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Hosted by Cotton SA

A Summary of the Synthesis Report on Cotton By-Products in Eastern and Southern Africa

By

Stephen Kabwe, author of the Synthesis Report, UNCTAD Consultant (Zambia)

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

A Summary of the Synthesis Report on Cotton By- Products in Eastern and Southern Africa

Presented

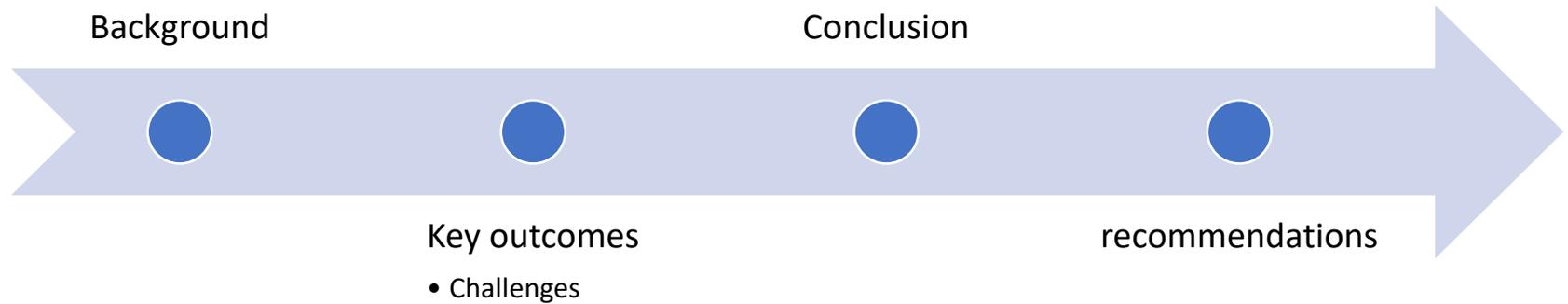
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Stephen Kabwe

at the Regional Workshop, Johannesburg, South Africa

28-30th May, 2019

Outline



Background

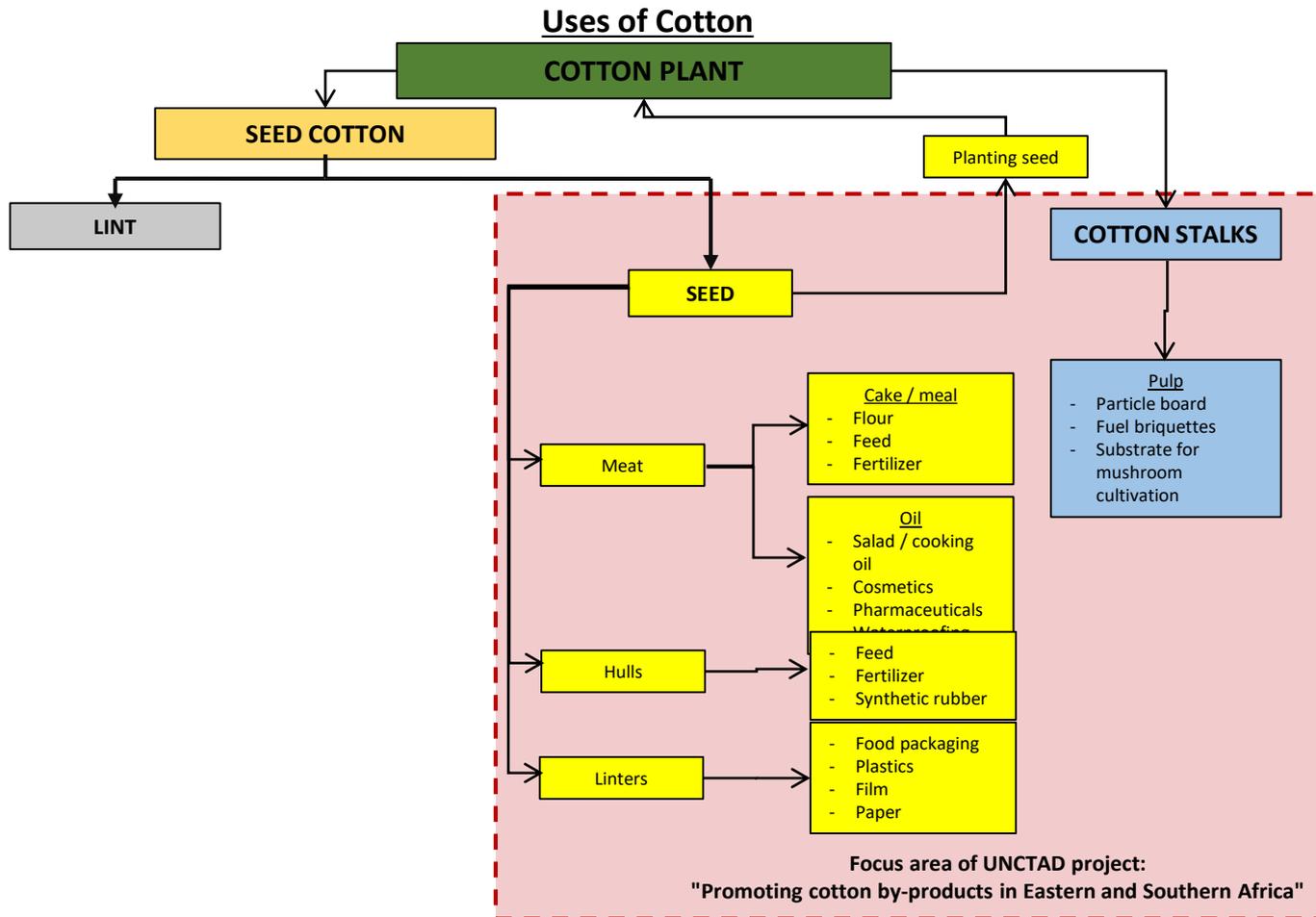
Cotton remains an important crop Uganda, Zambia and Zimbabwe

