



Promoting cotton by-products in Eastern and Southern Africa

UN Development Account Project 1617K

Implemented by UNCTAD

In partnership with COMESA and UNECA

CONCEPT NOTE

National capacity-building workshop

Southern Sun Ridgeway Hotel

Lusaka, Zambia

6-8 December 2017

1. Background

Cotton is Zambia's second most widely grown crop, after maize. Approximately 300,000 farming households grow cotton annually, supporting approximately one million Zambians, or 8 per cent of the population.¹ Seed cotton production in Zambia has remained volatile in the two decades since the sector was liberalised in the 1990s, ranging from a band of 45-75,000 metric tonnes (MT) per year in the early 2000s, reaching a modern low of 37,000 MT in 2011, before spiking to a record high of 275,000 MT in 2012. In subsequent years, production has averaged just above 100,000 MT per year.²

Many factors contribute to the volatility of seed cotton production. Among them, farmers cite the volatility in seed cotton producer prices offered by ginners. Because of limited value added activities in Zambia, producer prices for seed cotton tend to be heavily tied to export prices, effectively transmitting the volatility in international lint prices onto risk-averse farmers. Cropping decisions are also swayed by policy-related competition from maize, with policies such as a floor price and a comprehensive package of subsidised inputs,³ which lower a farmer's risks of growing maize, as compared to other crops, including cotton.

During the 1980s and 1990s, Zambia had an integrated textile industry, including spinning, weaving, and fabrication of garments and clothing. During this period, the textiles industry employed 15-20,000 people, generated USD 30-50 million in annual export earnings and represented 16-20 per cent of the country's gross domestic product (GDP). After the WTO Multi-Fibre Agreement expired in 2005, Zambia's textile exports were rendered uncompetitive. The industry collapsed shortly thereafter and plants have remained dormant.⁴

Meanwhile, Zambia does not fully utilise its cotton by-products. Fuzzy seed is typically the most valuable by-product, processed by oil expressers into edible oil and cottonseed meal. Some small oil expressers were active through the 1990s and into the early 2000s, but they consumed only up to 15 per cent of domestic fuzzy seed production and collapsed as of the mid-2000s. In 2007, the

¹ UNCTAD, 2017. Cotton and its by-products sector in Zambia. UNCTAD, New York and Geneva. UNCTAD/SUC/MISC/2017/2. Available at: http://unctad.org/en/PublicationsLibrary/sucmisc2017d2_en.pdf.

² Ibid.

³ Farmer Input Support Programme.

⁴ Ibid.

independent oil expresser Mt. Meru Millers was established and, as of 2017, remained the only large-scale oil expresser, consuming mainly soya feedstock, as well as approximately 20-30,000 MT of fuzzy cottonseed per year.⁵

No large-scale value added activities exist for other cotton by-products. For example, cotton stalks are unutilised, as the 2005 Cotton Act requires farmers to destroy them to prevent the spread of pests. Underutilised cotton by-products therefore represent an unrealised source of revenue, jobs and economic activity for stakeholders, including farmers, and the Zambian economy.

In this context, the United Nations Conference on Trade and Development (UNCTAD), with the support of its partners, the United Nations Economic Commission for Africa (UNECA) and the Common Market for Eastern and Southern Africa (COMESA), designed a project to address some of these challenges, in particular to fill the data and policy gaps that restrain the development value addition activities on cotton by-products. UNCTAD is implementing the project in four ESA countries: Tanzania, Zambia, Uganda and Zimbabwe. The Ministry of Commerce, Trade and Industry is the project's government focal point in Zambia.

To address the data gap in Zambia, the project commissioned a survey on cotton by-products in the country (Activity 1.1). The survey findings and final report will inform the project's subsequent activities, including a three-day national capacity-building workshop.

The workshop will comprise a two-day programme on 6-7 December for stakeholders to identify opportunities in cotton by-products and devise strategies to realise them (A 1.3), followed by a one-day workshop on 8 December for policy-makers to identify policies to support these strategies (A 2.1).

