ginning season.

- This question will be thoroughly discussed during the upcoming meeting of the AbTF technical committee on verification and the Fourth CmiA stakeholder meeting scheduled for September 2010.

3. Aggregated update on farm level sustainability criteria

Disposal of empty chemicals containers:

Field evidence demonstrated that not all farmers were aware of the risks of empty chemical containers. Thus, verifiers occasionally found empty containers in the cotton fields or adjacent to the villages. There should be more capacity building with regard to the safe disposal procedures.

- CmiA will discuss this issue together with cotton companies, development organizations and knowledgeable NGOs to detail training and other activities deemed most likely to be successful in the context of smallholder farming in Western Africa.

4. Aggregated update on exclusion criteria

Child Labor:

Verifiers occasionally found instances of child labor on farms. However, it is the case that children work in the context of family-based farming, an activity expressively covered by the main ILO conventions on child labor.

Evidence was found that some farmers do have an understanding that the application of pesticides represents hazardous work for children and needs to be treated respectively. Consequently, clear-cut age limits for hazardous work are not followed strictly.

- CmiA will thrive to work in close collaboration with the ILO on this criterion and to make widely available definitions of the respective national laws and regulations to smallholders and cotton companies. •



CV of Anja Meinecke

Anja works as a Manager for PricewaterhouseCoopers (PwC) Germany.

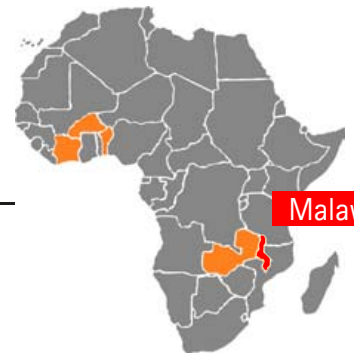
She has worked in the area of sustainability for over ten years and is a member of the PwC Sustainable Business Services team with a strong focus on sustainable supply chain management.

Anja has consulted various standard setting organizations as

well as companies on strategy and operations for sustainable supply chain management. Additionally, she has given training to verifiers of various standard setting organisations, including the Common Code for the Coffee Community (4C) and Cotton made in Africa (CmiA).

Her work took her to South and Central America, West and sub-Saharan Africa as well as Asia. Anja has gained leadership experience with different teams in national and international projects.

Prior to PwC, her work experience included consulting and research assignments, among others, with the Overseas Development Institute in London, the United Nations as well as the NGO IUCN - The World Conservation Union.



Challenges for cotton production in Malawi

Amos Chipungu

Cotton ranks fourth among the cash crop exports of Malawi following tobacco, sugar and tea. Though this figure ranges from year to year, as many as 200,000 farmers are active in cotton production. Productivity, however, is low with an average of no more than 500 kg/hectare.

In Malawi, cotton production is additionally characterized by high fluctuations. In the 2008/2009 season, for instance, almost 75,000 tons of seed cotton were produced. The high purchase prices in the previous year and the fact that the government had announced a steady price of MKW 75 per kilogram had lead many farmers to switch to cotton production.

In the meantime, however, world market prices for cotton significantly decreased. The cotton companies were unable to purchase the cotton at the price fixed by the government without putting their economic survival at risk. As a consequence, Cargill retreated from Malawi in 2009. With the cotton companies at first refusing to purchase cotton for these reasons, the traders came in offering the farmers to buy the cotton at 30-40% of the government's fixed price. While the farmers were happy to get some money at all, they were also very disappointed that the paid prices were considerably below those that were announced. Moreover, the delayed purchase resulted in the fact that the villages received money later than in "normal" years.

As a result, a great number of farmers gave up on cotton cultivation in the 2009/2010 season. An additional factor was the great drought in early 2010, particularly in the Shire Valley which produces 50% of Malawi's cotton. In many cases even the third sowing did not bear fruit. This is why the cotton production of the 2009/2010 season is likely to account for no more than 12,000 tons even though the rising world market prices present the farmers with an interesting opportunity this year, i.e. prices clearly above MWK 75. .

With cotton prices being once more attractive for farmers on the one hand, and corn prices sinking in southern Africa due to an excessive offer on the other, cotton growing is most likely to become attractive for farmers once more. The drastic decline of cotton production in 2010, however, is a major problem for the country. There is hardly any high-quality seed cotton available for sowing, so that great quantities need to be imported and financed to secure a high cotton production for next year. GLCC has now suggested a model to the Malawi government in which the cotton companies pre-finance the import of both seeds from Zambia and Zimbabwe, as well as plant chemicals. This pre-financing is then to be compensated for by a charge on the exported cotton to prevent the cotton companies from being left with their loans. All in all, an amount of USD 3.5 million has to be raised.

