



Project evaluation: summary report

Africa (supraregional): Competitive African Cotton Initiative

Project no.:	2012.2027.6
CRS purpose code:	31120 Agricultural development
Project objective:	In eight African countries, the living conditions (financial and environmental conditions as well as the basic food supply) of 680,000 COMPACI farmers have sustainably improved thanks to improvements in their cotton-based farming systems.
Project term:	January 2013 to December 2016, extended to June 2017
Project volume:	EUR 16,050,690.46
Commissioning party:	German Federal Ministry for Economic Cooperation and Development (BMZ)
Lead executing agency:	African Cotton & Textile Industries Federation (ACTIF)
Implementing organisations (in the partner country):	Cotton processing companies (cotton ginning), total of 20
Other participating development organisations:	Bill & Melinda Gates Foundation (BMGF), Gatsby Foundation, Aid-By-Trade Foundation, Walmart Foundation
Target groups:	680,000 cotton farmers and their families in eight countries of Sub-Saharan Africa (Benin, Cameroon, Côte d'Ivoire, Malawi, Mozambique, Tanzania, Uganda and Zambia)

Project description

The economic development of many African countries depends on a productive agricultural sector. Cotton is a vital crop and one key to revitalising the rural economy. For a variety of different reasons, the productivity of the African cotton industry is very low and often inefficient, and harvest volumes are very erratic. An efficient cotton sector is an essential prerequisite for local economic development in many regions of Africa because many small-scale farmers in remote and disadvantaged regions often grow cotton as their only cash crop. Growth stimuli for commodity markets, especially cotton, are slow to reach smallholder farmers in rural areas (core problem). The main causes can be found at all levels. They include a low level of farming expertise, lack of market access, poor coordination by processing companies and a lack of support strategies by national governments. Emerging opportunities for economic development and poverty reduction in Sub-Saharan Africa (SSA) are thus only embraced at a slow pace (negative effects). The module objective of the project is therefore: The living conditions (financial and environmental conditions as well as the basic food supply) of 680,000 COMPACI farmers in eight African countries have sustainably improved thanks to improvements in their cotton-based farming systems. The project operates in Benin, Cameroon, Côte d'Ivoire, Malawi, Mozambique, Tanzania, Uganda and Zambia.

The project focuses on four fields of activity: developing expertise and knowledge at the farmer level (indicators 1, 3, 5), strengthening rural services (indicator 4), coordinated agricultural policies and support strategies (indicator 2) and preservation

of biodiversity (indicator 6). The project is part of the multi-stakeholder COMPACI II project (BMGF, private sector, DEG, BMZ) and incorporates co-financing from DEG (Deutsche Investitions- und Entwicklungsgesellschaft).

Target groups are small-scale farmers (about 680,000) in often remote and structurally underdeveloped regions. It aims to strengthen the integration of these small-scale farmers into a viable cotton industry. It raises awareness among the partners of the specific economic situation of women and develops appropriate gender-sensitive tools. The objective of the module is fully in line with the national development plans (CAADP process, national investment plans) as well as the core development policy of German development cooperation. It is based on lessons learned from COMPACI I. The project is geared towards the scaling-up of activities developed in COMPACI I with a view to promoting the spread of a sustainable cotton industry as a component of rural economic development in SSA. This approach will have a broad-based impact and directly reduce poverty among the target groups.

Components funded by the German contribution are financing agreements with cotton ginning companies (n=20), advisory services provided by long-term and short-term experts, training for partner experts and local subsidies for pilot initiatives in the non-cotton sector.

The project was initially designed to last four years (January 2013 to December 2016) and was extended to June 2017 at no additional cost. It builds on COMPACI I (January 2009 to December 2012). The cost of the entire COMPACI II project is EUR 54,000,000. The total German contribution is EUR 16,050,690.46. It comprises EUR 10,318,690.46 of BMZ funding and co-financing from DEG in the amount of EUR 5,732,000.00. The project is a module component of the regional umbrella programme Broad-Scale Promotion of Agricultural Value Chains in Africa.

