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Investing more together for cotton made in Africa

At a partners conference on cotton jointly organized with the World Trade Organization (WTO) and the UN Conference on Trade and Development (UNCTAD) end of July, Pamela Coke-Hamilton, the Executive Director of the International Trade Centre (ITC) urged donors to mobilize resources for new partnerships.

Creating partnerships were essential to move the cotton sector in Africa forward, including the Cotton-4 countries (Benin, Burkina Faso, Chad and Mali), said Coke-Hamilton.

At a “Call for Action” signing ceremony that involved WTO Director-General Ngozi Okonjo-Iweala and other partners and authorities, the Cotton-4 countries welcomed a pledge from the African Export and Import Bank (Afreximbank) to provide up to \$300,000 grant-matching funds to support the cotton value chain development in African countries between 2023 and 2024.

“Cotton is more than a commodity. It’s more than just transforming fibre into apparel or home textiles. Cotton is a way of life and a road to sustainable development,” the Executive Director noted. “It is a way to address broader development concerns to promote decent jobs and environmentally friendly, sustainable, and fairly priced products.”

By helping cotton producers add value, ITC works to creating better lives, employment opportunities for women and youth, as well as contribute to Africa’s industrialization efforts and operationalization of the African Continental Free Trade Area.

ITC projects also seek to transform African cotton in a sustainable manner in support of the UN Sustainable Development Goals (SDGs).

“Developing better African cotton can reduce the environmental impact of textile and clothing production and mitigate climate change. When sustainability is more important than ever, African cotton offers a lower ecological footprint than cotton made elsewhere,” she said.

WTO: Cotton is a vital cash crop

WTO Director-General Dr. Ngozi Okonjo-Iweala noted the importance of the event: “This conference is not just about cotton. It is about people.” Donors should listen carefully to the project needs and priorities presented by the Cotton-4 countries and other least developed countries (LDCs) so that they can provide tangible support to help realize these homegrown projects, she said.

Cotton is a vital crop in over 30 African countries, generating some \$1.5 billion in export earnings but the sector had been hit hard by the COVID-19 pandemic.

“LDCs will need our support to mobilize the financial and technical resources they need so that the millions of people whose livelihoods depend on this sector can envisage a better life for themselves and their families,” said the Director-General.

A WTO [study](#) shows that, although cotton production has since bounced back to pre-pandemic levels in many LDCs, GDP per capita initially fell by 2.1% on average in ten LDCs. Cotton exports also dropped by 34% on average in value terms — corresponding to a \$500 million loss in export earnings — though countries’ experiences varied.

Severe and persistent supply chain disruptions continue to jeopardize millions of jobs.

“Policymakers should aim to boost productivity sustainably, strengthen competitiveness and add value to cotton goods to strengthen resilience to future shocks,” concluded Dry Ngozi Okonjo-Iweala.

Dynamic new partnerships

“With the operationalization of the African Continental Free Trade Area, Africa must embrace industrialization and fully engage its human capital and unique craftsmanship in this sector,” said Afreximbank’s Senior Manager Babajide Sodipo. “The cotton and textile sector provides an opportunity to foster local content and identity.”

WTO Deputy Director-General Jean-Marie Paugam, who moderated the event, encouraged the participants to start acting on the [priority projects highlighted by beneficiary countries](#). They should establish a work schedule that would lead to dynamic partnerships and operationalize the projects that had been put forward.

Teresa Moreira, Head of the Competition and Consumer Policies Branch at the UN Conference on Trade and Development (UNCTAD) called on governments and development partners to redouble support for cotton and cotton by-product projects for new income sources for farmers. She said this could help address development priorities “such as poverty reduction, value addition and economic diversification”.

Escipión Oliveira, Assistant-Secretary General of the Organization of the African, Caribbean and Pacific States Secretariat (OACP) called for urgent support for the project funding requests put forward by the African cotton-producing countries, introduced by ministers and senior trade officials from the Cotton-4.

Committing to the SDGs

Cotton-4 ministers pointed to the challenges they are facing, including food insecurity and climate change. Difficulties accessing finance and information also prevent small farmers from improving cotton output and participating in international trade, they said.

Chad’s Trade Minister and Cotton-4 Coordinator, Ali Djadda Kampard, emphasized that development partners play “an essential role” in enabling the country to develop its cotton production, improve its quality and ensure that raw production is transformed into finished products with higher added value for export.

Mali’s Minister of Industry and Trade, Ould Mohamed, said that adequate financing for cotton development projects would “greatly contribute to improving the incomes and living conditions of the most vulnerable populations” in cotton-producing and exporting LDCs. It would also represent “a concrete commitment” towards achieving the Sustainable Development Goals, he added.

Representatives of the European Union, the United States, Brazil, the International Finance Corporation of the World Bank Group, the Enhanced Integrated Framework, the UN Industrial Development Organization and Better Cotton also welcomed the project proposals presented at the meeting.

Call for Action

The heads of all three agencies initiated a “[Call for Action](#)” on cotton, which recognizes the challenges hampering cotton-producing LDCs to compete. The Call for Action commits signatories to continue seeking solutions for the Cotton-4 countries to improve their competitiveness, achieve higher yields and greener production, and add value both to fibre and by-products.