About 500,000 – 750,000 rural households in these countries are engaged in cotton production

Creates employment opportunities for many people, source of revenue for the countries

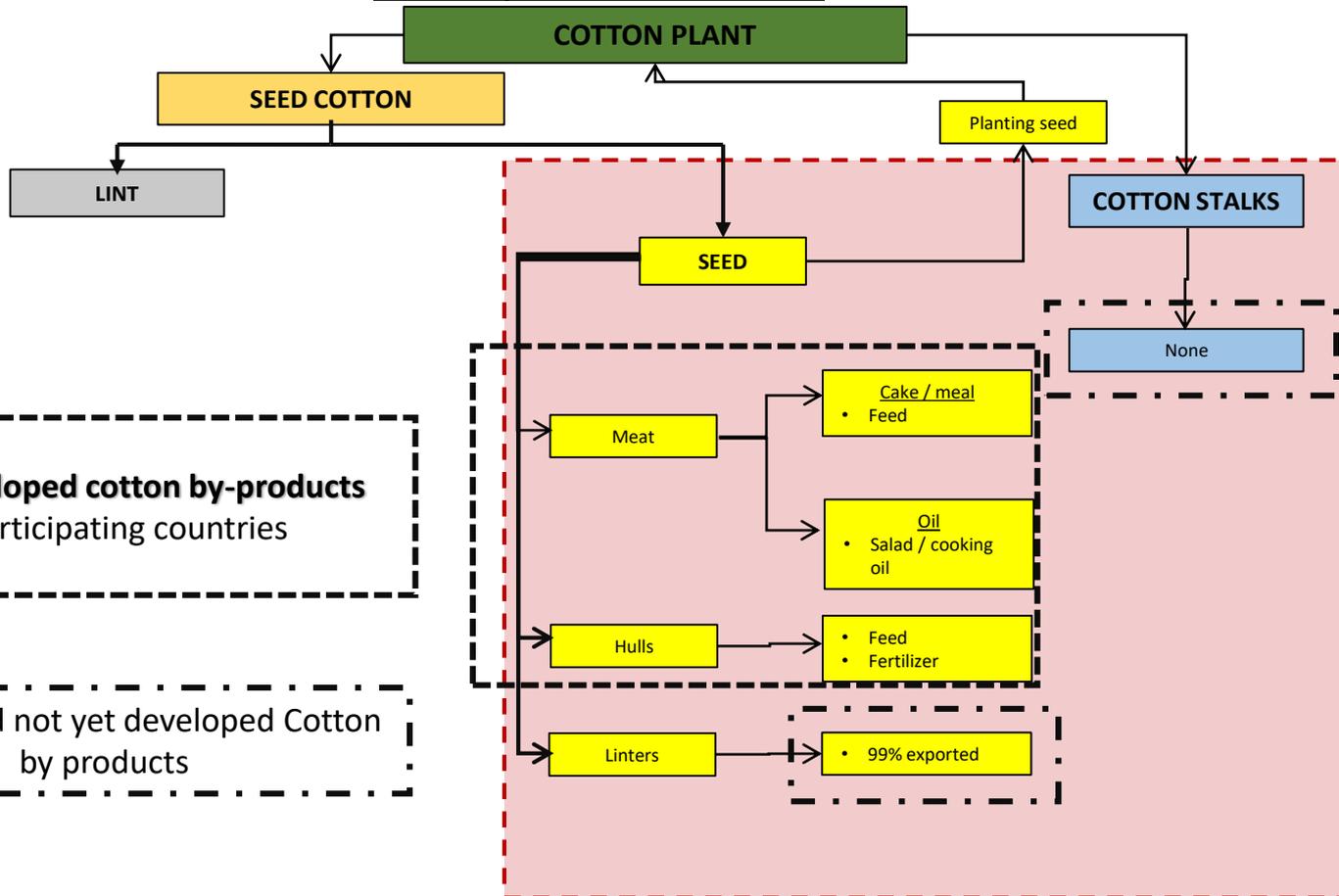
Cotton is primarily used for lint and however, its attractiveness is affected by reduction in profit margins along the value chain