Two changes were made to the project concept during the course of implementation. While the plan at the outset was to also promote smallholder cotton farmers in Burkina Faso, this support had to be temporarily suspended because the use of genetically modified seeds conflicts with the support strategy of German development cooperation. Accordingly, the number of participating countries was reduced from nine to eight, and the size of the target group was decreased by 20,000 to 680,000. In a second conceptual change, the issue of biodiversity was added as an additional field of activity (indicators 4 and 6).

The success of the project is reflected fully and ambitiously in the six indicators selected (see 'Effectiveness'). It is, however, evident that the combination of various overlapping trends allows only general conclusions to be drawn about the changes in living conditions (indicator 1) of the target group without the desired clarity (increase in household income from USD 206 to USD 320). Framework conditions (50% drop in global cotton prices) have changed, which makes it difficult from a methodological standpoint to statistically show the positive improvements in the living conditions of small-scale farmers, which are very likely to have occurred to the extent anticipated. The risk of volatile prices for cotton on the world market was factored into the achievement of objectives and into the planning assumptions.

Four sources of information are available to assess whether objectives have been achieved: regular monitoring/observation at the target group level (including baseline) by an externally commissioned institute; internal project monitoring; regular, extensive and detailed monitoring reports of the partners (cotton processors); and feedback from the various discussions that took place as part of field visits in August and September 2016. This information is used to conduct a target/actual comparison of the indicators formulated at the level of the module objectives. Subjective or unclear statements are verified by means of cross-checking (triangulation). Effectiveness and impact are measured in the current situation, the actual state, of the TC measure. The core expectation is that the living conditions and incomes of cotton farmers improve considerably (indicator 1), and thus the project's impact, efficiency and development policy effectiveness can be clearly represented and measured.

Other substantive priorities include making indirect statements about: the qualitative description of improvements in the living conditions of cotton-producing households; the involvement of and targeted support for women; a broad-based support model that can be reproduced; sustainability of support for the target group of the partners (cotton processors) in the national and continental context; correlation of COMPACI results with those of other German development projects such as the Partnership for Sustainable Textiles and the 'One World, No Hunger' initiative.

Basis for assessment of the OECD-DAC criteria:	Individual and overall rating of the OECD-DAC criteria:
<p>To determine the project's overall rating, calculate the average of the individual ratings of the five OECD-DAC criteria:</p> <p>14 – 16 points: very successful 12 – 13 points: successful 10 – 11 points: rather successful 8 – 9 points: rather unsatisfactory 6 – 7 points: unsatisfactory 4 – 5 points: very unsatisfactory</p>	<p>Relevance: 14 points – very successful Effectiveness: 16 points – very successful Impact: 13 points – successful Efficiency: 16 points – very successful Sustainability: 12 points – successful</p> <p>Overall, the project is rated very successful with a total of 14 out of 16 points.</p>

Relevance

The project addresses the problem of improving the living conditions of smallholder cotton farmers. In this context, improving living conditions specifically means increasing yields from cotton production and promoting sustainable cotton farming practices, diversifying cotton production with food crops (maize, beans, chickpeas, etc.), and thus increasing the availability of food produced by the smallholder households for their own consumption or for sale.

A broad-based improvement in the physical and monetary yields at the level of smallholder households in the eight target countries is reflected in the recent NORC monitoring and evaluation reports. At the same time, cotton companies are reporting increased yields per hectare from their suppliers for cotton and food crops based on data in their own monitoring systems. In individual cases, the cotton companies have adapted their business models and already trade more than 15,000 tonnes of food crops farmed by the cotton producers they partner with. In addition to cotton, approximately 30% of the target group now farms more food than they need for their own consumption (summary of company reports).