The government is in favour of this idea and has also undertaken to fix the prices for cotton seed in relation to the international market prices for cotton in the future. •



Brief CV of Amos Allan Chipungu

Date of birth: 22nd July 1964

Nationality: Malawian

PROFESSIONAL QUALIFICATION:

1995 – 1997 Master of Science Agricultural Economics, Oklahoma State University, Stillwater, USA.

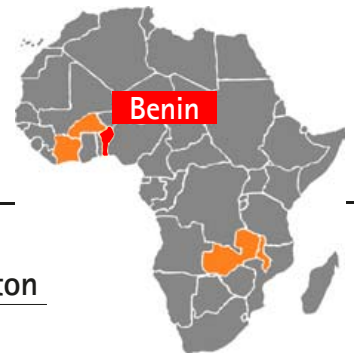
WORK EXPERIENCE and RESPONSIBILITY:

2006- to present time:
Managing Director Great Lakes Cotton Company Ltd – Blantyre

OTHER RESPONSIBILITIES:

Current Chairman for Cotton Ginners Association
Current Chairman for Marketing and Pricing Committee of the Cotton Development Trust

2002 – 2006:
Working as Assistant General Manager Marketing at Clark Cotton Head Office – Blantyre.



First regional exchange of experience on improved crop protection in cotton

Stefan Kachelriess-Matthess



Stefan Kachelriess-Matthess

A workshop for all COMPACI partners was held in Bohicon in Benin from 31 May to 3 June 2010. A representative of Sodecoton was also among the participants.

The following essentially positive experience communicated in various presentations is particularly worth mentioning. The introduction of pest control based on threshold limits led to the following results:

- improved yields thanks to better management of cotton, partly independent of pest infestation, as a result of intensified observation of the development of the crop and, as a consequence, for instance prompt subsequent planting, fertilizing or weeding;
- a reduction of pesticide use (between one and two treatments less in normal years) and potential savings for farmers of 30% to more than 45% of cost for pesticides and therefore a lower health hazard for the user and a reduced environmental burden.

In combination, income improvements for the smallholders of 35-60% may result in individual cases.

However, the experience also shows that the complexity of the procedure and inadequate services (non-existence of necessary spray chemicals, inadequate observation of pest infestation) involves significant risks concerning high harvest losses. This may lead to part-

ners turning their backs on pest management based on the threshold principle, something which has already happened in Cameroon.

Involving the farmers in the design of decision aids in the field, so-called peg boards, in Malawi and Zambia sparked particular interest among the participants from West Africa. Everyone agreed on the fact that the promotion of the exchange of experience between farmers and the involvement of experienced farmers as consultants were further major success factors in connection with the broad introduction of integrated crop protection.

Challenges

Improved crop protection associated with reduced pesticide use faces various challenges, for instance:

- The provision of supportive framework conditions by governmental and private-sector stakeholders. The implementation requires both governmental regulations (e.g. legislation, promotional programmes, standards) to boost integrated approaches in cotton production, and the cooperation of the private sector (e.g. crop protection importers and traders, cotton companies, producer organizations). In this context, it needs to be assured that the recommended pesticides are available in sufficient amounts and when needed. Identification of the demand for the relevant cultivation period, the supply to the farmers and the return and storage of unused pesticides requires smooth cooperation between farmers' organisations, cotton companies, traders and governmental agencies. This is how the demand can be handled in a flexible manner on the one hand, while outdated stocks and lack of required spray pesticides can be avoided.





Unlike in the more tightly regulated markets of western Africa, it is the frequently hardly coordinated intervention and "pirate purchases" of competitive companies which make the introduction of integrated crop protection difficult in southern and eastern Africa. Owing to the risk of side-selling, it does not always pay off for cotton companies to train the farmers and provide them with certified

of pests and the decisions to be made, this is not always easy. Against this background, training and support require partly considerable means. This also applies to the introduction phase when recommendations on pest thresholds need to be adjusted because pesticides are phased out or new ones launched, which may differ in the application volume.



Field visit during IPM-workshop in Benin.

