



EUROPEAN DEVELOPMENT FUND



ACP GROUP OF STATES

All ACP Agricultural Commodities Programme

CONSOLIDATED WORK PLAN FOR POTENTIAL COTTON INTERVENTIONS IN ALL ACP REGIONS

January 2009





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EXECUTIVE SUMMARY

The annexed list of interventions is the outcome of an intensive and iterative consultation process among IOS and the CU on the one hand, and between IOS and the direct beneficiaries on the other. The IOs' work plans are also the results of post-kow consultations that have been undertaken to validate and consolidate proposals for support initially identified during the consultations. The intervention implemented by CFC is the result of consultations with ad-hoc commodity boards prior to the launch of the programme, but remain fully in line and complement adequately the actions defined during the consultative workshops.

In analysing the proposed interventions by the IOS, the CU paid special attention to complementarities and synergies among programme partners, and the coherence of the set of actions. The CU also verified that the proposed interventions address the needs and priorities identified during the consultative workshops. In examining IOs's submissions the CU sought to answer the following questions:

- (i) Do the specific proposals for intervention reflect the conclusions and recommendations of the consultative workshops?
- (ii) Do the proposed interventions fall within the mandate of the respective IOs as described in their Contribution/Administrative Agreement with the EU?
- (iii) Do proposed interventions contribute to Result 4 of the Programme i.e. "Complementarities and synergies among programme partners are capitalised upon"
- (iv) Has account been taken of related ongoing activities and mandate of other development partners?
- (v) Can the various proposals be brought together into a package of coherent and complementary interventions that would address the priority issues of the region and specific "**priority countries**" (cf. PSC Doc 3 Rev2 "Guidelines on Selection Criteria") as identified during the Kick-Off Workshops?

Issues being addressed

The proposed interventions essentially address the following issues:

In Central Africa Region:

- Support CEMAC with the consolidation of regional cotton strategy
- Reinforcement of cotton trade capacities and South-South Cooperation
- Improvement of cotton production systems

In Western Africa Region:

- Commercial standardisation of instrument testing (in conjunction with East Africa)
- Support UEMOA with consolidation of regional cotton strategy and cotton agenda, in cooperation with APROCA and ACA
- Capacity building, reinforcement of cotton trading expertise and South-South Cooperation
- Development of business models for upstream actors
- Support local capacities on GAP, IPM for mixed farming systems
- Cotton market research and policy dialogue
- Risk management (including training and education in relation thereto)

In East & Southern Africa Region:

- Commercial standardisation of instrument testing (in conjunction with West Africa)
- Support COMESA, ACTIF, SADC and Tanzania for definition of regional strategy and implementation plans for cotton and textile
- Review of existing strategies at national level, market & product development
- Capacity building, reinforcement of cotton trading expertise and South-South Cooperation
- Reinforcement of market linkages between organic cotton producers and the fashion industry
- Cotton market research and policy dialogue
- Commodity policy and price risk management (including training and education in relation thereto)



In the CU's view, the proposed interventions retained in the consolidated WPs reflect priorities identified during the regional consultations and are within the mandates of the respective organisations.

Opportunities for collaboration and synergies

As indicated in the matrix and the list of interventions, the proposals offer concrete opportunities for collaboration and synergy among programme partners.

Nature of assistance

Interventions will be implemented in the form of technical assistance, studies & consultancies, training workshops, consultative missions. In the framework of its support to cotton testing instruments, CFC will also provide equipment and infrastructure, in addition to the means listed above.

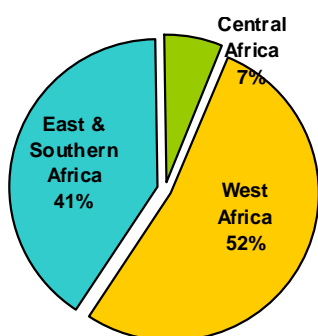
Preparation of the WPs

Regional organisations like UEMOA, CEMAC, ECOWAS, SADC, cotton associations like ACA, ACTIF, APROCA, and representatives from COS Coton were involved during that process, and will also play a key role during the implementation of proposed activities, as reflected in the respective Work Plans.

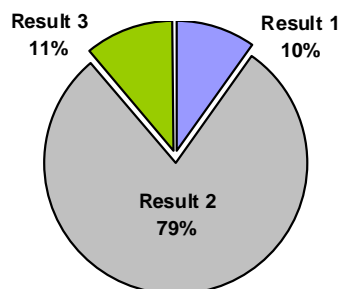
Estimates of Resources

A total estimated amount of €5.1 will be necessary to carry out the proposed interventions. The tables below provide a summary per programme partner, per region and per result. For activities which involve several crops in association/complementarity with cotton, the budget has been pro-rated on the basis of the number of sectors involved.

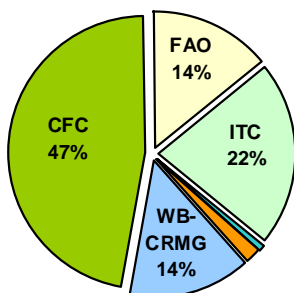
From the tables below, it appears that CFC funding accounts for almost half of the total amount allocated to the cotton sector under the first tranche (including Quick Start Activities). If own resources were added (equivalent to €3.9 million), it would actually account for about 70% of the total. As this project involves two regions (West Africa and East & Southern Africa), the budget has been pro-rated accordingly, hence the relatively small percentage related to the Central Africa region.



Region	Amount (€)
Central Africa	332,500
West Africa	2,682,744
East & Southern Africa	2,088,578
TOTAL	5,103,822



Result	Amount (€)
Result 1	505,250
Result 2	4,034,405
Result 3	564,167
TOTAL	5,103,822



IO	Amount (€)
FAO	728,167
ITC	1,105,000
UNCTAD	35,000
WB-SDN	94,000
WB-CRMG	725,000
CFC	2,416,655
TOTAL	5,103,822



PART I

LIST OF POTENTIAL COTTON INTERVENTIONS



IO	No	Title of the action	Result	Country	Sector	Collab.	Reg.Org.	Amount (€)
A. CENTRAL AFRICA								332,500
FAO	A.7	Supply chain risk and finance assessment	3	Region	Cotton	UNCTAD		27,500
ITC	B.1	Value Chain performance diagnosis, sector dev./operational strategy,	1.1 -> 1.4	CEMAC region	Cotton			155,000
ITC	B.3	Implementation of selected sector development activities prioritised in accordance with the l'Agenda Cotton-Textile	2.4	CEMAC region	Cotton	FAO, UNCTAD, CFC	UEMOA, CEMAC	150,000
B. WEST AFRICA								1,474,417
FAO	Q-A1	Pilot project for diversification and production improvements in Cotton Production Systems.	2.3	Burkina Faso	Cotton			264,000
FAO	A.1	Support to the ITC strategy formulation	1.1->1.3	Region wide	Cotton	ITC		20,000
FAO	A.4	Support development of inclusive business models for upstream actors	2.4	Mali	Cotton & other crops			3,750
FAO	A.5	Implementation of activities identified under A.4 above	2.4	Mali	Cotton & other crops			35,000
FAO	A.6	Support to GAP and IPM for mixed farming systems	2.3	Benin, Burkina Faso,	Cotton, Cereals			207,500
FAO	A.8	Supply chain risk and finance assessment	3	Mali	Cotton, R&T, Sorghum			6,667
ITC	B.1	Value Chain performance diagnosis, sector dev./operational strategy	1.1 -> 1.4	UEMOA region	Cotton		UEMOA, CEMAC	100,000
ITC	B.3	Strategy implementation in the cotton sector	2.4	UEMOA region	Cotton	FAO, UNCTAD, CFC	UEMOA, CEMAC	400,000
UNCTAD	C.1	Support to strategies (finance strategies, MIS, commodity exchanges)	1.1->1.3	UEMOA region	Cotton	ITC		14,000
WB-SDN	D.3	Support to UEMOA for enhancing, finalizing and implementing a regional cotton strategy	1.1->1.4	Region wide	Cotton	CFC	UEMOA	36,000
CRMG	E.4	Commodity Price Risk Management	3	Multi-country	Mainly Cotton	CFC, FAO		125,000
CRMG	E.5	Cotton Market Research and Policy Dialogue	3	Burkina, Benin, Cote d'Ivoire	Cotton		UEMOA, ECOWAS, SADC	200,000
CRMG	E.6	Fundamentals of Cotton Markets, Trading and Risk Management	3	Region wide		UNCTAD, FAO		62,500



IO	No	Title of the action	Result	Country	Sector	Collab.	Reg.Org.	Amount (€)
C. EAST & SOUTHERN AFRICA								880,250
FAO	A.1	Support to the ITC process of strategy formulation	1.1->1.3	Regional	Cotton	ITC	-	21,250
FAO	A.5	Implementation of activities identified under the inclusive business models	2.2 to 2.5		Cotton, Maize, Horticulture, Tree Crops	-	-	51,250
FAO	A.10	Revitalizing of Kenya Cotton Industry	2.4	Kenya	Cotton		CODA	20,000
FAO	A.12	Mkt Linkage between organic cotton producers and fashion industry	2.2	Regional	cotton	ITC,UNCTAD,H ELEVITAS		60,000
FAO	A.13	Seed systems Review for cotton and cassava production systems	2.5	Regional	cotton, cereals, cassava legumes	CFC/ITC		6,250
FAO	A.16	Supply chain risk & finance assessment	3	Malawi;Zambia; Madagascar;Kenya &Tanzania	cassava;coffee;F&V; Cotton			5,000
ITC	B.1	Cotton: VC diagnosis, strategy dev etc.	1.1->1.4	ESA REgion	cotton	FAO,WB		80,000
ITC	B.2	Cotton:Implementation of selected strategy activities, eg: product & market dev., market orientation etc	2.4-2.5	Malawi+ Region	cotton	FAO, UNCTAD, CFC		220,000
UNCTAD	C.1	Support to strategies & other cross cutting activities	1.1->1.3	Mada, regional	cotton, horticulture	ITC, FAO		21,000
WB-SDN	D.8	Support to Regional Cotton Strategy	1.1->1.3	Regional	Cotton	ITC,CFC,FAO		58,000
CRMG	E.4	Commodity Policy & Price Risk Mgt	3.1,3.2	Malawi, Moz	Coffee, cacao, cotton	FAO		75,000
CRMG	E.5	Cotton Mkt Research & Policy Dialogue	2.1	Regional	cotton	FAO		200,000
CRMG	E.6	Training &Education on Ag RM	3.1,3.2	Regional	Coffee, cacao, cotton	FAO, UNCTAD		62,500
D. ALL ACP								2,416,655
CFC	Q-F1	Instrument Testing Cotton	2.3	Mali, Burkina Faso, Tanzania	Cotton			2,416,655
GRAND TOTAL QSA + WP PHASE 1								5,103,822



