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Market Power and Value Addition Deliver Income Gains for Zambian Cotton Farmers

“Value Addition for a Resilient Cotton Sector in Africa”

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

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BACKGROUND

The Cotton Association of Zambia (CAZ) was formed in July 2005 as an affiliate of the Zambia National Farmers' Union (ZNFU) in order to provide the smallholder cotton farmers with a platform to participate more effectively in the operations and future development of the cotton sector in Zambia.

Within this sector CAZ's primary role is threefold:

1. Lobbying and advocacy on behalf of the cotton producers with ginning companies regarding seed cotton pricing and contractual arrangements.
2. Liaison with the Ministry of Agriculture and other Ministries on Cotton policies, environmental issues, and Tax issues.
3. Provision of market linkages as well as technical extension services.

The Challenge

Cotton farmers in Zambia, often struggle to eke out a reasonable living due to five main reasons:

1. Unacceptably low cotton yields.
2. Farmers exit and enter cotton production for several seasons at a time and fail to accumulate the technical knowledge and skills that would lead them to increased yields.
3. Market dynamics are unfavorable for Zambian cotton farmers.
4. The ginneries retain the seeds, which means farmers cannot press the seeds for oil or use them for animal feed.
5. Lack of technologies to add value to other parts of the cotton plant.



The Response

Zambian cotton farmers could get more money for their cotton through better rates at the ginnery and by adding value to it themselves. This would be achieved through the following plan of action:

- 1. Promotion of a Core of Skilled and Resilient Cotton Farmers**
- 2. Provision of Modern Production Technologies to Farmers**
- 3. Enlightening Producers in Business and Marketing Aspects of Cotton Production**
- 4. Establishment of a farmer owned ginnery**
- 5. Value addition to lint and cotton by-products.**



The Practical Interventions (MFGPCo)

In late 2015, ITC helped to set up Zambia's first ever farmer owned ginnery, the Mumbwa Farmers' Ginning and Pressing Company (MFGPCo).

1. Increased farmers' market power
 2. Production of quality lint
- The operations in Mumbwa have been scaled up to 24 other districts in the country involving 4000 farmers.
 - ITC and MFGPCo have been working together to provide training in various aspects along the value chain.

The Practical Interventions (HATTAZ)

CAZ in collaboration with ITC have initiated the development of hand-loom technology.

- This technology has presented real opportunities for women, youths and the differently abled.
- Has trained and equipped over 1,000 local farmers and entrepreneurs in urban areas.
- The Government of the Republic of Zambia is implementing the Regional Integration Capacity Building (RICB) Project which has enhanced an enabling environment for the improved performance of SMEs in selected sectors (*handlooms; women in textile and clothing and leather*).



The Practical Interventions (UNCTAD)

- Through UNCTAD project on Cotton by products, two training workshops were organized (2016/2017) in Zambia.
- The workshop participants agreed on a National Action Plan for developing cotton by-products in Zambia. The action plan includes the following two proposed initiatives:
 1. Carbonized Briquettes and Pellets from cotton stalks
 2. Absorbent Cotton technologies.
- The pilot project is being initiated in Mumbwa in collaboration with MFGPCo.
- Some farmers have been exposed to the technology in India, locally and great eagerness has been shown in the development of carbonized Briquettes from cotton.
- Government has shown great interest in this project as a means of reducing deforestation which at the moment stands at 300,000Ha per year.

The Future

- The Mumbwa Ginnery has demonstrated the considerable potential for cotton farmers to boost their incomes and livelihood through increased market power and value addition.
- The Zambian Government has announced plans in collaboration with CAZ to establish three additional farmer-owned ginneries.
- It is also anticipated that farmers will adopt technologies to produce absorbent sanitary napkins for girls and women.
- Cotton farmers will soon be able to produce carbonized briquettes using cotton stalks for their energy.
- The Zambian Government's good will and positive intervention in the sector as stipulated in the 7th National Development Plan



CURRENT COTTON VALUE CHAIN IN ZAMBIA





Merci beaucoup pour votre attention aimable



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