- Switching from technically relatively easy-to-handle procedures of calendar spraying with fixed amounts of pesticides to decisions on treatment depending on pest infestation and application of pesticides at adjusted dosages and combinations require trust in technology and experience. The parallel use of calendar spraying and pest management based on threshold limits, which exists in practice, may cause confusion on the one hand, but also bears a potential to present the advantages of the threshold principle, on the other. However, it must be clear that in cases of strong, early and /or long-term pest infestation, the use of pesticides may be higher in a specific case than in the conventional system.

pesticides on a loan basis. The use of pesticides of questionable origin is thus abetted.

How to go on

A comprehensive understanding of cotton production

The participants of the Benin workshop are facing up to these challenges and have recommended specific action plans for their respective countries with the aim of promoting the pest threshold principle within the scope of good agricultural practice. Those who wish to (re)introduce the approach (e.g. Ivory Coast) can benefit from the experience of partners with long years of experience (e.g. Benin). Especially the review of existing treatment recommendations and pest thresholds, the improvement and complementation of existing instruction material, but also the consequences of the switch from phased out to new products will be evaluated by the stakeholders in the relevant countries with the support of Compaci. •

- as an interaction of adjusted cultivation methods (e.g. selection of seeds, preparation of soil, time of sowing, seed strength, weeding, fertilising, crop rotation), where crop protection is considered an integral part to secure the harvest. The possibilities of the improved crop protection are therefore not to be seen as a replacement of the so-called good agricultural practice, but rather as a part thereof and can therefore only produce their full impact in combination with other cultivation measures.

Pest threshold principle in practice

Brief CV of Stefan Kachelriess-Matthess

With respect to concrete implementation, however, cotton companies, consultants and farmers are facing further challenges.

Name: Kachelriess-Matthess

First names: Stefan Werner

Nationality: of Germany

Positions Held:

Since 2010: GTZ team member of the COMPACI Project, agricultural extension advisor

2005 – 2009: GOPA Consultants, senior consultant then regional director Africa in the department of rural development and environment

1998 – 2005: Consultant, 3 years as executive director, PACE Consultants Benin Ltd.

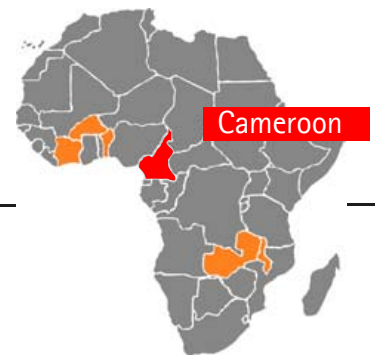
1995 – 1998: GTZ, Advisor for agricultural extension

1990 – 1993: JLU University of Giessen, Research Agronomist Education:

- As far as farmers are concerned, the application of the pest threshold principle requires a precise knowledge of the pests and their identification in the field. Intensive training of extension agents and farmers are needed to remedy this situation, and this requires time and resources, which not only include technical advice, but also customized instruction material and support by well-trained and experienced extension agents.

- As a rule, the application technique and the decision aids used for the field observation need to be adjusted to the low alphabetization level of the farmers. In view of the great number

M.Sc and PhD Agriculture – University of Giessen, Germany
Post graduate degree on rural and agricultural development, Humboldt University, Berlin, Germany (1994)



Farmers' organizations and the problem of governance

Roger Peltzer



Roger Peltzer (Project Director)

The promotion of farmers' organizations and/or the empowerment of smallholders is an integral part of many development programs for Africa. This also applies for the Competitive African Cotton Programme (Compaci). It is one of our four COMPACI objectives to boost farmers' cooperatives in the cotton sector.

Meanwhile, there are a great number of successful farmers' cooperatives in existence. Big and successful companies such as Südzucker in Germany have their origin in a cooperation of sugar beet farmers. The German Landgaard or the French CECAB are cooperatives, which are very successful in both marketing and processing the products of their member vegetable farmers. The big cooperatives of Brazilian or Colombian coffee farmers or those of the rice farmers in Uruguay efficiently represent their members' interests and are major players in the global market.

In Africa, however, there are, unfortunately, only very few examples of bigger, successful farmers' cooperatives. On the contrary: the existing cooperative systems can involve a lot of disadvantages for the member farmers, as is, for instance, true for the coffee sector in Kenya. The cooperative farmer in Kenya receives much less money for his coffee beans than his farmer colleague from neighbouring – liberalized – Uganda. Moreover, he has to wait for his money for many, many months.