PART II

CONSOLIDATED

COTTON WORK PLAN

2.1. CENTRAL AFRICA REGION

2.1.1. FAO

Activity 7 - Supply chain risk and finance assessment

Objective:	Assess existing risk management mechanisms along the value chains, the possibility of promoting them and of introducing alternative ones.
Output:	Assessment of risk exposure and finance constraints and identification of financial and/or risk management solutions to mitigate those constraints. Working papers and workshops.
Outcome:	Advice and involvement of the concerned value chain stakeholders and institutions
Inputs:	Questionnaire on risk and risk management along the value chains. Case studies from different countries.

Objective of activity

Assessing existing formal and informal risk management mechanisms in view of fostering them through identifying alternative risk management tools including insurances products and facilitating access to finance and strengthening linkages along the value chain. The analysis will be conducted in the following countries and sub-sectors: the fine cocoa sector in Sao Tome e Principe; the **cotton** sector at the regional level. The analysis will be based on the administration of a questionnaire developed under the AAACP.

Expected programme result as per log frame : Results 3 (Activities 3.1.1 and 3.1.2 in the FAO CA)

Other justification: Interest shown at the KOW in risk management, and during subsequent consultations

Related OVI to be monitored: Number of questionnaires administered and information analyzed.

Expected outputs and outcomes:

Survey and assessment of the current situation on the basis of questionnaire responses; possibility for a proposal of an activity or a tool to be developed; increased knowledge and awareness of the existing and potential formal and informal risk management mechanisms along the value chain; improved awareness of the linkages between risk management, finance, insurance and co-ordination along the value chains.

Tentatively major milestones: Assessment completed by first quarter of 2009.

Collaboration will be made in co-operation with UNCTAD and in potential co-operation with CRMG of the WB.

2.1.2. The International Trade Centre (ITC)

R 1.1 to R1.4 & R2.1.1: Lead the design of strategies & programming of their implementation

One part of the Douala KOW focused on the cotton sector for producing countries of the region. Participants heard of progress with the regional cotton sector strategy in West Africa (UEMOA), which is designed to address similar issues to those facing cotton producers in Central Africa. After some debate participants proposed a request to UEMOA (accepted) for Central African countries to be invited to participate in the operationalisation and implementation planning of the existing cotton strategy (L'Agenda Cotton-Textile) for UEMOW.

Specific ITC regional sector strategy activities in Cotton:

1. Guide the preliminary work of value chain (VC) baseline information collection and analysis to be undertaken with the support of local counterparts and inputs from FAO, UNCTAD and WB in participating countries and in conjunction with CU BIS specialists.
2. Coach UEMOA/CEMAC and support the consolidation of baseline sector data and information, devise a comprehensive list of national & regional commodity chain stakeholders in each value chain stage, map other development activities relevant in cotton, gaps in technical assistance and potential project delivery counterpart organisations.
3. Support the organisation and co-facilitation of a joint UEMOA/CEMAC regional workshop to define an operational strategy and implementation plans for the Cotton-Textile Agenda. Contribute to the cost of CEMAC country representatives to participate in and prepare for the workshop.

4. Advise CEMAC, government agencies and value chain stakeholders in participating countries, on coordinating and managing strategy implementation and I/O project activities through the existing public/private stakeholder mechanisms. Provide follow-up guidance as required.

ITC Inputs

Technical assistance activities consisting of preparatory consultations, participatory practical value chain diagnosis, action planning and strategy formulation workshops, coaching and training of local and regional counterparts, stakeholder surveys and meetings at all levels of the value chain. Market perspectives will be provided through interaction with buyers, market-based organisations and operations specialists working in the sector. ITC staff, project staff and consultants will undertake delivery with specialists from within the region and regional support organisations wherever feasible. Although ITC is mandated under the Programme to lead this activity, the contributions of other I/O's and the support of country governments will be critical to the realisation of the outputs.

Ownership of implementation activities is encouraged by stakeholders working together in the actual design of the strategies and through public-private high-level strategy implementation coordination committees for each sector, country or region. Such bodies will have representation drawn from different levels of sector value chains, I/O's and involved government agencies.

Result 2.5.2: Market & product development, trade support services capacity building

FAO, UNCTAD and CFC will join with ITC in implementing selected sector development activities prioritised in accordance with the L'Agenda Cotton-Textile and the UEMOA/CEMAC operational **cotton** strategy implementation plans devised in the regional workshop of Result 1.

A number of these activities have been outlined during post KOW consultations with regional sector representatives. ITC activities will include:

- Capacity-building and South-South Cooperation for cotton production and transformation in liaison with the Brazilian Cotton Growers Association and Brazilian Cooperation Association.
- A joint regional (UEMOA/CEMAC) market familiarisation seminar on the markets of Asia.
- Capacity-building, market transparency and cotton promotion based on South-South Cooperation with regard to two selected priority markets in Asia – specific needs to be confirmed during the regional workshop.
- Reinforcement of the African Cotton Association (based in Benin).
- Capacity-building on cotton trading expertise in the form of a mobile "Cotton trading School", based on ITC's Cotton Exporter's Guide, complemented with inputs from FAO on production and anchored with an existing institution.

Inputs:

ITC plans to provide technical assistance to strengthen enterprise competitiveness and improve performance in new markets according to beneficiary needs expressed either in strategies developed under Result 1, or other similar documents provided by them. ITC may offer groups of enterprises, sector trade and business support organisations' selected technical assistance according to these expressed needs and provide resources in a number of areas to improve compliance with market and buyer requirements, product design and development, supply chain upgrading and other activities.

Know-how and information will be provided through ITC personnel, project staff and consultants. Technical specialists from within the region and regional support organisations will be implicated wherever this is feasible and the required know-how is available. Preparatory market studies may be undertaken for specific markets being targeted by stakeholders. The results of market studies may be used in strategy development processes to ensure a market-responsive approach.

A consultation mission and roundtable meeting that involves stakeholders and participating I/O's and/or other development agencies currently involved in each sector will precede activities in each country. At this meeting the objectives of the above activities will be confirmed, coordination and management mechanisms explained, counterparts validated and integration points with other activities confirmed.

2.2. WEST AFRICA REGION

2.2.1. FAO

Activity QSA1 - Pilot project for diversification and production improvements in Cotton Production Systems¹

1.1 Objectives/results

Preparatory activities for next cotton growing season in the form of 1) background studies and initial pilot activities on diversification of cotton systems to elicit strategic opportunities; 2) review and exchange of lessons from experiences during 2007 growing season to contribute to stakeholder discussion on work planning for 2008-2009 growing season.

1.2 Implementation approach

Specific crops in the horticulture sector and crop-livestock integration and the feed and livestock industry have been identified in many studies by the World Bank and others as key avenues for diversification for cotton farmers. This has also been pointed as priorities for support by the EC office in Burkina Faso during discussions with FAO. Additional collection of background and feasibility information on specific market opportunities is needed to complement existing sector-studies by World Bank, AFD and others. In preparation for the regional workshop, a few studies will be commissioned to support work planning for the pilot projects, and possibly orient discussion at least, for some countries, at the West Africa Regional workshop.

All the activities below will be validated at policy level with stakeholders at all steps, in particular the EC, COS Coton, national governments, farmer organizations and inter-professional bodies, the World Bank and AFD.

Technical supervision and coordination as well as FAO/AGP participation to management of All ACP Programme will be ensured by co-funding of a FAO project person together with GCP/RAF/009/NET.

1.3. Activities that specifically address the programme result

- Study of marketing for higher value vegetable production through specific marketing of IPM/organic in local and export markets
- Study on diversification & increased income for cotton farmers through development of year-round feeding system for commercial purpose
- Study on local seed production for forage species and fodder trees as an income generating activity for farmer groups in cotton-based systems. This will include review of availability of local seed collection and production of forage species and fodder trees for agro-forestry systems, and feasibility of supporting local women groups in local seed production groups
- Start-up support to Ministry of Agriculture of Burkina Faso and INERA, DVRD, CIRAD, ICRAF, FARA, and local policy makers (including the "Gouverneur de la Province de Houet") for the planning of scaling activities related to Good Agricultural Practices and improved technical agronomic practices (conservation agriculture including zero – tillage, crop diversification and livestock). Detailed activities will be described in the workplan.
- Technical support to cotton farmer organisation UNPCB and its partners to:
 - a) review experience on Good Agricultural Practices Farmer Field Schools (FFS) during growing season 2007 with concerned communities, consolidate information and organize national stock-taking meeting to share findings with its provincial and departmental Unions, cotton companies, government and donor agencies, to discuss opportunities for replication at national level.
 - b) send two specialists from Burkina, one to Mali and one to Benin, to exchange lessons from this experience and review with local coordinators and stakeholders their cotton IPPM programmes for the season.
 - c) organize sub-regional meeting with stakeholders (farmer organizations, cotton companies, government, donors and others) to share experience and discuss pertinence of replication in other countries. If stakeholders so wish, findings of this regional meeting could be discussed at the West Africa Regional Workshop.
- Curriculum Revision and Field School Planning Workshop: based on the experiences of the 2007 and discussions held, revise the curriculum modules in preparation of the next season.
- Information collection and initial contacts with cotton stakeholders and technical and financial partners in Benin to prepare scaling up and start of the Benin pilot project for the next cotton growing season.