2. Stakeholder Workshop, 6-7 December

Expected outcomes

According to the project's logical framework, the two-day stakeholder workshop (A 1.3) is intended to contribute to the project's achievements in Zambia, as follows:

Expected project achievements	Indicators	Expected outcomes from the stakeholder workshop (A 1.3)
<p>EA1 Improved capacity of cotton value chain stakeholders to assess the potential value, market situation and prospects for cotton by-products.</p>	<p>IA 1.1 Zambia has 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/or stalk).</p> <p>IA 1.2 Zambia has developed and adopted a national action plan, aiming to increase the value added of cotton by-products.</p>	<p>(i) Disseminate the survey findings (A1.1);</p> <p>(ii) Build capacity of cotton value chain stakeholders to evaluate investment opportunities and the market potential for value addition to cotton by-products;</p> <p>(iii) Agree on the key elements of a national action plan to add more value to cotton by-products, including the evidence-based policies and investment profiles planned for this project; and</p> <p>(iv) Discuss and establish a multi-stakeholder committee to monitor the implementation of the action plan.</p>

Outline of programme

⁵ UNCTAD survey on cotton by-products in Zambia, 2017. Report forthcoming.

According to the expected outcomes, the preliminary two-day workshop programme will comprise sessions on the following topics:

- Presentation and discussion of the survey findings;
- Increasing seed cotton production in Zambia;
- Identification of priority cotton by-products activities for development;
- Formulating strategies for priority cotton by-products activities;
- Recommendations for a national action plan on developing cotton by-products (deliverable);
- Coordination of the cotton value chain and identification of a multi-stakeholder oversight committee for implementation of the national action plan (deliverable); and
- Adoption of deliverables and closing.

3. Policy Workshop, 8 December

Expected outcomes

According to the project’s logical framework, the one-day policy workshop is intended to contribute to the project’s achievements in Zambia, as follows:

Expected project achievements	Indicators	Expected outcomes from the policy workshop (A 2.1)
EA2 Improved capacity of policymakers to (a) formulate evidence-based policies that improve the value added of cotton by-products; and (b) devise investment profiles to attract potential investors.	<p>IA 2.1 Zambia has drafted concrete policies to enhance the value added of cotton by-products.</p> <p>IA 2.2 Cotton by-product investment profiles developed in Zambia.</p>	<p>(i) Assess the current policy framework for cotton by-products value addition in Zambia, based on the findings of the survey (A1.1);</p> <p>(ii) Review policy best practices with respect to cotton by-products; and</p> <p>(iii) Identify policy gaps and their remedies to develop cotton by-products in Zambia.</p>

Outline of programme

According to the expected outcomes, the preliminary one-day workshop programme will comprise sessions on the following topics:

- Presentation and discussion of the survey findings and the draft action plan from the stakeholder workshop;
- Identification of policy gaps with respect to: cotton cultivation and value addition to cotton by-products;
- Review policy best practices with respect to increasing value addition to cotton by-products;
- Formulate policy proposals to remedy gaps and inform investment profiles (deliverable); and
- Adoption of deliverables and closing.

4. Venue

UNCTAD will hold the workshop at the Southern Sun Ridgeway Hotel, at the corner of Church Road and Independence Avenue in Lusaka. Participants can contact the hotel directly at the following coordinates: tel - +260.21.125.1666, email - SSRidgeway.Reservations@tsogosun.com.

5. Participants

Commercial stakeholders from throughout the cotton by-products value chain will participate in the workshop, including, for example: farmers, intermediaries, ginners, oil millers and stock feed producers. Representatives from business, investment and entrepreneurship will also be invited. Policy makers and regulators will be the other key participants. In addition, the workshop will welcome participants from civil society and the press.

Gender mainstreaming is a programming priority in all UN activities. UNCTAD therefore aims for women to comprise 50 per cent of farmers participating in the workshop and 30 per cent of total participants.

The project plan provides for 60 participants at the stakeholder workshop (6-7 December) and 20 participants at the policy workshop (8 December). UNCTAD will adjust the number of participants as necessary, in consultation with the Ministry of Industry and Commerce.

6. Press

UNCTAD will arrange press coverage of this evening, including the opening, in collaboration with the Ministry of Industry and Commerce and the UNDP office in Lusaka. Photos taken at the workshop will be used for communications purposes, including in the workshop report.

7. Logistics

For information on logistics – e.g. invitations, visas, accommodation, travel and workshop documentation – please consult the Logistics Note, available on the project site (see below).

8. Contacts

General information on the project, including the project document, background materials and activity reports, can be found at the project site:

<http://unctad.org/en/Pages/SUC/Commodities/SUC-Project-1617K.aspx>

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