

United Nations Development Account Project 1617K: Value addition of Cotton by-products in Eastern and Southern Africa

United Nations Conference on Trade and Development (\$591,000)

Background

92. Millions of people in Eastern and Southern Africa depend on the cotton industry for their livelihoods. The cotton sector, which generates export earnings, employment and income, is strategically important for combating poverty, ensuring food security and achieving sustainable development. According to the Food and Agriculture Organization of the United Nations, Eastern and Southern Africa accounted for about 30 per cent of Africa's cotton production in 2011-2012. The International Cotton Advisory Committee estimated that Eastern and Southern Africa produced 390,000 tons of cotton in 2012-2013 and 530,000 tons in 2013-2014.
93. Cotton is mainly processed to obtain lint, but it also produces by-products, such as cotton seed and cotton stalk. Cotton seed can be used to produce edible oil and oil cake to feed livestock. Cotton stalks have proved to be a useful agricultural raw material in the production of particle board, paper and pulp or corrugated boxes. However, because of limited processing capacity in Eastern and Southern Africa, a large part of cotton seed is wasted and the bulk of the stalk is burned off in the fields after the harvest of the cotton crop.
94. Making full use of cotton by-products can bring economic benefits and additional income to small cotton producers and help to reduce the adverse environmental impact. Burning cotton stalks in the fields releases large amounts of greenhouse gases. Entomologists also argue that the cotton stalks, left in the field with unpicked bolls, are a major source of pests carried over from one year to the other. Therefore, the proper use of cotton stalks can also contribute to reducing carbon dioxide and avoiding insect infection and related problems.
95. Considering the potentially important economic and environmental benefits generated from the value addition of cotton by-products, the secretariat of the Common Market for Eastern and Southern Africa (COMESA) considers the development of cotton by-products as one of the priority activities in its recently adopted regional cotton to clothing strategy. Furthermore, developing local and regional value chains for cotton by-products will contribute to the implementation of the pan-African cotton road map, a continent-wide cotton strategy devised following extensive multi-stakeholder consultations by UNCTAD with major public and private stakeholders in the African cotton sector.
96. This project is developed in compliance with a specific request from the COMESA secretariat. According to COMESA, only a very small number of cotton by-product processing units exist in the region. In order to increase the value addition of cotton by-products, it is important, as a first step, to objectively assess their local/regional value chains. This undertaking implies a detailed analysis of the logistic supply chain as well as primary production and processing of cotton by-products. Moreover, it is crucial to examine the marketing conditions, including current and potential markets for processed cotton by-products. It is also important to design appropriate policies and incentives to attract investment and fully explore the potential of cotton by-products. However, the lack of data on the cotton by-products value chain in the region constitutes a major constraint for assessing the economic viability of such by-products and developing effective policies to promote their sustainable utilization. The project will help to close this statistical and policy gap, and will be implemented in four major cotton-producing countries.

<i>Objective of the Organization:</i> To strengthen the capacity of selected countries in Eastern and Southern Africa to assess the economic viability of the development of cotton by-products and formulate evidence-based policies that promote their value addition	<i>Summary budget</i> (Thousands of United States dollars)	
<i>Relationship to the biennial programme plan for the period 2016-2017:</i> Trade and development subprogramme 3 (International trade)	General temporary assistance	25.0
	Consultants	136.2
	Travel	82.3
	Contractual services	140.0
	Operating expenses	5.5
	Workshops/training	<u>202.0</u>
	Total	591.0

<i>Expected accomplishments of the Secretariat</i>	<i>Indicators of achievement</i>
(EA1) Improved capacity of cotton value chain stakeholders, including government officials, the private sector and farmers' associations in target beneficiary countries to assess the potential value, market situation and prospects for cotton by-products	(IA1.1) Four target countries have collected and analysed statistics on the cotton by-products value chain, including the availability of raw material, processing and market conditions of these by-products (i.e., cotton seed and stalk) (IA1.2) National action plans aiming to increase the value addition of cotton by-products have been developed and adopted by cotton value chain stakeholders in at least three of the four target countries
(EA2) Improved capacity of policymakers in the beneficiary countries/region to (a) formulate evidence-based policies that promote the value addition of cotton by-products; and (b) devise investment profiles to attract potential investors	(IA2.1) At least three of the four target countries have taken steps to adopt policies to enhance the value addition of cotton by-products (IA2.2) Cotton by-product investment profiles developed in three of the four target countries

Main activities

97. The main activities of the project will include:
- (A1.1) Conduct surveys in four major cotton-producing countries in Eastern and Southern Africa and prepare country reports that assess the value chain of cotton by-products;
 - (A1.2) Prepare a paper that (a) compares and analyses the key findings in four country surveys carried out under activity A1.1; (b) shares best practices from countries that have successfully developed cotton by-products; and (c) devises a strategy to promote value addition of cotton by-products in the targeted Eastern and Southern Africa countries;
 - (A1.3) Based on the outcome of activities A1.1 and A1.2, organize a two-day national seminar in each of the four target countries so as to: (a) build capacity of cotton value chain stakeholders on key issues linked with cotton by-products, including their potential value, market situation and prospects; (b) validate the reports; and (c) agree on national action plans to increase the value addition of cotton by-products;
 - (A1.4) Organize a study tour for cotton value chain stakeholders from the four beneficiary countries to learn from best practices on cotton by-product processing in model countries;

- (A2.1) Organize a special session (0.5 day) for policymakers during the national seminars (A1.3) to: (a) assess the current policy framework for cotton by-products processing in targeted countries; (b) review best practices in cotton by-products policy formulation; and (c) identify policy gaps and potential actions in developing cotton by-products in targeted countries;
- (A2.2) Provide assistance through advisory missions (UNCTAD) and services (consultants) to support countries in developing evidence-based policies and finalize/adopt the action plan developed in A1.3;
- (A2.3) Work with the investment promotion institutions in the four target countries to develop cotton by-product investment profiles to attract investments into the sector. This activity will be delivered through advisory missions (UNCTAD) and services (consultants);
- (A2.4) Organize a two-day subregional meeting to share lessons learned from this project and identify follow-up activities in developing cotton by-products.