In the cotton sector, too, experience with farmers' cooperatives and associations are not always positive. In response to pressure asserted by the international donors, farmers' associations in the cotton sector of Benin, for example, used to play a major role in the administration of loans for fertilizers. The result was a high degree of mismanagement. Fertilizer was frequently used for purposes other than intended or not correctly invoiced. Since the basic farmers' organizations (the so-called groupements) were at the same time incorporated into the system through joint and several liability, good and industrious farmers frequently had to bear liability for the repayment of loans for fertilizers used for

purposes other than intended. This has put the farmers off cotton growing and has been one of the main reasons for the decline of cotton production in Benin over the past few years.

It is a generally accepted fact that corruption and mismanagement are not only a problem of governments, but rather a phenomenon which has infected large parts of the society in many African countries. These factors do not stop at farmers' organizations.

Experience has therefore shown that farmers' organizations in Africa – and this applies to both cooperatives and cooperative banks – can benefit from their cooperation with strong, independent organizations, which guarantee neutrality and independent control.

One of the most successful micro bank systems of Cameroon, the MC2 cooperative banks, have developed analog to a big acknowledged commercial bank, which assumes the role of banking supervision versus the individual village banks. The cotton sector of Benin has just now been reformed in such a way that representatives of the so-called "interprofession," and thereby of the cotton companies, are represented in the credit committees of each cotton cooperative. A similar approach is intended with the regulations in Cameroon, where a "Service de Profesionalisation", jointly run by the farmers' association and the cotton company Sodecoton, looks into the professional and transparent management of the basic groups of farmers (GIC) (please also refer to the interview with Sadou Fernand on this page). These experiences in Benin and Cameroon will therefore be important for COMPACI. •



Meeting of Roger Peltzer with cotton farmers' cooperative in Cameroon.



Interview of the COMPACI editors with Christoph Kaut (CmiA)

CmiA/AbTF is now officially associated with the ISEAL, the international association of the standard-setting organizations. Could you give us a brief outline on what ISEAL is about and on the significance of the membership of AbTF and CmiA with ISEAL?

ISEAL Alliance is the global association of social and environmental initiatives such as FLO, Rainforest Alliance or FSC. For AbTF, the association with ISEAL means an increase in its credibility first and foremost. In the medium and long term, there is the possibility of jointly discussing standards on issues like impacts monitoring or upscaling, i.e. integrate a greater number of smallholders in standards, and of developing and boosting solutions aimed at a market-oriented approach.

What is AbTF going to contribute to ISEAL?

As part of the ISEAL Initiative, AbTF will first work on standards concerning the impacts monitoring, where AbTF can contribute a great deal of practical experience from CmiA within the scope of the activities with NORC and the cotton companies participating in CmiA.

Since early 2008 there has been a lively exchange between the Better Cotton Initiative (BCI) and Cotton Made in Africa/AbTF aimed at making the mutual recognition of the two standards possible. Could you briefly explain what BCI is about and why a close cooperation between CmiA and BCI makes sense?

BCI is an initiative for the definition and realization of a general minimum standard for cotton worldwide. Already in February 2008, AbTF and BCI signed a partnership agreement. As far as the cooperation with BCI I concerned, we expect a more rapidly growing demand for sustainably produced cotton in CmiA quality, as well as easier sourcing of CmiA on the one hand. On the other, a strong lobby group consisting of BCI, the Fairtrade Labelling Organization (FLO), CmiA and further cotton initiatives can boost the sales and reputation of sustainably produced cotton. This is an aim we should jointly strive for.

What steps have AbTF and BCI agreed on?

Following a comprehensive comparison of the two verification criteria, the second step is now to analyze the two business models and the practical implementation of the two standards with respect to the specific situation in Africa. AbTF and BCI intend to commission an independent study with a reputed consultant to undertake this comparison. The results of this study should be available at the beginning of 2011.

What do you feel are the two or three substantial questions which describe the particular challenge in view of an approximation between CmiA and BCI?

From the point of view of CmiA as a cotton standard for smallholders, the major issues are firstly a relevant differentiation of the global BCI standard with a view to do better justice to the particular situation of smallholder production, for example, when it comes to the use of pesticides in Africa. This is where CmiA has set the benchmark with its standard. A second issue is a performance comparison between the two business models – specifically, how and at what price for textile retailers BCI and our CmiA can contribute to an improvement of smallholders' living conditions. We expect to have an answer by the end of the first quarter of 2011. •



CV of Christoph Kaut

After completion of his studies in Political Science in Hamburg and overseas, Mr. Kaut worked for a private consulting company in conceptualizing, implementing and managing development projects in Asia and Africa for various institutional donors and private partners. As Managing Director of the Aid by Trade Foundation, based in Hamburg, Mr. Kaut is responsible for the overall concept development of Cotton made in Africa and its practical implementation in Africa.