¹ This is part of the Quick Start Activities (QSA) implemented before the consultative workshops

Activity 1 - Support to ITC process of chain diagnosis and strategy formulation

Objective:	Stakeholder preparation to realization of in-depth diagnosis of value chain and livelihood systems and the formulation of appropriate commodity development strategies.
Output:	Value chain studies, Domestic market studies, Participation in ITC workshops, Support to ITC led strategy formulation, Strategy assessment and validation.
Outcome:	Studies and expert input to feed critical information into ITC led process of commodity chain diagnosis, strategy formulation, assessment and validation.
Inputs:	Value chain and domestic market studies undertaken by national level consultants under the supervision of FAO. Participation in ITC workshops and strategy validation by FAO staff and international experts.

Objective of activity

Assist stakeholder preparation to realization of in-depth diagnosis of commodity chain and livelihood systems in selected country/commodity combinations, by providing required information and assistance to the ITC led processes of diagnosis and strategy formulation. Support to strategy development and validation.

Expected programme result as per log frame : Result 1 (Activities 1.1.1-2, 1.2.2 and 1.3.1-2 in FAO CA)

Other justification: The activities are required as an input to the ITC process of value chain diagnosis to assist in the identification of specific activities required to strengthen value chains and target groups with.

Related OVI to be monitored

- Completed studies (Value chain, domestic market studies, validation analysis)
- Use of studies and expert knowledge in the process of commodity chain diagnosis and strategy formulation
- Participation in ITC workshops (documented through mission reports)

Expected outputs and outcomes

The outputs of the preparatory activities will be value chain studies and domestic market studies in support of the process of value chain diagnosis and strategy formulation in finalising and implementing regional cotton strategy.

In the process of strategy formulation, it is expected that various options for the alleviation of constraints concerning the functionality of commodity chains will be identified. FAO will analyse the identified options to assist in their prioritisation. Analyses will be undertaken to assess the relative costs and benefits of alternative options with a focus on the distributional impacts along the value chain. Evaluations of alternative institutional arrangements to support the implementation of strategic options will also be undertaken.

Cross-cutting issues

The cross cutting issues above are key points of investigation in the value chain development methodology to be adopted. Gender issues are taken into account in those cases when women tend specialize in specific activities such as cereal food processing. Governance issues emergence in the context of the inter-professional development and increased role of farmers' organizations in influencing policy and market development. The formulation of strategies will depend critically on considerations reflecting country- and regions-specific sector conditions.

Major milestones

- Value Chain and Domestic Market Studies to be completed as required by the scheduling of ITC led workshops.
- Strategy assessment and validation to be completed within two months of ITC Workshop 2 in respective countries.

Priority will be given to ensuring that provision of key information from the studies is available during the ITC led process of commodity chain diagnosis and strategy formulation.

Collaboration

The work will be undertaken in support of the ITC led process of chain diagnosis and strategy formulation.

Activity 4 - Support the development of inclusive business models for upstream actors

Three-country consultations to support the development of inclusive business models for upstream actors in cotton and fruit and vegetable producers in Mali

Objective:	To validate outputs from KOW and identify counterpart organisations to support under the programme
Output:	Inclusive business models developed for upstream stakeholders dependent in cotton and fruit and vegetable producers in Mali
Outcome:	Inclusive business models to improve competitive advantage, role in the value chain, and procurement from small-holders developed for upstream value chain actors.
Input:	1 FAO staff 4 days mission in 3 countries respectively

Objective of Activity

To identify buyers, agro-enterprises, or small businesses operating in cotton and fruit and vegetable producers in Mali

Expected Programme Result as per log frame : Result 2.2-2.5

Other justification: Improving the market linkage relationship between the producer and buyer will enable these players to participate more effectively in sector strategies developed by the ITC process.

OVI to be monitored

- Inclusive business models developed for upstream players in the selected value chains
- Activities recommended in the business model strategies

Expected outputs and outcomes

- Inclusive business models for upstream players in the selected value chains
- Activities needed to improve the market linkage between the producer and the domestic buyer are identified based on consultations carried out in the three countries with key stakeholders groups (buyers, farmers' organizations, intermediary service providers, government) by FAO.
- Local intermediaries, contracted to implement activities.

Cross-cutting issues

Cotton and tree crops are produced and marketed mainly by men, and food crops such as cassava are crops produced and marketed mainly by women. Addressing income generation through the commercialization of a variety of these crops contributes to gender equity gains.

Major milestones

- Consultation mission to 3 countries in October, November 2008
- Business models submitted to FAO , December 2008

Activity 5 - Implementation of activities identified under the inclusive business models activity

Objective:	To improve farmer-buyer linkages in cotton and fruit and vegetable producers in Mali
Output:	Activities recommended in business models implemented
Outcome:	Farmers supply of produce to domestic buyers is more reliable and consistent and procurement from smallholders increases.
Input:	1 FAO staff 4 days mission in 3 countries respectively

Objective of Activity: Improve farmer-buyer linkages for cotton and fruit and vegetable producers in Mali

Expected programme result as per log frame : Result 2.3, 2.4, 2.5

Other justification

Improving the market linkage relationship between the producer and buyer and/or agro-processor will enable these two players to participate more effectively in the implementation of sector strategies developed by the ITC process.

Related to OVI to be monitored: Activities identified under upgrading strategy implemented

Expected outputs and outcomes

Competitive advantage and role in the value chain of smallholders and buyers/agro-processors is improved.
Procurement from smallholders is increased.

Major milestones

- Activities implemented January 2009 – November 2009
- Lead implementing organizations will submit reports that provide an overview of activities, local trainings, lessons learnt by December 2009

Activity 6 - Support to local capacities to adopt Good Agricultural Practices and IPM for cotton-cereal-livestock mixed farming systems in Benin, Burkina Faso and Mali, as well as regional exchanges and sensitization on GAP and IPM

<p>Objective: Increase productivity and income of cotton farmers, as well as environmental sustainability and farmers' health, through the adoption of Good Agricultural Practices and Integrated Production and Pest Management.</p> <p>Output: Farmer and trainers trained on IPM and GAP, training and sensitization material produced, field visits organized, capacities of regional / national farmer organizations, government staff, cotton companies and others on GAP and IPM increased, press articles and video material produced.</p> <p>Outcome: Farmers are able to apply GAP and IPM in their fields, support structures and extension systems are in place to support farmers, decision makers and public opinion are sensitized on benefits of GAP and IPM; system is in place for upscaling activities (training more farmers and trainers) in following years of the Programme</p> <p>Inputs: Training courses, material and equipment for Farmer Field Schools, regional workshops, exchange visits, consultants (resource persons for training courses and communication activities and training supervision)</p> <p>FAO supervisory inputs: Part-time technical support by one FAO staff (Rome). Support by FAO staff from Dakar and national staff (in Cotonou, Ouagadougou, Bamako) is an in-kind contribution of the Sub regional IPM Programme in West Africa (co-financing). This co-financing component accounts for the fact that costs of training activities could seem high in comparison to the other activities. Other FAO trust and regular programme funds cover costs that cannot be covered fully by the AAACP funding (daily travels, general overhead costs, payment of trainers, etc). The funds thereby complement each other in order for the activity to have a broader scope and outcome.</p>

Objective of Activity

Increase productivity and income of cotton farmers, as well as environmental sustainability and farmers' health, through the adoption of Good Agricultural Practices and Integrated Production and Pest Management

Expected Programme Result as per log frame : Contributes to outputs 2.3-2.4

Other justification: Activities have been validated with national stakeholders based on a long-standing collaboration with FAO, a sub-regional (3 country) workshop financed under the FAO cotton QSA and priorities expressed at the Dakar Regional KOW.

OVI to be monitored

Activities identified above have been implemented and related evidence of the respective outputs can be provided (reports for training course and other activities, training material etc. see above)

Expected outputs and outcomes

Outputs: Farmers (about 3000) and trainers (about 100) trained on IPM and GAP. Training and sensitization material produced. Field visits organized. Capacities of regional / national farmer organizations, government staff, cotton companies and others on GAP and IPM increased. Press articles and video material produced.

Outcome: Farmers are able to apply GAP and IPM in their fields, support structures and extension systems are in place to support farmers, decision makers and public opinion are sensitized on benefits of GAP and IPM; system is in place for upscaling activities (training more farmers) in following years of the Programme.

Cross-cutting issues

Policy support and uptake of production options for cotton diversification as well as farmer empowerment and good relations and governance among stakeholders in the supply chain are an intrinsic part of the activities.

Environmental issues are a key feature of the projects since it focuses on participatory mechanisms for identification of and support to sustainable production practices through an agro-ecological approach, including reduction in use of Highly Toxic Pesticides (HTP), use of IPM and alternatives to agro-chemicals, support to soil fertility improvements, crop-livestock integration, judicious use of agro-forestry and farm management.

Gender issues are also taken on board in the pilot project through improvement of the gender balance among farmer facilitators as well as farmers trained.

