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EMPOWERING COTTON FARMERS IN ZAMBIAN COTTON VALUE CHAIN

by

**Mr. Joseph NKOLE
COTTON ASSOCIATION OF ZAMBIA
(Farmers Fighting Poverty)**

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COTTON ASSOCIATION OF ZAMBIA (Farmers Fighting Poverty)

“EMPOWERING COTTON FARMERS IN ZAMBIAN COTTON VALUE CHAIN”

PRESENTATION TO THE MULTI-YEAR EXPERT MEETING
ON COMMODITIES

21ST MARCH 2013
ROOM XXVI - Palais des Nations, Geneva

Plot 4297 Buyantanshi Road
Zamseed Premises, Industrial Area
P O Box 32281
LUSAKA

Tel: +260 211 241819
Fax: +260 21241841
Email: caz@zamtel.zm
Website: www.caz@cotton.org.zm

CONTENT OF THE PRESENTATION

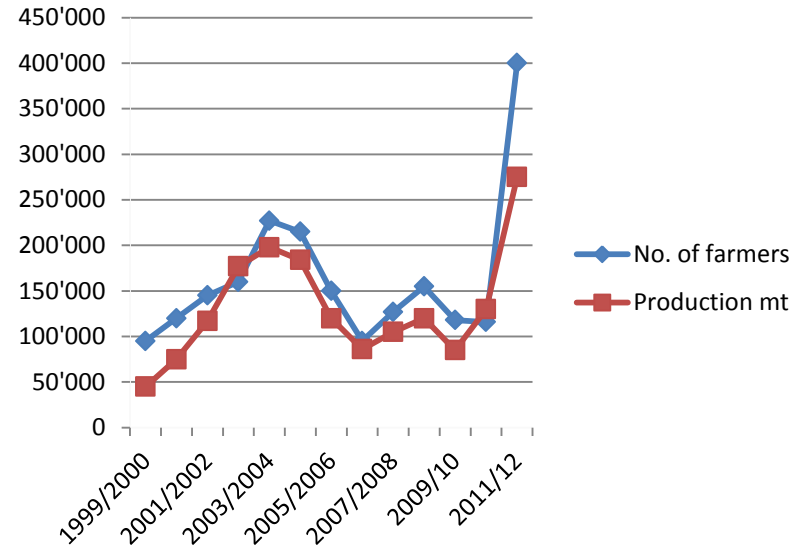
- Introduction
- Cotton Value Chain in Zambia
- Efforts to Empower Zambian cotton farmers
- Challenges
- Way forward
- Conclusion

Introduction

- Cotton is one success story of Zambia's turn to a market economy.
- Major and growing sector +/- 460,000 smallholder farmers.
- Formation of CAZ
- Vision, activities

Introduction

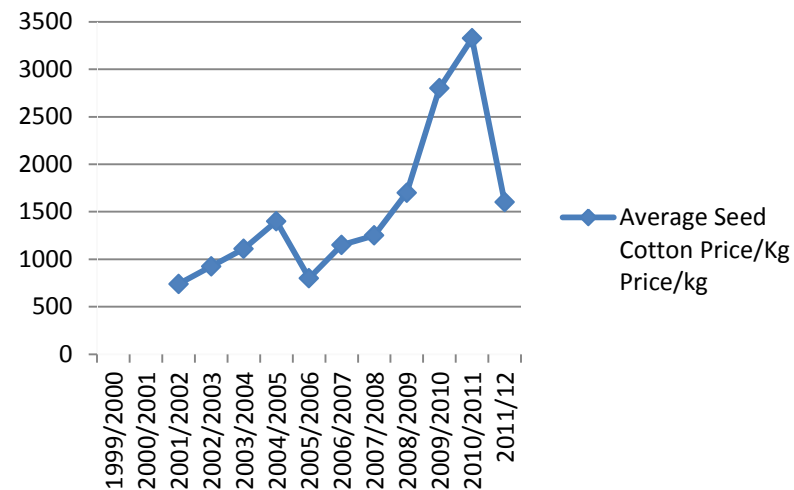
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Formation of CAZ , Vision, activities