K: Value addition of cotton by-products in Eastern and Southern Africa		
Implementing entities: UNCTAD		Duration: 2016 – 2019
Objective: To strengthen the capacity of selected countries in Eastern and Southern Africa to assess the economic viability of the development of cotton by-products and formulate evidence-based policies that promote their value addition.		
Summary budget (Thousands of United States dollars)	Detailed budget (US dollars)	
	General temporary assistance <ul style="list-style-type: none"> • Temporary assistance to perform the tasks of administrative assistance, in support of all activities: (equivalent of 5 months) x (\$5,000 per work month (WM)) = \$25,000 	25 000
	Consultants <ul style="list-style-type: none"> • <u>International consultants</u> <ul style="list-style-type: none"> • International consultant to prepare a comprehensive paper on cotton by-products development in support of activity A1.2: (1.5 month) x (\$9,000 per WM) = \$13,500 • International consultant to prepare materials and deliver trainings during national seminars in support of activities A1.3 and A2.1 : (0.5 month) x (\$9,000 per WM) = \$4,500 • An external evaluation consultant of the project: (1.5 month) x (\$9000 per WM) = \$13,500 • International consultant travel <ul style="list-style-type: none"> Travel in 4 target countries in support of activity A1.2 : \$9,000 Travel in support of activity A1.3 and A2.1 : \$9,000 Travel in support of the project evaluation: \$4,500 • <u>National/regional consultants</u> <ul style="list-style-type: none"> • National consultant to lead the study tour in support of activity A1.4 : (0.5 month) x (\$9,000 per work months) = \$4,500 • A national/regional consultant to prepare materials and train policy makers during the 4 national seminars in support of activities A2.1: (2 months) x (\$5,000 per work months) = \$10,000 • A national/regional consultant to collaborate with UNCTAD staff in support of activities A2.2 and A2.3 : (\$5,000) x (4 work months) = \$20,000 • <u>Consultant travel</u> <ul style="list-style-type: none"> • Travel of one consultant in support of activity A1.4 : \$3,000 • Travel of one national/regional consultant in support of activity A2.1 : \$8,000 	136 250
General temporary assistance 25.0 Consultants 136.2 Travel 82.3 Contractual services 140.0 Operating Expenses 5.5 Workshops/training <u>202.0</u> Total <u>591.0</u>		

	<ul style="list-style-type: none"> • Travel of national/regional consultant in support of activity A2.2 and A2.3 : \$9,000 • Travel of experts and panellists in support of activities A1.3, A2.1 and A2.4 : \$27,750 (travel of experts, one international and two national/regional experts, to support capacity building activities during national seminars and the sub-regional meeting) 	
	<p>Travel of staff</p> <ul style="list-style-type: none"> • 14 missions by UNCTAD staff for the purpose of project scoping, advice, organizing of capacity building seminars and meetings, in support of activities A1.1, A1.3, A1.4, A2.1, A2.2, A2.3 and A2.4 (\$5,875 average mission cost) x (14 missions) = \$82,250 	82 250
	<p>Contractual services</p> <ul style="list-style-type: none"> • In support of activities A1.1, a national/regional statistical institution will collaborate with UNCTAD and COMESA to conduct surveys analysing cotton by-product national/regional value chain (production and supply of by-products, current and potential challenges and opportunities for processors, marketing conditions) and prepare a country report in the 4 beneficiary countries: (\$35,000 estimated average cost per contractual arrangement in each country) x (4 countries) = \$140,000 	140 000
	<p>Operating Expenses</p> <ul style="list-style-type: none"> • Communications, printings and others (e.g. printing of reports and training materials, purchase of USB keys/CDs to be used to deliver materials to participants of the seminars and workshop) in support of A1.1, A1.2, A1.3, A2.1, A2.4 = \$5,500. 	5 500
	<p>Seminars, Workshops and Study Tours</p> <ul style="list-style-type: none"> • 4 national seminars of 2 days each for cotton value chain stakeholders in the beneficiary countries for the purpose of capacity building, in support of A1.3 and A2.1 (\$500 per participant) x (50 participants) x (4 national seminars) = \$10,000 • 1 sub-regional meeting to share lessons learned and identify follow-up actions, in support of activity A2.4 and with a total of 20 participants (3 from each beneficiary country, 2 from COMESA and a total of 6 from other ESA countries) : (\$1400 per participant) x (20 participants) = \$28,000 • National seminars and regional workshop facilities (conference rooms) and services (audio, video and screening) in beneficiary countries, in support of activities A1.3, A2.1 and A2.4: \$20,000 • Study tours for the purpose of best practice learning on cotton by-product value addition, in support of A1.4 (each country will have 2 representatives comprising of government officer and private stakeholder; COMESA will also send one representative to participate in the study tour) (\$6,000 per study tour) x (9 participants) x (1 study tour) = \$54,000. 	202 000