Major milestones

- Training activities implemented September-October 2008 and June-October 2009.
- Other activities implemented throughout the course of 2008-2009
- Report provided to CU by December 2009

Activity 8 - Supply chain risk and finance assessment

Objective: Assess existing risk management mechanisms along the value chains, the possibility of promoting them and of introducing alternative ones.
Output: Assessment of risk exposure and finance constraints and identification of financial and/or risk management solutions to mitigate those constraints. Working papers and workshops.
Outcome: Advice and involvement of the concerned value chain stakeholders and institutions.
Inputs: Questionnaire on risk and risk management along the value chains. Case studies from different countries.

Objective of activity

Assessing existing formal and informal risk management mechanisms in view of fostering them through identifying alternative risk management tools including insurances products and facilitating access to finance and strengthening linkages along the value chain. The analysis will be conducted for cotton at the regional level. The analysis will be based on the administration of a questionnaire developed under the AAACP.

Expected programme result as per log frame : Results 3 (Activities 3.2.1 and 3.2.2 in the FAO CA)

Other justification: Interest shown at the KOW in risk management, and during subsequent consultations.

OVI to be monitored : Number of questionnaires administered and information analyzed.

Expected outputs and outcomes:

Survey and assessment of the current situation on the basis of questionnaire responses; possibility for a proposal of an activity or a tool to be developed; increased knowledge and awareness of the existing and potential formal and informal risk management mechanisms along the value chain; improved awareness of the linkages between risk management, finance, insurance and co-ordination along the value chains.

Cross-cutting issues will be addressed in the studies as appropriate, ensured in development of study ToRs.

Major milestones: Assessment completed by second quarter of 2009.

Collaboration: Work will be conducted in co-operation with UNCTAD and in potential co-operation with CRMG of the WB.

2.2.1. ITC

R 1.1 to R1.4 & R2.1.1: Lead the design of strategies & programming of their implementation

UEMOA region – regional cotton strategy operationalisation

The cotton sector was a focus of one part of the Dakar KOW. Participants heard of progress with the regional cotton sector strategy, which is designed to address issues facing cotton producers in West Africa. UEMOA participants accepted a request from CEMAC cotton producing countries to participate in the operationalisation and implementation planning of the existing cotton strategy (L'Agenda Cotton-Textile) for UEMOA.

After the KOW the UEMOA Secretariat requested help from the Programme, under the leadership of ITC, to update and verify the cotton agenda. Consultations with the secretariat, the World Bank, UNCTAD, CFC and the Coordination Unit took place in Ouagadougou during the week 17-21 November. The Secretariat and the I/Os agreed upon a four-step approach: a) Updating of the cotton strategy at regional and national level. b) Formulation of a draft regional strategy; c) Validation workshop with a large number of public and private sector stakeholders in early spring 2009, and d) the implementation of selected parts of the strategy under the ACP Programme. These activities will start in early 2009 with a working group meeting on updating the existing cotton strategy.

Emphasis will be given to internal coordination in the UEMOA Secretariat, a close cooperation with the private sector and regional associations such as APROCA and ACA as well as linkages with other cotton countries in the CEMAC region such as Cameroon and Chad.

Specific ITC regional sector strategy activities in Cotton:

1. Guide the preliminary work of value chain (VC) baseline information collection and analysis to be undertaken with the support of local counterparts and inputs from WB, FAO, CFC and UNCTAD in participating countries and in conjunction with CU BIS specialists.
2. Coach UEMOA/CEMAC representatives and support the consolidation of baseline sector data and information, devise a comprehensive list of national & regional commodity chain stakeholders in each value chain stage, map other development activities relevant in cotton, gaps in technical assistance and potential project delivery counterpart organisations.
3. Support the organisation and co-facilitation of a joint UEMOA/CEMAC regional workshop to define an operational strategy and implementation plans for the Cotton-Textile Agenda. Contribute to the cost of UEMOA country representatives to participate in and prepare for the workshop.
4. Advise UEMOA, government agencies and value chain stakeholders in participating countries, on coordinating and managing strategy implementation and I/O project activities through the existing public/private stakeholder mechanisms. Provide follow-up guidance as required.

Indicative budget

Euros **100,000** for support to the UEMOA cotton sector participation in the joint UEMOA/CEMAC regional workshop.

ITC Inputs

Technical assistance activities consisting of preparatory consultations, participatory practical value chain diagnosis, action planning and strategy formulation workshops, coaching and training of local and regional counterparts, stakeholder surveys and meetings at all levels of the value chain. Market perspectives will be provided through interaction with buyers, market-based organisations and operations specialists working in the sector. ITC staff, project staff and consultants will undertake delivery with specialists from within the region and regional support organisations wherever feasible. Although ITC is mandated under the Programme to lead this activity, the contributions of other I/O's and the support of country governments will be critical to the realisation of the outputs.

Ownership of implementation activities is encouraged by stakeholders working together in the actual design of the strategies and through public-private high-level strategy implementation coordination committees for each sector, country or region. Such bodies will have representation drawn from different levels of sector value chains, I/O's and involved government agencies.

Result 2.5.2: Market & product development, trade support services capacity building

ITC activities in strategy implementation in the cotton sector across the West Africa region.

FAO, UNCTAD, WB and CFC will join with ITC in implementing selected sector development activities prioritised in accordance with the L'Agenda Cotton-Textile and the UEMOA/CEMAC operational **cotton** strategy implementation plans devised in the regional workshop of Result 1.

A number of these activities have been outlined during post KOW consultations with regional sector representatives. ITC activities will include:

- Capacity-building and South-South Cooperation for cotton production and transformation in liaison with the Brazilian Cotton Growers Association and Brazilian Cooperation Association.
- A joint regional (UEMOA/CEMAC) market familiarisation seminar on the markets of Asia.
- Capacity-building, market transparency and cotton promotion based on South-South Cooperation with regard to two selected priority markets in Asia – specific needs to be confirmed during the regional workshop.
- Reinforcement of the African Cotton Association (based in Benin).
- Capacity-building on cotton trading expertise in the form of a mobile “Cotton trading School”, based on ITC’s Cotton Exporter’s Guide, complemented with inputs from FAO on production and anchored with an existing institution.

Indicative budget:

Initially, Euros **400,000**

Inputs:

ITC plans to provide technical assistance to strengthen enterprise competitiveness and improve performance in new markets according to beneficiary needs expressed in participatory strategies. ITC may offer groups of enterprises, sector trade and business support organisations’ selected technical assistance according to these expressed needs and provide resources in a number of areas to improve compliance with market and buyer requirements, product design and development, supply chain upgrading and other activities. Know-how and information will be provided through ITC personnel, project staff and consultants. Technical specialists from within the region and regional support organisations will be implicated wherever this is feasible and the required know-how is available. Preparatory market studies may be undertaken for specific markets being targeted by stakeholders. The results of market studies may be used in strategy development processes to ensure a market-responsive approach.

2.2.3. UNCTAD

Activity 1: Support to strategies and cross-cutting activities

Objective: NCCS in ACP countries have the capacity to develop, adjust and implement effective commodity strategies

Output:

- R1.1 Stakeholders have made a comprehensive diagnosis and develop a shared understanding
- R1.2 Strategy options, objectives and requirements are identified, analysed and prioritised
- R1.3 Effective sector development strategies are developed and endorsed
- R1.4 Strategies are translated by NCCS into regional and national development plans and policies and receive government backing

Activities:

- A.112 Facilitation of, and back up to, the detailed diagnosis process (commodity chain and livelihood systems analyses and sector business environment evaluation).
- A.141 Elaboration and incorporation of relevant strategy recommendations and action plans into the national development plans and policies.
- A.142 Support to uptake of strategies’ regional dimension by regional organizations, associations and issue based network.

Outcome:

MIS, supply chain finance and commodity exchanges and elements of strategies are defined in support to NCCS (ITC led strategies); support to uptake of strategies by regional org. and issue based networks is provided.

Input:

- Participation in two or three ITC/NCCS validation meetings/workshop
- Contribution to support staff in cross-cutting activities and contributions to regional and national activities.

2.2.4. WB-SDN

Activity 3: Support to UEMOA and cotton chain stakeholders for enhancing, finalizing and implementing a regional cotton strategy.

(Result 1: National Commodity Chain Stakeholders (NCCS) in ACP countries have the capacity to develop, adapt and implement effective and sustainable commodity strategies.)

Context: Cotton is one of the major export crops of the sub-region with three of the five major SSA exporters of cotton lint (Burkina, Mali and Benin). Cotton is also a major and irreplaceable source of income for thousands of farmers in West Africa, one of the few if not unique cash crop in some of the countries. At the same time, cotton sectors in the sub-region have been facing severe difficulties in recent years due to structural and external factors, among which the depreciation of the US dollar. WAEMU has been taking a lead role in trying to help cotton producing countries articulate a strategy to regain competitiveness on the world market. Part of the Dakar KOW focused on the cotton sector for many countries of the region. Participants heard of progress with the regional cotton sector strategy in West Africa (UEMOA), which is designed to address issues facing cotton producers in West Africa. UEMOA participants accepted the idea and request from CEMAC cotton producing countries to participate in the operationalisation and implementation planning of the existing cotton strategy (L'agenda Cotton-Textile) for UEMOA.

Objective: Support to WAEMU and regional cotton producer organizations to identify actions and implement a coordinated strategy to improve the competitiveness of their cotton sectors.

Output : Contribution to the implementation regional cotton strategy.

Outcome: Through the implementation of a regional strategy, WAEMU and regional cotton producer organizations provide an effective support to national commodity chain stakeholders in the improvement of the performance of their cotton sectors.