So cotton by-products has been seen as an avenue that can help improve the attractiveness of the cotton value chains



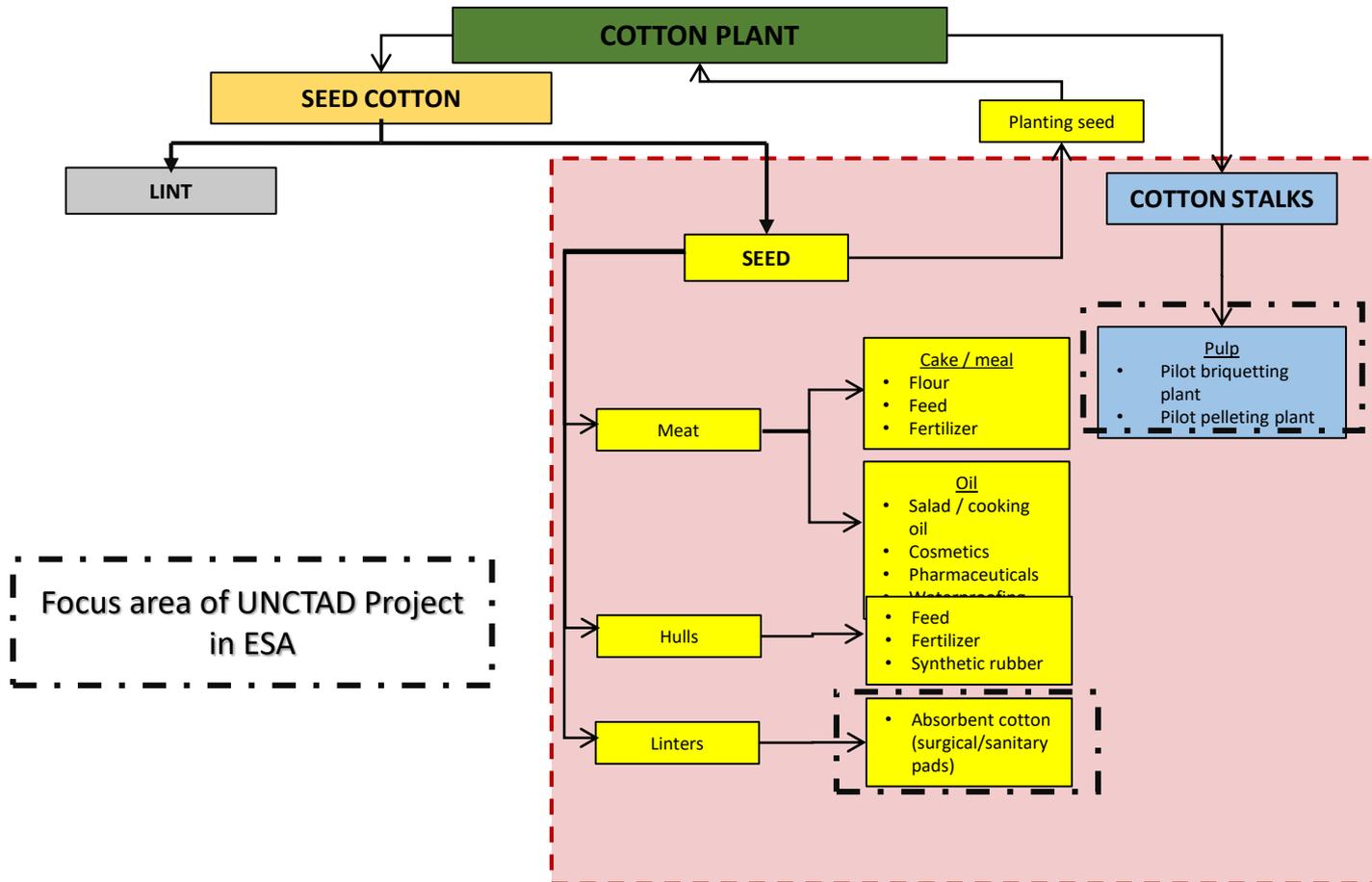
Source: Adapted from Cotton Development Organisation, Uganda