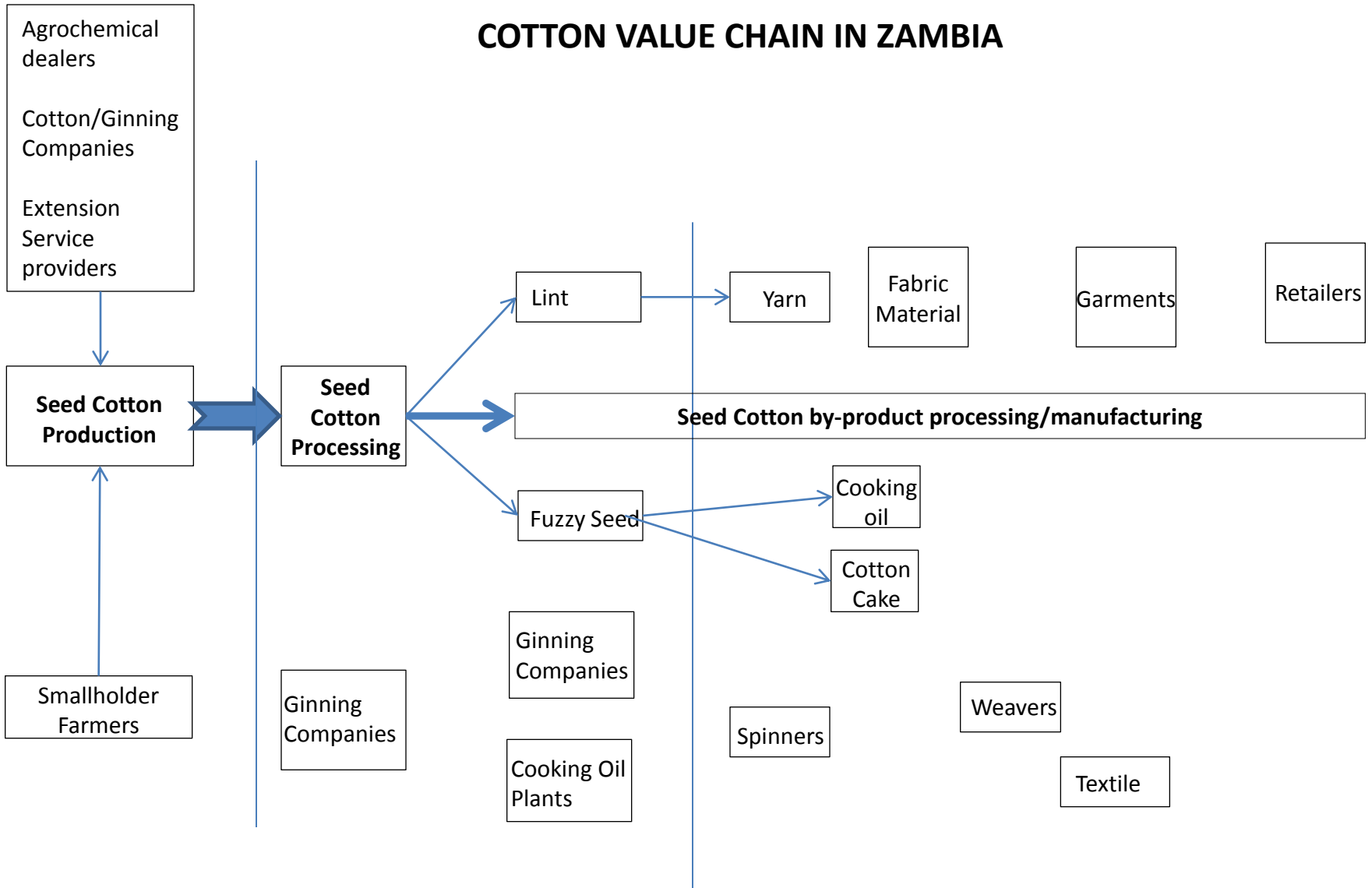
Cotton Value Chain in Zambia Production

- Low & Static yields
- Farmers lack liquidity & rely on Ginnners
- Input supply
- Market
- Extension services
- Ginnners dictate prices
- Weak negotiation power of farmers
- Volatility of international cotton prices.

Average Seed Cotton Price/Kg
Price/kg



COTTON VALUE CHAIN IN ZAMBIA



GINNING

Around 10 Ginning companies

All foreign owned multinational

17 ginneries; 11 saw gins; 6 Roller Gins

Ginning capacity 361, 800mt

GOT 41%

Average Bale weight 180kg

TEXTILE INDUSTRY

Obsolete equipment

Lack of competitiveness

Only 4 spinning mills

Influx of second Hand clothes

EFFORTS TO EMPOWER ZAMBIAN COTTON FARMERS

- CAZ in collaboration with International Trade Centre (ITC) South-south Co-operation for improved production through training events in:
 - China
 - India
 - Senegal
 - Turkey

- CAZ in collaboration with International Trade Centre (ITC) South-south Co-operation in market-related activities in textile producing countries:
 - Bangladeshi
 - China
 - Thailand
 - Turkey
 - Vietnam

Building on these linkages, CAZ has been able to change the cotton sector in the following ways:

-Farmer Empowerment

Through the exposure and training of farmers, CAZ has built a strong contract negotiating team

-Transparency and partnership along the value chain

Farmers have engaged in self-financing and learning from each other and improve the trust levels.

- Indigenizing and adding value to the cotton value chain
Farmers have established a farmer owned ginning facility.

- Building partnership with preferred buyers.
Through the above innovation, farmers with support of ITC have made strong partnership with spinners.

- **Managing Farm Inputs**
 - Farmers are using the business links created in Asia to become independent of ginning companies.
 - Managing Farm Input Support Programme Government.

- Creating an institutional infrastructure that supports farmers

Farmers liaising with cotton related institutions

Farmers demanding for enhanced research and development.

- Improving Regional collaboration

Due to international exposure and facilitated interchange with cotton stakeholders in Africa, CAZ has been instrumental in the formation of MOZAZIMA.

CHALLENGES

- Lack of Transparency and Price Risk Management
- Lack of Value Addition at farmer level
- Cotton contamination and Quality control
- Low local textile production
- Weak apex farmer organisation
- Poor Regulatory Framework

WAYFORWARD

- Implement strategies and systems to protect the sanctity of contracts and enforcement.
- Establish common buying and selling points for inputs and produce.
- Capacity building and strengthening of farmers groups to participate in value addition.
- Practical support by Government and financial investment into the development of the sector.

CONCLUSION

- Opportunity to strengthen the position of smallholder producers in the market.
- Opportunity to connect industry to the market and assure the future of cotton in Zambia.
- Knowledge leads to transparency for trust to flourish and industry to grow.
- Farmers have a choice to produce or not produce cotton;
- Farmers broke the fundamental power structures.
- Regional transparency benefits farmers in MoZaZiMa.
- Farmers engaged in value addition to revive textile and clothing industry.

Thank you

Merci beaucoup pour votre aimable attention