Input: 3 man-months of specialized consultancy + capacity-building activities

Inputs from IOs: ITC, UNCTAD, CFC, COS-Coton

2.2.5. WB-CRMG

Activity 4: Commodity Policy & Price Risk Management

Context: Price risk affects cooperatives, traders, and other organizations in the agricultural supply chain. For many organizations even the best business planning is jeopardized by intra-seasonal price volatility. This has repercussions both on the profitability of the client but also on the efficiency of the entire supply chain. It also severely affects lending institutions who are concerned about the ability to recover agricultural loans will diminish due to price volatility.

Through its work with meso-level clients (banks and commodity traders), WB-CRMG projects have demonstrated that it is possible to bridge existing market gap between the providers of the instruments and developing country commodity trading organizations. Providers have been willing to do businesses in developing countries as long as there is sufficient trading volume and it is possible to overcome stringent due diligence requirements. The work on price risk management has also shown, however, that the operational and capacity challenges of meso level intermediaries, particularly in Africa, are generally very low. Since many of these organizations have other more critical operational problems, price risk management is often not the highest priority issue, particularly when commodity prices are relatively stable and high, as they have been over the past few years.

In recent years, the development component of the cotton sector has taken on added importance. Africa has a potential comparative advantage in cotton production. However, West and Central African cotton sectors have lost competitiveness in recent seasons due to the appreciation of common currency against the US dollar as well as supply chain technical and institutional factors. Recent financial problems experienced within the cotton sector of several countries have resulted in increased interest in the need to examine market-based approaches to improving management of risk in the sector.

Objective: This activity aims to address two main risk management problems in the cotton sector in West Africa:

- 1) Existing and proposed price stabilization and smoothing funds are usually not market based and have experienced financial stress.
- 2) Ginning companies carry exposure to intra-seasonal price and exchange rate volatility which can create huge problems for the whole sector.

The objective of this activity will be to provide technical support on a wide range of issues affecting commodity policy, market development, and competitiveness of the African commodity sectors. On the policy side, there has been demand from stakeholders for work on cereals markets, coffee, cocoa, and cotton. Technical assistance in this area will focus on the important role of market intermediaries and providing information about global markets and standard trading techniques used to assess, quantify, and monitor physical and financial exposures of the business in an ongoing way. This activity will include (i) technical assistance to quantify specific price risks faced by governments, private sector importers/distributors, and producer groups; (ii) assessment of the technical, operational, and commercial feasibility of mitigating price risks through transfer to the market, using financial and physical contracts; (iii) training for governments and the private sector in the use and evaluation of different hedging products and strategies.

Output: The beneficiaries of the program are organizations that wish to expand knowledge of commodity market fundamentals and obtain access to tools which will strengthen competitiveness and reduce financial risks. These organizations can include cotton and coffee ginner/processors, large producers, private traders, and cooperative/producer organizations. The program will be carried out through direct technical assistance to the beneficiaries, with the objective of building awareness and capacity so that risk management practices are integrated into normal business practices.

Outcome: Improved risk assessment methodologies help producer groups, exporters, processors, and banks make better business decisions. The ultimate objective of this activity will be to help organizations avoid losses and improve profitability through better understanding of specific exposures and the financial implications of buying, selling, and holding stock in changing market conditions. This activity will also carry out ongoing, as-needed, technical support to national and regional policy dialogue related to commodity market policy and price stabilization / subsidy programs. These activities will focus on cotton, but also potentially coffee and cocoa sectors.

Countries: Burkina Faso, Cote d'Ivoire, Togo. *Potential:* Ghana (Cocoa).

Input: Staff time; international and local consultants; travel costs.

Total Cost = approximately \$38,227.

Inputs from IOs: Collaboration with CFC and FAO.

Activity 5: Cotton Market Research and Policy Dialogue

Context: The World Bank is carrying out a comparative study of cotton sectors in Africa whose objective is to draw lessons from cotton sector reform. The purpose is to bring together and assess reform experience from West and East regions of the continent. The study is expected to provide a stronger empirical basis for dialoguing with governments and private sector in African countries regarding feasible and desirable paths for the reform and development of cotton sectors. The study is implemented in three successive phases, two of which have been completed.

Objective: In-country and regional level dissemination will be one of the main objectives of the third phase of the study. In parallel to sending the final report to the various country authorities, as well as to regional economic organizations (WAEMU, ECOWAS, SADC) and donor partners, in-country and sub-regional workshops will be organized to present and discuss the findings and stimulate exchanges on ongoing and future reform programs. The workshops will be organized around key themes of the report.

Output: Upon completion, this activity will have resulted in (a) finalization, editing and translation to French of the entire report, as well as of the country papers and report on lint quality and marketing, (b) sharing and dissemination of results with client countries, stakeholders, and other donor agencies, (c) carrying out additional research on selected topics to complement the work done so far.

Outcome: The study aims to have the following outcomes:

- Provide additional policy insights into possible future transitions in Cote d'Ivoire's cotton sector local monopoly to concentrated sectors in WCA and elsewhere. Stakeholders in Cote d'Ivoire would also gain from inclusion in the study.
- Assess capacity of the different sectors to manage risks, the use of market-based risk mitigation instruments as well as a review of the legal/regulatory framework for trading in commodity derivatives and currency hedging.
- Review recent production, trade, and price trends in the global cotton oil market.
- Analyze the investment cost and apparent scalability of roller gins compared to both new and used saw gins.

- Understand factors other than sector structure that influence the nature of the regulatory challenge, and generate predictions of how different regulatory regimes are likely to perform under differing circumstances.
- Identify, characterize, quantify and understand the behavior and dynamics of farm-level economics. This will be complemented by a detailed study on the Ugandan cotton sector, focusing on productivity issues, regional differences, male-female yield differentials, and the importance of input financing.

Countries: Burkina Faso, Benin, Cote d'Ivoire.

Input: Staff time; international and local consultants; travel costs.

Total Cost = approximately \$316,453.

Inputs from IOs: The analysis should bring useful elements for macroeconomists and sector teams and for other donor institutions involved in policy dialogue and program design of cotton sector reforms, as well as for research and other training institutions interested in these issues at international level.

Activity 6: Training and Education on Agricultural Risk Management

Context: Over the past few years there has been an increase in demand for standardized and ready-to-use training materials which can be used to build local capacity to support risk management programs. The demand has come from audiences with needs for conceptual and policy-oriented training (such as government officials, insurance regulators etc.), and those who require technical training focused on operations (such as producer groups, agribusinesses, banks, insurance underwriting managers, actuaries etc.).

Objective: WB-CRMG has developed a capacity building strategy which will 1) provide on-going, as-needed, technical support to clients related to risk assessment and development of risk management programs; 2) develop general and specialized training materials which can be delivered using web-based platforms and in person, 3) disseminate the materials through partnerships with the World Bank Institute and regional training organizations, 4) support external organizations interested in making use of the materials for their own capacity building programs. For West Africa, activities 1-4 will comprise part of the AAACP work programme for WB-CRMG.

Output: This component of the program will offer the following courses to West African stakeholders.

- **"Market Based Risk Management for Agriculture"**: introductory course on general questions about market-based risk management and its role in agricultural development programs.
- **"Weather Risk Management for Agriculture"**: intermediate level course on linkages among weather risk, agricultural losses, and access to rural finance and rural poverty.
- **"Fundamentals of Cotton Markets, Trading and Risk Management"** is an intermediate level course that addresses the knowledge gap between West and Central African ginners and international cotton merchants, which translates into sub-optimal selling prices for the lint and, in turn, into lower seed cotton producer prices. The course begins with a review of the cotton market and international marketing and trading fundamentals. It then reviews risks faced by cotton sector participants and provides information about commercial approaches used to manage and monitor risks in an ongoing way. These include tools for position analysis, break-even calculation, and mark to market analysis. The course also covers physical hedging strategies (such as back-to-back contracting and minimum price guarantee contracts) and financial hedging strategies (such as futures and options), with the understanding that in the current environment physical hedging strategies are more likely to be appropriate for the West African market.
- **"Designing Index-based Weather Risk Management Programs"**: advanced -level course, currently in development, designed to transfer technical skills for designing and implementing an index-based weather risk management program.

Outcome: This activity will identify country and/or regional partners that would be willing to host the training courses within their own online platforms. The learning materials will be transferred to these institutions who will take responsibility for local dissemination. The cotton course will provide practical training materials that can be used in training and pilot programs for cotton stakeholders in the region.

Input: Staff time; international and local consultants; travel costs.

Countries: Regional.

Inputs from IOs: Collaboration with UNCTAD and FAO. Additionally, all IO's will have access to the courses.

2.3. EAST & SOUTHERN AFRICA REGION

2.3.1. FAO

Activity 1 - Support to ITC process of chain diagnosis and strategy formulation

Objective: Stakeholder preparation to realization of in-depth diagnosis of value chain and livelihood systems and the formulation of appropriate commodity development strategies.

Output: Value chain studies, Domestic market studies, Participation in ITC workshops, Support to ITC led strategy formulation, Strategy assessment and validation.

Outcome: Studies and expert input to feed critical information into ITC led process of commodity chain diagnosis, strategy formulation, assessment and validation.

Inputs: Value chain and domestic market studies undertaken by national level consultants under the supervision of FAO. Participation in ITC workshops and strategy validation by FAO staff and international experts.

Objective of activity

Assist stakeholder preparation to realization of in-depth diagnosis of commodity chain and livelihood systems in selected country/commodity combinations, by providing required information and assistance to the ITC led processes of diagnosis and strategy formulation. Support to strategy development and validation.