Cotton By-Product Value Chain



Source: Adapted from Cotton Development Organisation, Uganda

Cotton By-Product Value Chain



Source: Adapted from Cotton Development Organisation, Uganda

Background cont'd

Despite the value-added potential they represent, cotton by-products are underdeveloped in Africa, owing to several impediments.

- lack of adequate downstream infrastructure;
- a shortage of enabling policies and institutions to support the development of cotton by-products industries;
- Poor market information on cotton by-products; and
- lack of data to assess the economic viability of investment opportunities in cotton by-products industries

UNCTAD cotton by-product projects focuses at stimulating the growth of these cotton by-products

Synthesis report is based 4 investment profiles (3 briquettes and 1 absorbent cotton wool)

Key outcomes of the
study

Outcome # 1: Some Level of development



There is some level of development of cotton by-products with regard to cottonseed (edible oil and cake) in all the three countries

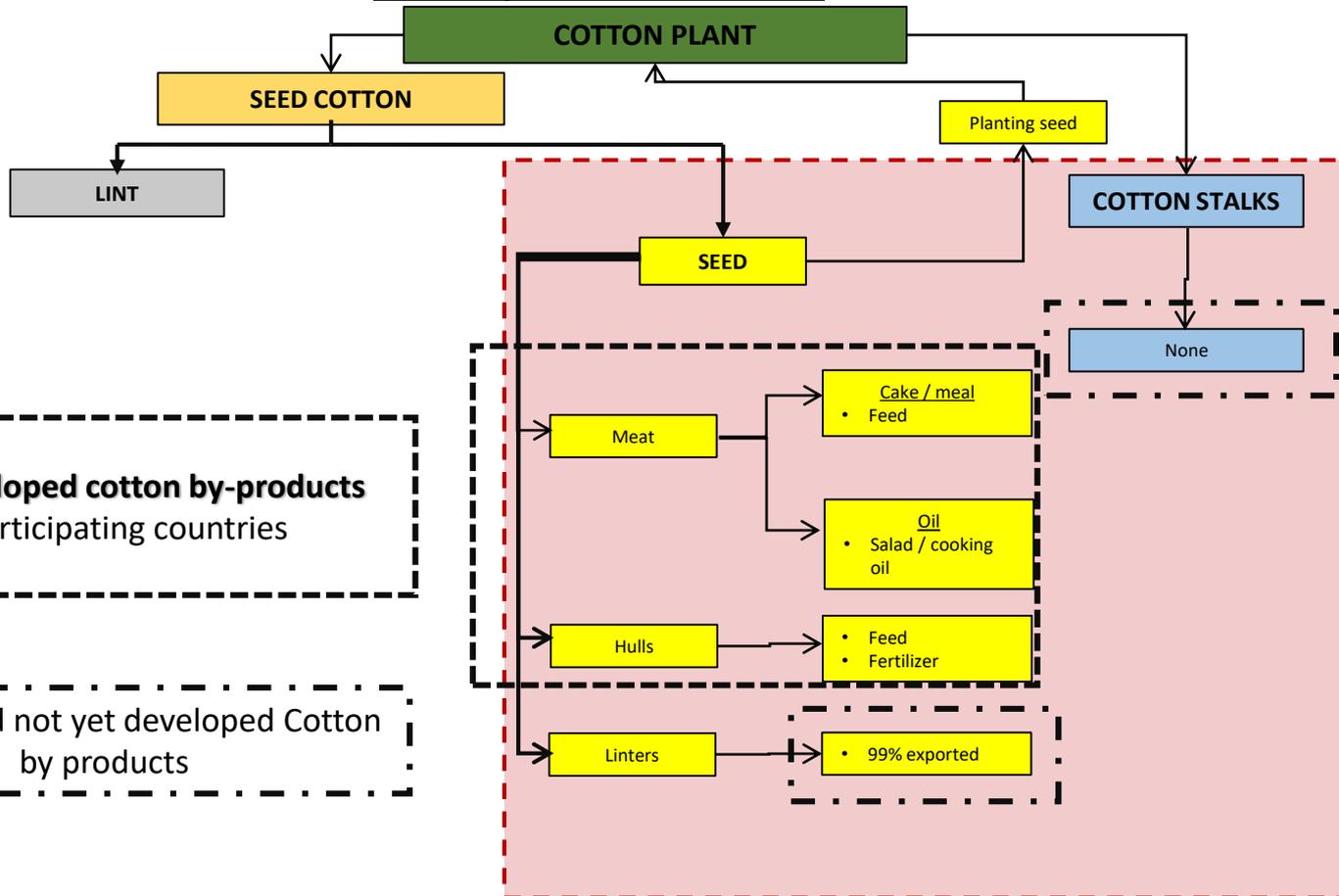


Absorbent cotton wool – commercial activities taking place



Cotton Stalks are a cotton by-product with newly identified commercial potential

Cotton By-Product Value Chain



Source: Adapted from Cotton Development Organisation, Uganda

Outcome # 2: Cotton by Products Financially Viable



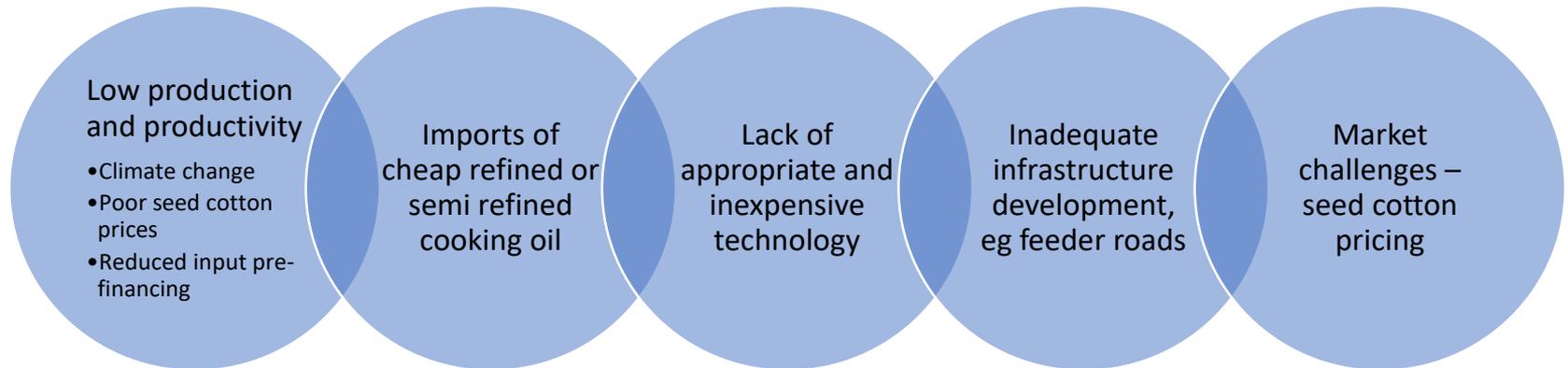
Briquettes technology financially viable in all the three countries (Uganda, Zambia and Zimbabwe) – Positive NPVs and the IRR is greater than the cost of borrowing