By increasing sales of maize, beans and other crops and providing the necessary inputs, cotton companies are creating brand new income opportunities for small-scale farmers, often in very remote regions, that did not previously exist. As well as increasing the sources of income for rural households, diversified production also makes an important contribution to preserving biodiversity, soil fertility and to food security. This development is new and can be attributed to COMPACI.

In all participating countries, an economic recovery in rural areas attests to the high relevance of the project. Rural income is generated and secured by promoting farming and ensuring sales at the farmer level. The women's groups that have been initiated and strengthened generate additional income through special support programmes (e.g. moringa processing, livestock farming). The cotton-processing companies create additional industrial jobs (up to 800 per company in the six-month processing season).

In East Africa, the cotton companies operate in almost unimaginably large rural areas (with diameters of up to 150 km). From the farmers' perspective, these companies are often the only link to the market since hardly any other companies operate in the region. In Cameroon in particular, but also in the Côte d'Ivoire, the companies are the only rural service providers. At the individual level, these companies are often financially and organisationally weak. Their business model is driven by volume, with low margins and considerable logistical effort. Cooperation with COMPACI has helped the companies expand and modernise the content and organisation of their rural services to meet the needs of the target group.

The relevance of the project is rated very successful with 14 points.

Effectiveness

Objectives indicator	Target value according to the offer	Current status according to the project evaluation
1. In eight African countries, the living conditions (financial and environmental conditions as well as the basic food supply) of 680,000 COMPACI farmers have sustainably improved thanks to improvements in their cotton-based farming systems.	In 2016, average income is USD 320/household/year.	Survey results in Benin and Zambia show that the increases in cotton yields per hectare and food production in the COMPACI farms are disproportionately high. The fall in cotton prices is also partially offset by higher yields and lower costs for inputs, especially fertilisers. The combination of more food crops and better cotton yields per hectare is also causing incomes to rise. It is not certain that the results can be transferred to the six other countries because funding in Tanzania, for example, only began two years ago. An increase in income is likely, but a definitive calculation is not yet possible (as at September 2016).

<p>2. In six countries, the allocation of private funds for measures coordinated with the private partners for the promotion of sustainable development in the cotton sector has increased from USD 7,700,000 to USD 11,000,000.</p>	<p>The total allocation of private funds is USD 11,000,000.</p>	<p>Within the scope of cooperation, the private partners (cotton processors) have committed to gradually increasing their share of financing for measures. They have also honoured this commitment. The focus here is on providing seeds and fertilisers for food crops such as maize, beans and chickpeas in addition to cotton, but also on expanding training opportunities to reach a larger target group. The additional contributions in this context vary from company to company from USD 100,000 to USD 10 million per year. Overall, the indicator for the six countries is achieved. Current value: USD 16,000,000</p>
<p>3. In each of seven countries, 40% of all farmers supported by COMPACI II have introduced a CmiA-compliant process for sustainable soil and water use.</p>	<p>280,000 farmers have introduced a technology for sustainable soil and water use.</p>	<p>The implementation of sustainable soil and water use practices (conservation agriculture) at the farmer level has been very successful; almost 70% or 490,000 COMPACI farmers are now putting these proposals into practice (40% is required). However, there is considerable variation (50% to 80%) between the regions/countries and companies involved. That said, the baselines and experiences at the farmer level are fairly heterogeneous.</p>
<p>4. 20% of participating cotton farmers benefit from services designed to boost the efficiency of small-scale production which they are offered by the participating companies for activities beyond the scope of their core cotton business (e.g. mechanisation, agricultural financing, grain trade).</p>	<p>140,000 farmers benefit from additional services.</p>	<p>All cotton processors have introduced new and additional services. However, the range of services among the companies is very heterogeneous (grain trade, provision of inputs, mechanisation, agricultural financing, digitisation in data traffic and invoicing). Services that, in addition to cotton, involve maize, beans, chickpeas, soy and other food crops, are clearly gaining in importance. Today, many more farms have already been reached than originally planned due solely to the link to food crops. Microfinancing institutions are involved in individual regions, such as in Cameroon (where they are known as 'MC²'). More than 18,000 people in Cameroon alone benefit from the services provided by the six MC². Innovations for non-agricultural services (solar, food) have been identified in Zambia and the Côte d'Ivoire. Current value: 160-200,000</p>