Expected programme result as per log frame

Result 1 (Activities 1.1.1-2, 1.2.2 and 1.3.1-2 in FAO CA)

Other justification

The activities are required as an input to the ITC process of value chain diagnosis to assist in the identification of specific activities required to strengthen value chains and target groups.

Related OVI to be monitored

- Completed studies (Value chain, domestic market studies, validation analysis).
- Use of studies and expert knowledge in the process of commodity chain diagnosis and strategy formulation.
- Participation in ITC workshops (documented through mission reports).

Expected outputs and outcomes

The outputs of the preparatory activities will be value chain studies and domestic market studies in support of the process of value chain diagnosis and strategy formulation in support to finalization of existing strategy at regional level. These studies will be used as key information in the process of commodity chain diagnosis and strategy formulation. In the process of strategy formulation, it is expected that various options for the alleviation of constraints concerning the functionality of commodity chains will be identified. FAO will analyse the identified options to assist in their prioritisation. Analyses will be undertaken to assess the relative costs and benefits of alternative options with a focus on the distributional impacts along the value chain. Evaluations of alternative institutional arrangements to support the implementation of strategic options will also be undertaken.

Indicate tentatively major milestones

- Value Chain and Domestic Market Studies to be completed as required by the scheduling of ITC led workshops.
- Strategy assessment and validation to be completed within two months of ITC Workshop 2 in respective countries.

Priority will be given to ensuring that provision of key information from the studies is available during the ITC led process of commodity chain diagnosis and strategy formulation.

Collaboration

The work will be undertaken in support of the ITC led process of chain diagnosis and strategy formulation.

Activity 10 - Support activities as per Kenya's feasibility study to revitalize Kenya's cotton industry

Objective: To revitalize Kenya's cotton industry

Outputs: Strengthened cotton co-operatives; Operational ginneries and cotton chain marketing system

Outcome: Improved production and marketing of seed cotton and cotton by-products

Inputs: Facilitation of processes and provision of expertise

Objectives of activity

- i) To develop an efficient cotton chain marketing system (seed cotton and cotton by-products).
- ii) To revitalise the ginneries through improved ginning capacity and efficiency.
- iii) To revive and strengthen cotton co-operative societies and other commodity groups.
- iv) To implement suitable IPPM strategies in order to reduce production costs.

Expected programme result as per log frame Results 2 (activity 2.4.1)

Other justification

Cotton has been identified as one of the strategic commodities under the Strategy for Revitalizing Agriculture (SRA) in Kenya. Based on conclusions and recommendations from the FAO/CODA (Cotton Development Authority) study of the cotton sector in Kenya detailed follow-up activities will be implemented through this project (Reference: Kariuki J. et al., July 2008: FAO final Report).

Related OVI to be monitored

- Prioritization process of recommendations made as result of previous study.
- Facilitation of- and technical support to activities as decided by CODA.

Expected outputs and outcomes

FAO-Kenya is proposing to present the findings and recommendations of the FAO/CODA study to key stakeholders in the industry, both the private and public sectors. The Cotton Development Authority (CODA) is very keen to implement some of the recommendations. This would require support through the AAACP.

Tentatively major milestones

Implementation of selected key recommendations made in previous study completed by end December 2009.

Collaboration

The facilitation work in collaboration with FAOR-Kenya will be carried out in co-operation with CODA.

Activity 12 - Facilitate market linkages between organic cotton producers and the fashion industry (Tanzania, Kenya, Uganda)

Objective: Facilitate market linkages between the organic cotton producers and the fashion industry.

Output: Increase diversification aspect of organic cotton to expand the high value cotton market within the fashion industry.

Outcome: Increased organic cotton production / higher income for smallholder farmers

Input: 1 FAO consultant in collaboration with FAO HQ staff to produce assessment report and potential action plan

2 FAO staff missions to the field for obtaining field information and stakeholder inputs

1-2 meetings with stakeholders

2 national consultants for field assessments

Objective of Activity

In collaboration with UNCTAD, FAO will facilitate market linkages between organic cotton producers and the fashion industry on the basis of existing experiences and stakeholder inputs. Hereby greater awareness of organic cotton as a

diversification and as a value added crop will be created, with the objective that this concludes in an increase of the market share of organic cotton in the region.

Other justification

Linkages have already been created in other African countries and organic cotton is gaining territory. Diversified cotton is expected to have high future potential as a value-added agricultural commodity as it is attractive to the socially responsible consumer. The capacity building of farmers in producing organic cotton (with the relative certification), can potentially bring capacities to produce other organic agricultural commodities.

Related to OVI to be monitored

- Studies of assessment and feasibility of potential linkages on a regional level
- Action plan for smallholder- pilot projects

Expected outputs and outcomes

- Within 6-8 months a comprehensive study of the current available information/experiences on the area including case studies from other African countries and recommendations for needed actions shall be produced. The report must be produced in conjunction with key stakeholders to fully understand the feasibility of potential actions from both producer and buyer perspectives (smallholder farmers, farmers' organizations, certification institutions, exponents from the fashion industry);

Tentatively major milestones

- Comprehensive study by March 2009
- Tentative action plans produced by May 2009

Activity 13 - Regional seed systems review for cotton and associated crops

Objective: Studies to assist identifying key interventions for improving smallholder farmers' access to quality seed for cotton and associated crops

Output: Seed system review studies.

Outcome: Formulation of seed strategies for improving seed delivery systems developed for cotton, associated crops

Inputs: Studies commissioned from local consultants supported by FAO.

Objective of activity

Seed review studies to identify key constraints for poor access to quality seed by smallholder farmers for cotton and associated crops as well as cassava planting materials. The studies will also identify success factors that characterise effective seed models in the region. The findings from the studies will form basis for developing action plans for interventions to improve seed delivery systems.

Expected programme result as per log frame Result 2. (Activity 2.5.1)

Other justification

The KOW for ESA identified poor access to quality seed as a major constraint to increased productivity of all crops for smallholder farmers in the region. Use of farm saved seeds is therefore very common. The results of the studies and subsequent interventions will be linked to activities dealing with improving capacities for implementing GAP for synergies required for optimising productivity.

Related OVI to be monitored

3 seed system study reviews (one each for cotton, cereals and legumes and cassava)

Expected outputs and outcomes

In the process of review of the seed systems, constraints, gaps on one hand and success factors and opportunities on the other hand will be identified and used to develop seed strategies for effective seed systems. The strategies will clarify roles of major stakeholders in the seed industry (researchers, private sector, farmer associations) in the production, delivery and regulatory aspects of seed and planting materials to ensure consistent high quality for seed.

Tentatively major milestones Seed reviews to be completed by end of May 2009

Activity 16 - Supply chain risk and finance assessment

- Objective:** Assess existing risk management mechanisms along the value chains, the possibility of promoting them and of introducing alternative ones.
- Output:** Assessment of risk exposure and finance constraints and identification of financial and/or risk management solutions to mitigate those constraints. Working papers and workshops.
- Outcome:** Advice and involvement of the concerned value chain stakeholders.
- Inputs:** Questionnaire on risk and risk management along the value chains. Case studies from different countries.

Objective of activity

Assessing existing formal and informal risk management mechanisms in view of fostering them through identifying alternative risk management tools including insurances products and facilitating access to finance and strengthening linkages along the value chain. The analysis will be conducted for the cotton sector in Kenya and Tanzania. The analysis will be based on the administration of a questionnaire developed under the AAACP.

Expected programme result as per log frame Results 3 (Activities 3.2.1 and 3.2.2 in the FAO CA)

Related OVI to be monitored: Number of questionnaires administered and information analyzed.

Expected outputs and outcomes:

A survey and assessment of the current situation on the basis of questionnaire responses and the possibility for a proposal of an activity or a risk management tool to be developed.

Indicate tentatively major milestones: Assessment completed by mid 2009.

Collaboration: Work will be conducted in potential co-operation with CRMG of the WB.

2.3.2. ITC

R 1.1 to R1.4 & R2.1.1: Lead the design of strategies & programming of their implementation

One part of the Dar-es-Salaam KOW focused on the cotton sector for producing countries of the region. In liaison with ITC, COMESA cotton stakeholders had started to develop a regional cotton sector strategy. At the KOW it was agreed that the issues faced by other East & Southern Africa cotton producers were similar to those being addressed by COMESA. COMESA accepted a request that non-COMESA ESA countries be invited to participate in a regional workshop to design an operational strategy and implementation plans covering the entire East and Southern African cotton producing countries of SADC, COMESA and Tanzania.

A Consultation & Strategy Validation Meeting of COMESA and ACTIF (African Cotton and textiles Industries Federation) was subsequently held on 27 to 28 November, 2008 in Johannesburg, South Africa - led jointly by COMESAQ, ACTIF, FAO and ITC.

About 40 participants attended the meeting representing both private and public sector stakeholders from most of the COMESA countries as well as Mozambique and South Africa. The meeting agreed on a strategic vision: "an integrated, competitive and sustainable cotton to clothing supply and value chain". Contributions were provided to improve the strategy, which should be completed by the year-end – providing a number of areas in which ACP Programme I/O's could contribute to implementation from early 2009 onwards under the monitoring of a coordinating committee.

Three working groups from the cotton, textiles and clothing sub-sectors provided detailed commentary and feedback on the draft regional strategy. The cotton working group was the largest group with representatives from farmers, ginners, traders as well as government and government support institutions. Cotton consuming industries from the region were also represented.

Specific ITC regional sector strategy activities in Cotton:

1. Continue to review existing value chain (VC) baseline information collection and analysis with the support of local counterparts, CU BIS specialists and inputs from FAO, CFC and UNCTAD in participating countries.
2. Coach COMESA & ACTIF representatives and support the consolidation of baseline sector data and information on national & regional commodity chain stakeholders, other development activities relevant to

cotton, identification of gaps in technical assistance and potential project delivery counterpart organisations (completed).