Cotton Calendar 2010: Upcoming Events

- 18/10 – 20/10: Conservation Farming workshop in Zambia
- 25/10: Advisory Board Meeting
- 9/11: Board of Trustees Meeting



Zambia

Interview with Emmanuel Mbewe, Cargill Zambia

Cargill started the implementation of the COMPACI project towards the end of 2009. What were the principal elements you introduced into your extension program with the assistance of COMPACI.

Cargill has implemented the YIELD improvement plan and the FIVE finger approach with all its participating cotton farmers in Zambia. YIELD, is a concept understood by farmers as outcome for effort and input use in their fields and stands for the following acronym:-

- Y = Yield
- I = Improvement, through
- E = Education
- L = Learning and
- D = Discipline

In this context we are training the 5-finger-approach.

In analyzing the current season, are there already some results, which can be seen from the COMPACI activities?

Farmers are receiving well structured training from properly trained extension officers. Farmers are able to demonstrate that calendar spraying is not the only option to pest control and that spraying based on scouting results is both healthier and financially more rewarding.

There are a number of our operational depots such as Mwasemphangwe in Chipata North where all farmers in one cotton school have experienced an increase in their productivity this year. These farmers are able to state that the growth they have experienced is attributed to the training they have received.

Further into their training, farmers are able to identify and relate yield losses to some of the non productive crop practices they engage in.

What are the principal lessons learnt from one year of implementing COMPACI?

Farmers are very eager to learn and adopt sustainable and profitable approaches to cotton production. This presents an excellent opportunity for Cargill to expand the productivity of its farmers. It also means that the skills of the extension agents must be sharpened, in order to meet the expectations in the farmers.

While Zambia still faces problems in side selling, we recognize that initiatives such as these will help all those involved in cotton production to tackle the issue. This year, we have seen that proper extension is a critical catalyst to farmer loyalty and this strengthens the argument for an effective extension team.

You are personally very much involved in supporting extension by animating local radio emission. Can you explain to us, what are you doing and what are the effects? How can your extension interact with the radio emissions?

Radio is a very effective mass media tool. Cargill has been working with local / community radio stations to broadcast its messages to its farmers. This has been done in Chipata, Petauke and

Lundazi. This has helped disseminate critical information packages to farmers very quickly and cost effectively. Cargill sees great opportunity to reinforce its extension officer's efforts and messages through the use of radio.

The Zambian Cotton sector is organized on a competitive basis. In order to make sure that nevertheless pre-financing for farmers can take place; certain rules of the game must be expected by all players in the sector. What should be done from your point of view in order to come to a national data base of all pre-finance cotton farmers and in order to make sure that inspectors work efficiently?

Cargill believes that there are three major players to the critical growth of the sector in Zambia: the government, the private investors and farmers. Each has very important roles to play and must do so with a genuine commitment to see the sector grow.

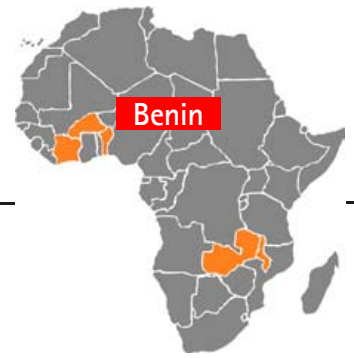
As things stand now and arising from the many obligations that government has, the process should be spearheaded by the private sector supported by its partners. The best approach would be to strengthen the operations of the Cotton Board. The creation of this board is a very positive sign of government's commitment to the positive regulation and growth of the sector. The private sector should see this as an opportunity to press for the full enactment of the Cotton Act with the objective to commit to conduct business in a manner that supports this act. Once this process is fully supported by the majority of the private sector, it will be easier for farmers to play their role and for government to provide regulation that benefits all parties in the cotton industry in Zambia. •



Emmanuel Mbewe at Farmer Field Training in Seed Cotton Quality.

Brief CV of Emmanuel Mbewe

Name: Mbewe
 First Name: Emmanuel
 Nationality: Zambian
 Positions Held
 1993 – 2007 District Manager – Lintco , Clark Cotton Company and Cargill Zambia (2009) Limited.
 2007 – 2009 Origination Manger – Cargill Zambia (2009) Limited.
 2009 Project Manager – Cargill Zambia (2009) Limited.
 Education:
 1988 – 1991 Natural Resources Development College- Diploma In Agriculture



Feedback of a COMPACI delegation from Benin, which paid a one-week visit to Ivoire Coton / Thank you letter (excerpts)

Dear Yamissa Diomande

Now that we have returned to Natitingo we would like to thank you and your staff very much for the excellent planning of our visit and the intensive exchange with your staff in Boundiali.