<p>5. 70% of the 130,000 female farmers trained by COMPACI have access to services and operating equipment for their own agriculture-based, income-generating activities.</p>	<p>100,000 female farmers have access to services.</p>	<p>In the context of cotton companies, groups of women have emerged with new and additional economic activities. Particularly in West Africa, cotton companies also give women's groups support in the cultivation and further processing of food – for example, in Benin, soy is turned into tofu and sold.</p> <p>This percentage is already much higher in Malawi, Tanzania and Zambia. Development in Mozambique is lagging behind at around 40% of this requirement; in Benin and Cameroon more than 50% of farmers from the project are involved in training.</p> <p>Across all countries, the indicator is fully achieved. Current value: 105,000</p>
<p>6. 20% of the 680,000 farming households (5% of which are female-led) funded by the project are trained in at least one method to preserve biodiversity in the intervention regions. (This indicator was only incorporated in 2014 as part of a modification offer.)</p>	<p>136,000 households</p>	<p>Biodiversity measures have only been underway for just under two years. Proven application methods have been selected with a view to scaling these up, and are currently being introduced with selected farmers in the Côte d'Ivoire, Tanzania and Zambia. These include pest control (molasses traps), seed treatments and pesticides made from organic plant concentrates (neem, cashew, etc.). In conjunction with CIRAD, cotton seed passed on from cotton processors is also inspected in Mozambique and made available again for propagation with full varietal properties. In Benin, some 1,000 farmers are supported in the production of organic cotton and organic food crops in the buffer zone of the Pendjari National Park. By the end of the project (extended to June 2017), a high level of target achievement is likely (about 100-120,000 trained households).</p>

The evaluation team comes to the conclusion that the objectives indicators will probably be achieved as follows by the end of the project:

- Objectives indicator 1 will be fully achieved - with some calculation uncertainties.
- Objectives indicator 2 will be fully achieved.
- Objectives indicator 3 will be fully achieved.
- Objectives indicator 4 will be fully achieved.
- Objectives indicator 4 will be fully achieved.
- Objectives indicator 5 will probably be achieved.

The efficiency of the project is rated very successful with 16 points.

Overarching development results (impact)

The success of the overarching development results (impact) was assessed, on the one hand, based on the living conditions of smallholder cotton-producing households and, on the other, based on the design of the rural services, i.e. the link between farmers and processors.

The impact of the project cannot yet be fully assessed because final income calculations and benefits at the household level are not yet available. Cotton producers attest to higher productivity in cotton cultivation (intensification) and improved management of the entire farm (business practices).

However, the project's internal monitoring and recent impact studies, e.g. on the sustainable use of soil and the impact of company-specific advisory approaches make it clear that a significant change has occurred in agricultural practices at the rural level. Cotton, as the dominant crop, is being supplemented in rotation by food crops which increase the yield per hectare.

The professionalization of producers (FBS) and the special support for women's groups to encourage equal participation in income growth in particular have contributed to social development in cotton-producing regions. Women register as cotton

producers and their economic activities contribute more to household income and thereby to improving the living conditions of rural families and socially balanced poverty reduction.

The emphasis at the company level is on the expansion of rural services; in this context, however, the focus of interest is on trade in maize, beans, soy, etc. Compared to 2012, a significant change has occurred here. For companies, closer ties are developing to producers (Côte d'Ivoire) and opportunities are emerging to outsource service areas (Cameroon: organisational advice to CNPC-C; lending to MC²). (Source: project evaluation discussions)

The project works at the local, national and regional levels. The lessons learned here for the development and promotion of the cotton industry as a component of rural economic development, regional and international trade integration and economic monitoring are fed into political dialogue with the various ministries at the national and regional (e.g. COMESA, AU-CAADP) levels. Integration into the overarching support policy, however, has not yet been resolved to the full satisfaction of all countries.