3. Support the organisation and co-facilitation of a joint COMESA, ACTIF, SADC, Tanzania regional workshop to define an operational strategy and implementation plans for Cotton and Textiles. Contribute to the cost of ACP country representatives' participation and preparation for the workshop (undertaken 28 November 2008)
4. Continue to advise counterparts and value chain stakeholders in participating countries on coordinating and managing strategy implementation and I/O project activities through public/private stakeholder mechanisms. Provide follow-up guidance as required.
5. Technical and other support to the establishment and operation of a multi-stakeholder strategy implementation, review and progress monitoring committee. The committee has been already established by COMESA and ACTIF, with ITC and FAO being recognised as contributing observers to it during the regional meeting 27 to 28 November 2008.

Indicative budget

Euros **80,000** for support to cotton sector stakeholder participation in the joint ESA regional strategy workshop.

ITC Inputs

Technical assistance activities consisting of preparatory consultations, participatory practical value chain diagnosis, action planning and strategy formulation workshops, coaching and training of local and regional counterparts, stakeholder surveys and meetings at all levels of the value chain. Market perspectives will be provided through interaction with buyers, market-based organisations and operations specialists working in the sector. ITC staff, project staff and consultants will undertake delivery with specialists from within the region and regional support organisations wherever feasible. Although ITC is mandated under the Programme to lead this activity, the contributions of other I/O's and the support of country governments will be critical to the realisation of the outputs.

Ownership of implementation activities is encouraged by stakeholders working together in the actual design of the strategies and through public-private high-level strategy implementation coordination committees for each sector, country or region. Such bodies will have representation drawn from different levels of sector value chains, I/O's and involved government agencies.

Result 2.5.2: Market & product development, trade support services capacity building

ITC activities in strategy implementation in the cotton sector across the region.

FAO, UNCTAD, WB and CFC will join with ITC in implementing selected sector development activities prioritised in accordance with a regional operational **cotton** strategy implementation plans devised under Result 1. A number of these activities have been outlined during post KOW consultations with regional sector representatives and were reconfirmed during the COMESA-SADC- Tanzania-ACTIF regional strategy formulation workshop. ITC activities will include:

- Capacity-building and South-South Cooperation for cotton production and transformation in liaison with cotton producing countries such as China, India, Turkey and Brazil, and in particular cotton growers, processors and textile manufacturers.
- Capacity-building, market transparency and cotton promotion based on South-South Cooperation, e.g.: with regard to the Cotton markets in cotton importing countries such as e.g. Bangladesh – specific needs to be confirmed during the regional workshop.
- Reinforcement of African Cotton Textile Industry Federation (ACTIF) and the African Cotton Associations and their activities in East Africa.
- Start capacity-building on cotton trading expertise in the form of a mobile "Cotton trading School", based on ITC's Cotton Exporter's Guide, complemented with inputs from other interested I/O's as well as international market and private sector actors that contributed to the guide. FAO will complement cotton production activities not covered by ITC. The trading capacity building will be anchored with an existing institution in the region. It is planned to build upon and extend these activities with additional Phase 2 funding.
- Building linkages with capacity building, market transparency and African cotton promotion activities in Turkey based on South-South cooperation funded under another ITC Programme.

ITC activities in cotton strategy implementation in Malawi:

- ITC and FAO will implement selected activities from the existing Malawi Cotton, Textiles and Garments sector strategy after consultation with the Sector Strategy Support Team about current priorities and a review of the progress of implementation of the strategy. ITC will focus on activities related to market and product development in the country in addition to activities under the regional intervention in which Malawian representatives will participate. ITC may also revisit and update the cotton strategy of Malawi if this is requested.

Inputs:

ITC plans to provide technical assistance to strengthen enterprise competitiveness and improve performance in new markets according to beneficiary needs expressed in participatory strategies. ITC may offer groups of enterprises, sector trade and business support organisations' selected technical assistance according to these expressed needs and provide resources in a number of areas to improve compliance with market and buyer requirements, product design and development, supply chain upgrading and other activities. Know-how and information will be provided through ITC personnel, project staff and consultants. Technical specialists from within the region and regional support organisations will be implicated wherever this is feasible and the required know-how is available. Preparatory market studies may be undertaken for specific markets being targeted by stakeholders. The results of market studies may be used in strategy development processes to ensure a market-responsive approach.

A consultation mission and roundtable meeting that involves stakeholders and participating I/O's and/or other development agencies currently involved in each sector will precede country activities. At this meeting the objectives and scheduling of the above activities will be confirmed, coordination and management mechanisms explained, counterparts validated and integration points with other activities identified.

Support to strategies and cross-cutting activities

2.3.3. UNCTAD

Activity 1: Support to strategies and cross-cutting activities

Objective

UNCTAD will provide elements of supply chain strategies relating to finance strategies, information services and commodity exchanges. The supply chain selected as regional priority for such strategies development (cotton) will benefit in priority from this activity. It will also fund support staff for cross-cutting and contribution to regional activities.

Output:

- R1.1 Stakeholders have made a comprehensive diagnosis and develop a shared understanding
- R1.2 Strategy options, objectives and requirements are identified, analysed and prioritised
- R1.3 Effective sector development strategies are developed and endorsed
- R1.4 Strategies are translated by NCCS into regional and national development plans and policies and receive government backing

Activities

- A.112 Facilitation of, and back up to, the detailed diagnosis process (commodity chain and livelihood systems analyses and sector business environment evaluation).
- A.141 Elaboration and incorporation of relevant strategy recommendations and action plans into the national development plans and policies.
- A.142 Support to uptake of strategies' regional dimension by regional organizations, associations and issue based network.

Outcome:

Information services, supply chain finance and commodity exchanges and elements of strategies are defined in support to NCCS ITC led strategies and support to uptake of strategies by regional org. and issue based networks is provided.

Inputs

- Participation in ITC/NCCS validation meetings/workshop (in particular cotton)

- International / regional consultants and travels
- Contribution to support staff in cross-cutting activities and contributions to regional activities.

OVI to be monitored:

UNCTAD elements of strategies on information services, finance and commodity exchanges are developed and delivered as relevant. Issues based networks are made aware of relevant recommendations (policy and plans, tools, projects, allocations of resources).

Cross-cutting issues:

gender: promoting gender sensitive strategies;

governance: reduced asymmetry in market information, better informed policy making;

Major milestones:

Finance and Commodity exchanges needs assessment and strategy definition are integrated as an input into ITC/NCCS commodity strategies.

Additional support is provided to regional organizations and issue based networks for their actual implementation in plans/policies.

2.3.4. WB-SDN

Activity 8: Support to RECs and cotton chain stakeholders for enhancing, finalizing and implementing a regional cotton strategy, with application to Malawi's cotton sector strategy implementation.

Context: Cotton is one of the important export crops of the sub-region which hosts a few significant exporters of cotton lint such as Tanzania, Zambia, Zimbabwe, Uganda, and Mozambique. Cotton is a major cash crop and an irreplaceable source of income for thousands of farmers in Eastern and Southern Africa. However, SSA cotton faces serious challenges if it is to remain competitive in the globalized market and contribute to broad-based growth and poverty reduction in the future. RECs have taken the lead in helping cotton producing countries articulate a strategy to regain competitiveness in the world market.

Objective: This activity has two objectives: (1) support COMESA, SADC, Tanzania and regional cotton producer organizations to design and implement a coordinated strategy to improve the competitiveness of their cotton sectors, including capacity-building for cotton production and transformation and reinforcement of African Cotton Associations in East Africa; and (2) support the implementation of the cotton sector strategy in Malawi.

Output: A strategy document discussed and adopted by NCCSs and regional organizations, outlining priority areas for investment at national and sub-regional levels.

Outcome: RECs and regional cotton producer organizations provide effective support to national commodity chain stakeholders in order to improve the performance of their cotton sectors.

Input: Three man-months of specialized consultancy, capacity-building activities, and workshops.

Inputs from IOs: ITC, CFC, UNCTAD and FAO

2.3.5. WB-CRMG

Activity 4: Commodity Policy & Price Risk Management

Context: Price risk affects cooperatives, traders, and other organizations in the agricultural supply chain. For many organizations even the best business planning is jeopardized by intra-seasonal price volatility. This has repercussions both on the profitability of the client but also on the efficiency of the entire supply chain. It also severely affects lending institutions who are concerned about the ability to recover agricultural loans will diminish due to price volatility.

Through its work with meso-level clients (banks and commodity traders), WB-CRMG projects have demonstrated that it is possible to bridge existing market gap between providers of the instruments and developing country commodity trading organizations. Providers have been willing to do businesses in developing countries as long as there is sufficient trading volume and it is possible to overcome stringent due diligence requirements. The work on price risk management has also shown, however, that the operational and capacity challenges of meso level intermediaries, particularly in Africa, are generally very low. Since many of these organizations have other more critical operational

problems, price risk management is often not the highest priority issue, particularly when commodity prices are relatively stable and high, as they have been over the past few years.

Objective: The objective of this activity will be to provide technical support on a wide range of issues affecting commodity policy, market development, and competitiveness of the African commodity sectors. On the policy side, there has been demand from stakeholders for work on cereals markets, coffee, cocoa, and cotton. Technical assistance in this area will focus on the important role of market intermediaries and providing information about global markets and standard trading techniques used to assess, quantify, and monitor physical and financial exposures of the business in an ongoing way. This activity will include (i) technical assistance to quantify specific price risks faced by governments, private sector importers/distributors, and producer groups; (ii) assessment of the technical, operational, and commercial feasibility of mitigating price risks through transfer to the market, using financial and physical contracts; (iii) training for governments and the private sector in the use and evaluation of different hedging products and strategies.

