

Competitive African Cotton Initiative (COMPACI)

Empowering Small-Scale Cotton Farmers in Sub-Saharan Africa

Rationale

Cotton production is an important factor in driving economic development in Africa. The cotton grown on the continent amounts to five percent of global production, while with a 10 to 15 percent share of the world market, sub-Saharan Africa is the fourth largest exporter of cotton. It is one of the most important agricultural export commodities on the African continent besides coffee and cocoa: Sahel states generate 1.5 billion U.S. dollar each year by exporting cotton. This accounts for up to 35 – 75 percent of the agricultural export earnings in the region, where cotton is cultivated in crop rotation with staple food crops (such as grain, corn, and sorghum) under mostly rain-fed conditions. Today, twenty million people are directly or indirectly associated with cotton production. In western and southern Africa, cotton is typically cultivated by smallholder farmers (approximately three million in number); however, little knowledge about adapted methods of sustainable cotton production, a lack of access to services, poor integration into international markets, and unfavorable policy frameworks hinder progress. It is necessary to address these problems in order to increase the contribution of smallholder cotton production to economic development and poverty reduction.

Objective

Marketing of sustainable cotton from sub-Saharan Africa has been successfully promoted by the Cotton made in Africa initiative (CmiA), which works to build a brand for sustainable African cotton. CmiA defines and monitors adherence to strict ecological, economic and social sustainability criteria, thereby increasing the transparency along

the value chain, as well as sales channeled through an international retailer-alliance and increasing producers' incomes therewith. Farmers are trained in sustainability of cotton cultivation and business administration and supported through improved social infrastructure and adult education programs. Based on the success of CmiA, the Bill & Melinda Gates Foundation (B&MGF) and the Federal Ministry for Economic Cooperation and Development (BMZ) founded the **Competitive African Cotton Initiative (COMPACI)**. Partners associated with the initiative involve

Project name	Competitive African Cotton Initiative (COMPACI)
Commissioned by	African Cotton Association, Bill & Melinda Gates Foundation (B&MGF), German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Malawi, Mozambique, Zambia
Lead executing agency	German Investment and Development Corporation (DEG), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Duration	2009 – 2015

the German Investment and Development Corporation (Deutsche Investitions- und Entwicklungsgesellschaft, DEG), the Aid by Trade Foundation (AbTF) and international as well as African cotton companies. COMPACI fosters inclusive business between cotton farmers and the purchasing companies through consultancy activities and expanded education and training for the smallholder farmers. It promotes sustainable cotton cultivation practices and CmiA certification to eight African countries, namely Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Malawi, Mozambique, and Zambia.



Left photo: Cotton harvest – CmiA certification allows for traceability back to the farm where the cotton was produced.

Right photo: Cotton market in Péhunco, Benin – Farmers deliver their produce and receive payments according to quality and quantity.

Underlying business model

The main focus of COMPACI is on training of cotton farmers on sustainable cotton production and enhanced marketing for CmiA-certified cotton. The following example of cotton farming in Mozambique illustrates the underlying business model. Smallholder cotton production in Mozambique is characterized by farms of 3.3 hectare in size on average, from which in average 0.86 hectare are used for cotton cultivation. Lack of equipment and infrastructure as well as inefficient inventory management adversely affects productivity of the farms. Consequently, the cotton industry is interested in increasing reliability of cotton supply and long-term business relations with smallholder farmers. One of the companies is Plexus, which owns a concession on buying cotton in the northern provinces Cabo Delgado and parts of Nampulas. The COMPACI initiative co-finances trainings on demonstration plots where farmers are instructed on improved cultivation and harvest methods, safe and adequate pesticide use and reduction of water usage. 90 agricultural trainers and 2000 'leading farmers' are facilitating on-site trainings. Trainers build the link between farmers and cotton companies. They are responsible for governing production means and sale of the products. For each village, one farmer is in charge of allocation and storage of equipment, seeds, and pesticides. After harvest, farmers are able to deliver any quantity of cotton to collection points (mercados), where it is rated for quality, weighed, and packed for transport under surveillance of the Mozambique Institute for Cotton Development (Instituto de Algodão de Moçambique, IAM). Bonuses are paid to cooperatives that produce and deliver independently to the company. The farmers receive cash payments on delivery, prices are subject to regular negotiation between the cotton industry, farmers' associations and the IAM, depending on world market prices. Between 2009 and 2011, the number of participants in the project almost tripled from 35,000 to 90,000. Plexus reported increases in farmers' yields on the sample plots resulting in higher incomes, too.

The case study shows that sustainable cultivation of cotton in Mozambique not only improves smallholder farmers' income. It also contributes to increased local food production through crop rotation practices and additional projects that established, for example, access to drinking water.

Results and Impact

During the first phase of COMPACI 454,000 farmers have received CmiA verification. 316,000 farmers have been trained in basic technologies, 281,000 received training in conservation farming and integrated pest management (IPM), and 292,000 have been trained in the proper use and storage of pesticides. Additionally, approximately 63,000 farmers benefited directly or indirectly from agricultural loans as part of COMPACI. The farmers have been able to raise their productivity by between 10 and 40 percent and their income by 30 – 60 percent. According to an independent evaluation by NORC (National Option Research Center), marginal income increased by 60 percent (or 101 U.S. dollar per hectare) for farmers who joined the project in Zambia. In Burkina Faso, COMPACI farmers raised their marginal incomes by 90 U.S. dollar per hectare in the cotton production and by 96 U.S. dollar per hectare through associated corn production. On the demand side sales of verified cotton increased significantly. In 2011, for example, more than 15 million fabrics were sold; in 2012 six million CmiA-products were sold in Germany alone.

Sustainable cultivation practices were able to enhance cotton quality and granted smallholder farmers access to growing cotton markets through verified products. Agricultural food production could be diversified and increased through crop rotation practices with staple food crops. Additionally, the 'Cotton University' was supported, which is a university without walls offering a knowledge-exchange-platform (www.univcot.org) under the umbrella of the African Cotton Producer Association (AProCA) and the African Cotton Association. It contains a database that is continuously fed with new data and information and supportive documents.

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