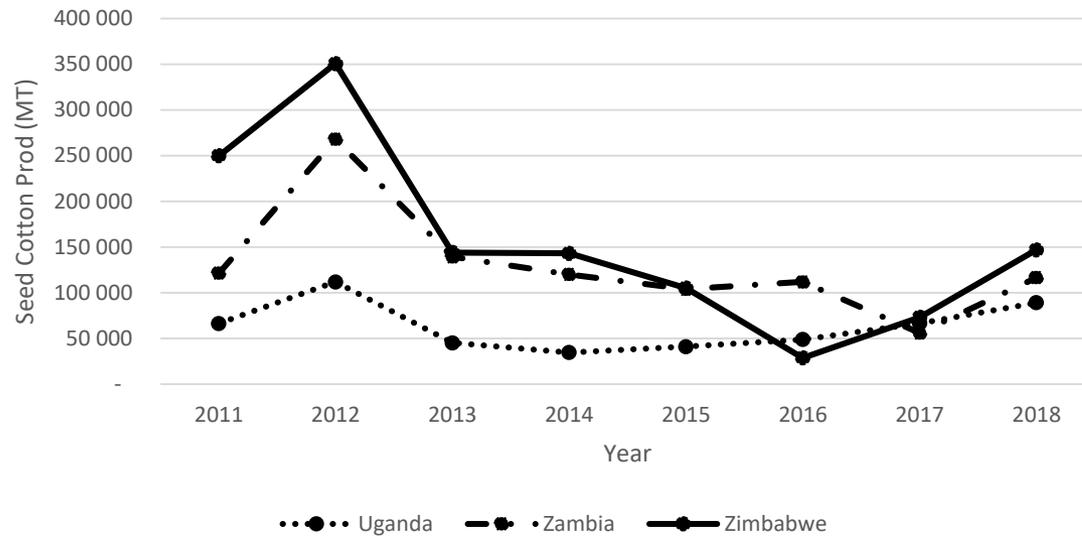
Absorbent cotton wool project is also financially viable since NPV is positive and the IRR is greater than the cost of borrowing



Outcome # 3 - Challenges



Trends in Seed Cotton Production 2011-2018



- Seed cotton production has declined in all the three countries

Outcome # 4: Opportunities -



Outcome # 5: Key lessons learnt from UNCTAD Cotton by-Product Project

- Value addition to cotton by-product cannot be looked in isolation
- Enhanced awareness of business opportunities availability in cotton by-product
- Cotton production in Eastern and Southern Africa is low compared to its potential
- Briquettes/pellets can help mitigate environmental challenges exposed by deforestation due to charcoal production
- Price of alternative fuel sources (charcoal/electricity/LPG) may affect the development of briquette commercially
- There need to consider product preferences in promoting briquettes (carbonized vs non-carbonized)

Outcome #6: India Study Experiences and Participants testimonials

Cotton farmers can earn an extra income from the sell of the cotton stalks

Use of agricultural residues in briquetting making can help reduce deforestation

Good coordination between public research institutions and private sector can help actualize technology development and commercialization

Quotes

*“The greatest lessons I learnt was **innovation**, - turning something (crop residue – cotton stalks) which in my country our farmers throw and burn into valuable products (briquettes and pellets) was amazing” Adeva Gwezi, Communication Specialist – Zimbabwe Farmers Union.*

“A farmer can increase daily income by making a bit of transformation to the cotton they have. What is indeed is to empower the farmers with the technologies appropriate to their income and environment” Thierry Kalonji - COMESA – Director of Industry.