Output: The beneficiaries of the program are organizations that wish to expand knowledge of commodity market fundamentals and obtain access to tools which will strengthen competitiveness and reduce financial risks. These organizations can include cotton and coffee ginners/processors, large producers, private traders, and cooperative/producer organizations. The program will be carried out through direct technical assistance to the beneficiaries, with the objective of building awareness and capacity so that market-based risk management practices are integrated into normal business practices.

Outcome: Improved risk assessment methodologies help producer groups, exporters, processors, and banks make better business decisions. The ultimate objective of this activity will be to help organizations avoid losses and improve profitability through better understanding of specific exposures and the financial implications of buying, selling, and holding stock in changing market conditions. This activity will also carry out ongoing, as-needed, technical support to national and regional policy dialogue related to commodity market development and price stabilization / subsidy programs. These activities will focus on food markets and the **cotton** and coffee sectors.

Countries: Malawi, Mozambique. *Potential:* Tanzania, Kenya, Ethiopia

Input: Staff time; international and local consultants; travel costs.

Inputs from IOs: Collaboration with CFC and FAO.

Activity 6: Cotton Market Research and Policy Dialogue

Context: The World Bank is carrying out a comparative study of cotton sectors in Africa whose objective is to draw lessons from cotton sector reform. The purpose is to bring together and assess reform experience from both East and West regions of the continent. The study is expected to provide a stronger empirical basis for dialoguing with governments and private sector in African countries regarding feasible and desirable paths for the reform and development of cotton sectors. The study is implemented in three successive phases, two of which have been completed.

Objective: In-country and regional level dissemination will be one of the main objectives of the third phase of the study. In parallel to sending the final report to the various country authorities, as well as to regional economic organizations (WAEMU, ECOWAS, SADC) and donor partners, in-country and sub-regional workshops will be organized to present and discuss the findings and stimulate exchanges on ongoing and future reform programs. The workshops will be organized around key themes of the report.

Output: Upon completion, this activity will have resulted in (a) finalization, editing and translation to French of the entire report, as well as of the country papers and report on lint quality and marketing, (b) sharing and dissemination of results with client countries, stakeholders, and other donor agencies, (c) carrying out additional research on selected topics to complement the work done so far.

Outcome: The study aims to have the following outcomes:

- Provide additional policy insights into possible future transitions in Cote d'Ivoire's cotton sector local monopoly to concentrated sectors in WCA and elsewhere. Stakeholders in Cote d'Ivoire would also gain from inclusion in the study.
- Assess capacity of the different sectors to manage risks, the use of market-based risk mitigation instruments as well as a review of the legal/regulatory framework for trading in commodity derivatives and currency hedging.
- Review recent production, trade, and price trends in the global cotton oil market.

- Analyze the investment cost and apparent scalability of roller gins compared to both new and used saw gins.
- Understand factors other than sector structure that influence the nature of the regulatory challenge, and generate predictions of how different regulatory regimes are likely to perform under differing circumstances.
- Identify, characterize, quantify and understand the behavior and dynamics of farm-level economics. This will be complemented by a detailed study on the Ugandan cotton sector, focusing on productivity issues, regional differences, male-female yield differentials, and the importance of input financing.

Countries: Tanzania, Uganda, Zambia, Mozambique, Malawi, Zimbabwe.

Input: Staff time; international and local consultants; travel costs

Total Cost = approximately \$326,010.

Inputs from IOs: The analysis should bring useful elements for macroeconomic and sector teams and for other donor institutions involved in policy dialogue and program design of cotton sector reforms, as well as for research and other training institutions interested in these issues at international level.

Activity 7: Training and Education on Agricultural Risk Management

Context: Over the past few years there has been an increase in demand for standardized and ready-to-use training materials which can be used to build local capacity to support risk management programs. The demand has come from audiences with needs for conceptual and policy-oriented training (such as government officials, insurance regulators etc.), and those who require technical training focused on operations (such as producer groups, agribusinesses, banks, insurance underwriting managers, actuaries etc.).

Objective: WB-CRMG has developed a capacity building strategy which will 1) provide on-going, as-needed, technical support to clients related to risk assessment and development of risk management programs; 2) develop general and specialized training materials which can be delivered using web-based platforms and in person, 3) disseminate the materials through partnerships with the World Bank Institute and regional training organizations, 4) support external organizations interested in making use of the materials for their own capacity building programs. For East and Southern Africa, activities 1-4 will comprise part of the AAACP work program for WB-CRMG

Output: This component of the program will offer the following courses to East and Southern African stakeholders.

- **“Market Based Risk Management for Agriculture”** is an introductory course on general questions about market-based risk management and its role in agricultural development programs.
- **“Weather Risk Management for Agriculture”** is an intermediate-level course that discusses the linkages among weather risk, agricultural losses, and access to rural finance and rural poverty.
- **“Market-based Commodity Price Risk Management”** is an intermediate-level course that provides information on concepts and tools that are important for understanding commodity price risk in developing countries.
- **“Fundamentals of Coffee Markets, Trading, and Risk Management”** is an advanced course designed to transfer technical skills on price risk management to producer groups, exporters, traders, banks, sustainable lenders, and fair trade organizations.
 - **“Designing Index-based Weather Risk Management Programs”** is an advanced -level course (currently in development) is designed to transfer technical skills for designing and implementing an index-based weather risk management program.

Outcome: This activity will identify country and/or regional partners that would be willing to host the training courses within their own online platforms. The learning materials will be transferred to these institutions who will take responsibility for local dissemination. **The cotton course will provide practical training materials that can be used in training and pilot programs for cotton stakeholders in the region.**

Input: Staff time; international and local trainer costs; costs of administering web-based distance learning programs.

Total cost = approximately \$103,547.

Countries: Regional.

Inputs from IOs: Collaboration with UNCTAD and FAO. Additionally, all IO's will have access to the courses.

2.3.6. CFC

Project No (CFC/ICAC/33) - Commercial Standardisation of Instrument Testing of Cotton for the Cotton Producing Developing Countries in Africa²

Project Background

The project proposal is one of the outcomes of the Fast Track project entitled "Preparation for the Commercial Standardization of Instrument Testing of Cotton for Cotton Producing Developing Countries in Africa" (CFC/ICAC/31FT) which was supported by the Common Fund on the basis of a positive recommendation thereto from the Consultative Committee at its 36th Meeting in July 2005.

Objective

The currently proposed project is aiming at the actual introduction of a global system of cotton trading on the basis of instrument-tested quality descriptions in a manner which will be accepted and trusted by the cotton trade and which will enable African cotton producing countries to fully participate in such a global system of cotton trade. The purpose of this project is thus to assist cotton producing countries, especially developing and least developed countries, to meet the emerging quality assessment demands of the global cotton market so as to strengthen their competitive position in the world market. The Fast Track project has, *inter alia*, facilitated the careful assessment of the most appropriate institutions/countries to be the basis for the project's two Regional Technical Centres, which will be lead institutions to provide the necessary high level support to African cotton testing laboratories at the national levels.

Description of Project Components

The project has four substantive technical components, focusing on global and Africa-specific activities. In addition, three general components have been identified, which are related to dissemination, project management and project monitoring/supervision respectively. A summary outline of the contents and core activities of each component is given below. The final description of the detailed project activities, including the operational modalities and detailed cost/financing tables, is available if and when required. A provisional implementation schedule/time table is given in Annex I.

Component A: Global CSITC configuration.

Component B: Evaluation of cotton testing laboratories.

Component C: Support to the African cotton producing countries to fulfil testing quality requirements.

Component D: Technical developments to improve instrument testing reliability (mainly Africa-specific topics)

Component E: Technical Evaluation and Dissemination

Activities:

Component A:

- A.1. Defining the rules for international co-operation;
- A.2. Definition of test methods;
- A.3. Implementation of test rules;
- A.4. Provision of calibration standard material;
- A.5. Task Force activities for the international approval of the project findings.

Component B:

- B.1. Preparation of grading based on an International Round Trial System;
- B.2. International approval of the international cotton testing laboratory certification;
- B.3. Periodical work for the international laboratory check.

² This project was signed between the CFC and the EU prior to the organisation of consultative regional workshops



Component C:

- C.1. Preparation/installation of the African support system
- C.2. Running of the African support system

Component D:

- D.1. Assessment of necessary technical actions to improve SITC testing
- D.2. Development of a list of requirements for an integrated power supply system for laboratories
- D.3. Development of a list of requirements and basic principle drawings for a simple and efficient integrated climate control system
- D.4. Development of a suitable moisture correction
- D.5. Evaluation of cotton variability

Component E:

- E.1. Impact assessment of SITC;
- E.2. Transfer of the acquired knowledge to other regions/dissemination;
 - E.2.1. Final seminar and proceedings;
 - E.2.2. Preparation of final reports.

Benefits and Beneficiaries

The project aims at two levels of beneficiaries. The first group (the primary beneficiaries) is that of cotton producing developing countries, while a second group of beneficiaries can be identified at the level of the cotton producers. The latter group's immediate benefits as well as those of others in the cotton production/processing chain will be achieved in a relatively longer term and their benefit is also dependent on the efficiency with which price premiums paid at the macro level are passed on to the levels below.

Project Costs and Financing

The total cost of the project is estimated at USD 7,906,528. Of this amount, the CFC will provide USD 5,034,697 in the form of a grant. This amount would consist of USD 2,034,697 from CFC's Second Account and USD 3,000,000 from EC co-financing through the Fund. The balance (USD 2,871,831) will be provided by a number of contributing counterparts and other parties involved in the project.

Project Duration: 4 years