

Prosperity and Poverty among Cotton Growers in Benin: Potential Contributions of a New Partnership among Stakeholders Within the Value Chain

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Context of the cotton chain in Benin

It had been one of these African "success story"

- an integrated commodity chain boosted production and productivity of cotton: private ginning firms or a parastatal were buying cotton at a price established at the beginning of the campaign and were providing inputs on credit to the producers as well as seeds, extension, etc.
- the cotton input marketing and credit system had spill over effects on cereal production, collective infrastructure and services (roads, research and extension, etc.).

It is now threatened in its existence:

- prices on the global market have sunk at the lowest level, and unpredictable fluctuations undermine the equalization system,
- in spite of coordinated efforts of West African governments, producer associations & NGOs, price distortions have not disappeared, undermining the comparative advantages of African cotton producers,
- combined with soil fatigue and new pests, price stagnation results in negative returns and debt for many producers,
- internal reorganization within the chain due to privatisation brings about disorders affecting farmers.



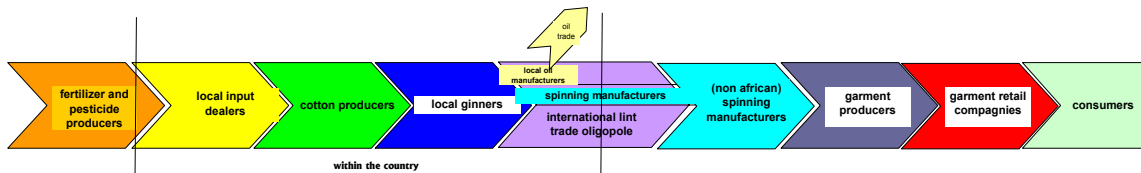
"Cotton made in Africa" Initiative has been launched by Otto Group, a large garment retail company, and by the Michael Otto Foundation for Environment in order to

- increase the sustainability of cotton production and
- make this cotton identifiable throughout the commodity chain,

which should result in a higher competitive advantage for this cotton on the world cotton market and in an attribute of "social responsibility" for Otto (and the other Alliance partners).

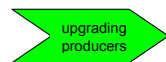
GTZ and other partners engaged in a public private partnership in order to achieve these goals.

A generic pattern of value chain and three specific settings in 3 countries: Benin, Burkina Faso, Zimbabwe



A value chain is a specific type of supply chain where actors build relationships and conduct mutually beneficial actions and investments in order to reach a common goal in term of consumer satisfaction and to increase their profits.

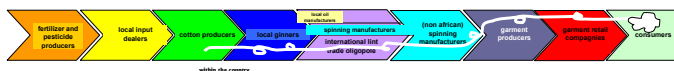
Features of the strategy set up in Benin



Standards are being agreed upon among stakeholders

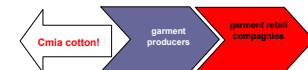
Farmer organisations enter the initiative on a voluntary base and agree to increase the economic, environmental and social sustainability of their production. Each farmers group sets for itself some immediate improvement goals for achieving in the mid run the standards under farmers control and extension is delivered on that base.

Ginner(s) also enter on a voluntary base and agree on improvements to achieve.



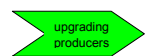
The product has recognisable attributes and can be traced back up to farmers groups and their production practices

The Otto Group promotes an "alliance of demand" for CmiA Cotton by large garment producers and retailers. The demand is passed on their suppliers and the suppliers' suppliers...



Will this strategy address the specific weaknesses within the value chain and its environment ?

Some questions emerging out of experiences after first achievements



Joint evaluation of local stakeholders generated new extension messages and research topics in response to new challenges.

In the 1st year 10.000 farmers, one ginner, one input dealer entered the initiative.

Intensive, demand oriented extension combined with self monitoring of progress should improve farmers' performances and environmental impacts

but
CmiA local stakeholders remain within the national supply chain and are at least partly subject to the same mismanagement: late cotton payment, late decisions on prices at the beginning of the campaign, late delivery of inputs, etc.



Every cotton bale will have its passport tracing back main sustainability indicators and lint quality criteria

Further environmental indicators are

monitored by external agents

Information on CmiA lint

availability will be provided to the Alliance suppliers

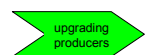
but

according to experts, a high lint quality in the producers field does not bring any premium because of quality losses further in the chain and inadequate negotiation with international lint traders



but

will it improve the terms of trade and the ability for manufacturers and ginners to negotiate directly? Will the ginner be able to respond to the requirements in time, quantity and quality of spinning manufactures?



Efforts are being put on quality improvement in the field, after harvest and up to the harbour

but

will ginners get a premium for quality and will they share it with producers in order to sustain efforts?

The monitoring in the 3 different settings of this attempt to improve governance within a chain by sharing common objectives should bring new methodological knowledge on chain improvement through consumers demand for social responsibility and on the specific contributions of a PPP.