“The epitome key lessons learnt from the Indian study tour was linking researched technologies and commercialization. I was able to see with my own eyes of the different cotton by-product technologies that scientists were sharing during the workshop”. (Bob-Alberto Ogen – Managing Director – West Acholi Cooperative Union Ltd - Uganda.

Conclusion

Importance of cotton cannot be overemphasized in Uganda, Zambia and Zimbabwe, as it supports many actors along the value chain.



Cotton by-products have a role in making cotton production more attractive

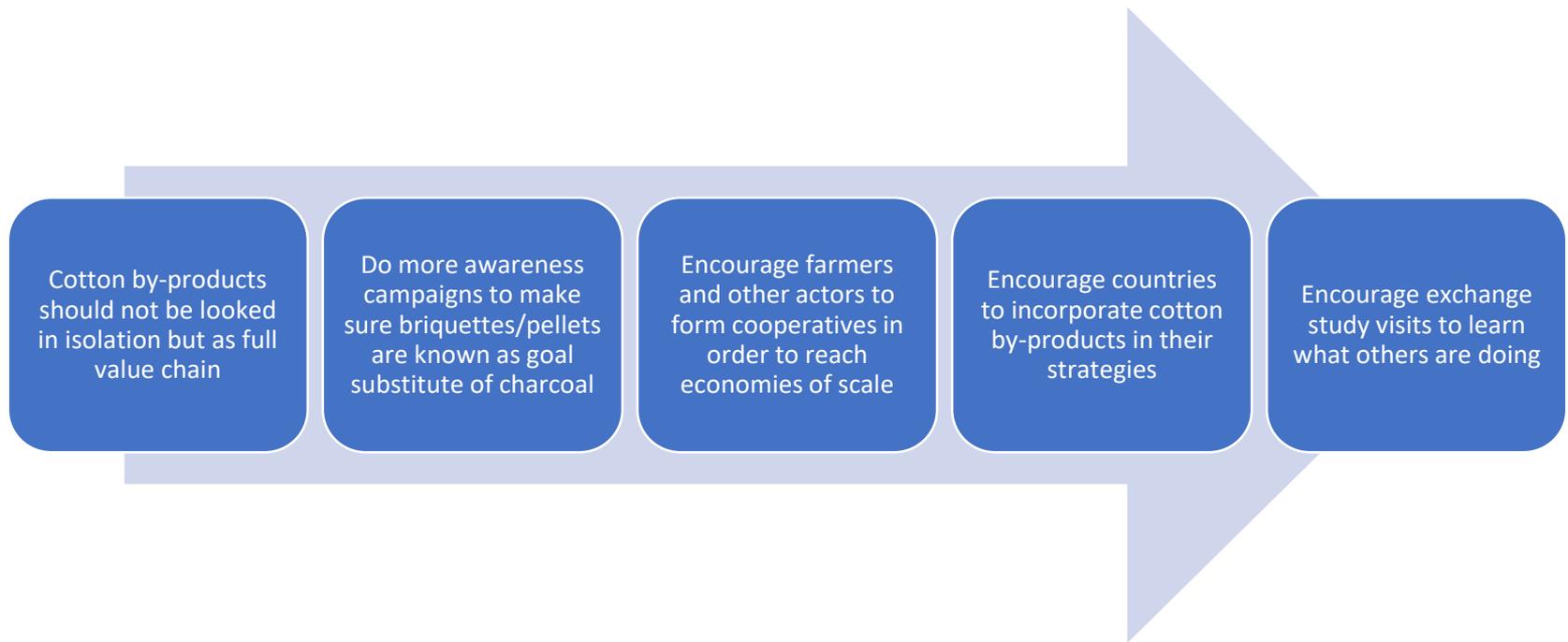


Cotton by-products are financially viable business ventures



However, for some cotton –products (carbonized vs non-carbonized), need to understand the consumer preference

Recommendations



Thank you