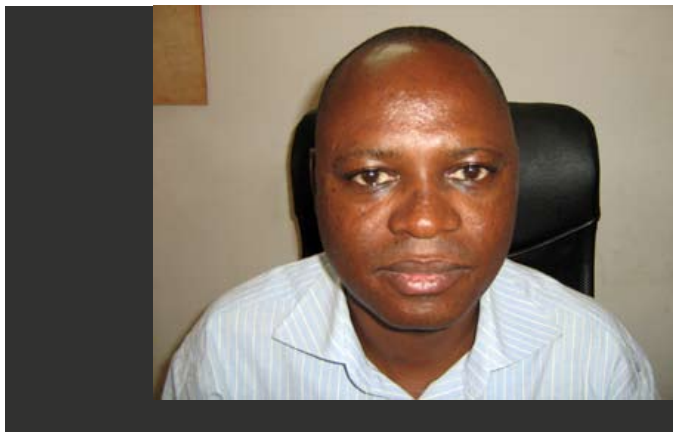
We managed to keep all appointments as scheduled. Everyone of our team was therefore very happy with the results of our mission.

What have we learned?

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- The organisation of the extension service of Ivoire Coton and the system to motivate the extension agents. The reporting formats developed for each extension agents enable both precise information and a control of the efficiency of each staff member's work. This procedure allows for a much more precise estimate of the expected cotton production. The criteria on the assessment of the extension agents' work and the procedure on bonus payments make it possible to boost the efficiency of the agents' work and to remunerate actual endeavours.

We will try to transfer this positive experience onto the work with



Younoussa Imorou Ali

Senior technical advisor to the GTZ-Benin
National coordinator for the CompACI programme Benin

Younoussa Imorou Ali – Studies of economics specialising in agriculture and development – has been a technical advisor with the Department "Agriculture and Environment" of GTZ in Benin since 2005 and in charge of the pilot phase of the Cotton made in Africa project. He has cooperated with several national and international institutions and NGOs with the aim of improving the living conditions of the poor rural population. He also had a senior position in a cotton ginners of the ICA Group (Talon). In his capacity as supervisor of empiric research programmes on the income situation of farmers for the Agricultural Faculty of Benin (1994–1995) he focused on the support of the rural population in general and the supervision of the farmers' living conditions in particular. In July 2009, he was appointed national coordinator for the COMPACI/GTZ programme in Benin.

our governmental extension service CePRA and with AIC in the Compaci region in Benin.

- The comprehensive data basis on all outgrowers of Ivoire Coton also made quite an impression on us. We have taken the relevant printouts with us and think that we can partly pass the experience which Ivoire Coton has made onto Benin as well.

- The mode of operation and the clear and simple structure of granting loans for oxen have convinced us just as the positive results of the lending. Also in this area we will try to incorporate well-tried procedures into our newly developed lending system. The point where our system does not completely compare to Ivoire Coton is that we provide the loans via micro-finance institutions.

- We also looked into the system of insuring oxen against death. In Benin, insurance covers only disease whereas the Ivoire Coton system covers not only death but rather includes a complete package of veterinary care for the insured oxen. The design of the system is thus broader. Another field of possible "lessons learned" for Compaci Benin.

With our colleagues in Boundilali, we also discussed our experience concerning prevention of child labour, conservation farming for cover crops, the implementation of CmiA criteria, etc. These issues may be discussed on the occasion of a return visit of the colleagues of Ivoire Coton to Natitingo.

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And finally I would once more like to thank you for making this ever so fruitful mission possible.

Younoussa Imorou Ali

Coordination Compaci/CmiA Benin

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Herausgeber | Editor | Editeur

Roger Peltzer | Project Director | Directeur du Projet
Wolfgang Bertenbreiter | Deputy Project Director | Directeur adjoint du Projet

Programme Compaci
c/o DEG-Deutsche Investitions- und Entwicklungsgesellschaft mbH
Kammgasse 22, 50676 Köln (Cologne) Germany

Mail: roger.peltzer@deinvest.de | wolfgang.bertenbreiter@gtz.de

Coordination | Constantin Brinkmann

Layout | Simone Reusch, Andreas Wüinkhaus | Düsseldorf