This broad impact is further enhanced by the multi-donor/partner approach. This generated a certain momentum that could not have been generated by the individual partners and their contributions. The broad impact brought about by synergies is essentially supported by the management structure and the BMZ contribution. (Source: feedback from project evaluation discussions with cotton companies)

The impact of the project is rated successful with 13 points.

Efficiency

Efficiency is determined by the use of resources by the donor partners (in this case financial, personnel and financing instruments) in relation to the target group actually reached directly, the countries with the cotton-producing regions and the economic partners.

The overall project reaches more than 800,000 farms in a total of 12 countries (of which eight with BMZ support). Compared with 2012, the company base was once again expanded (total of 23, now 20). Other relevant details have already been provided in section 3.1 (summary evaluation of overarching development results (impact)).

Staffing levels for the German contribution to the project are low; field activities are carried out by the staff and structures of the cotton processors. Only a small number of additional jobs will be created here (women's representatives).

Effective cooperation ensures an extremely high level of efficiency; this applies to the cooperation in project financing, in the transnational coordination of implementation and in the close collaboration with cotton companies that, in turn, assume part of the costs for implementation in the field.

Consistent information and communication within the programme (newsletter, exchange workshops, website) ensure that good and proven methods and tools are used and disseminated beyond the limits of the individual value chains and countries (upscaling and broad impact in development cooperation). For example, the Farmer Business School concept has already been put into practice in 12 African countries by eight German development cooperation programmes. The broad-based, multi-country approach gives rise to economies of scale in the implementation and management of the modules; common monitoring standards enable benchmarking and learning processes.

Cooperation with other German development cooperation programmes at the country and regional levels (country-specific priority programmes, green innovation centres, CAADP support, FANSER, regional instruments for agricultural financing) leads to efficiency gains on all sides.

The integration of private companies, agricultural advisory services and microfinancing institutions in the implementation of the measures and their participation in costs increases the efficiency of the development cooperation funds (by leveraging development cooperation resources) and helps build the capacity of rural service providers.

The efficiency of the project is rated very successful with 16 points.

Sustainability

Key questions with regard to sustainability are first, whether and to what extent the cotton processing industry can maintain training for farmers and the expansion of the rural services at their present levels. Second, it is important to determine whether the measures are sustainably applied at the level of the cotton producers.

The programme aims to strengthen the technical, educational and organisational capacities of the private and public partners to the extent that they are able to independently implement and co-finance services for African small-scale farmers in the future. The increasing ownership of these partners and the provision of complementary agricultural policy advice at the national, regional and pan-African levels ensure that these results and sustainability are achieved. The partners are largely able to continue to provide the services developed and supported by COMPACI in the future (with the exception of inter-company coordination).

The measures designed to promote cotton production that were implemented by the companies through COMPACI have been incorporated into the production system on a sustainable basis and adopted by the farmers. The intensification of cotton production in particular leads to sustainable land use and reduced farmland. The promotion of organic fertilisers reduces

production costs and ensures sustainable soil productivity. Diversifying cotton farming with food crops contributes to sustainable food security for the rural population in often marginalised regions.

The sustainability of the empowerment of women is not yet ensured and depends on the commitment of the respective group and the cotton processors. They will only carry out very limited activities in the future because this is not part of their core business (Côte d'Ivoire). The women's groups in Cameroon have tended to form for reasons of expediency; the sustainability of individual support is also doubtful in this case. In Zambia, it seems to be becoming part of the core activities of the cotton companies.

Cotton processors have a vital interest in continuing to apply and advance the advisory approaches developed. Some companies have improved the ratio farmers to advisors thanks to the project and wish to maintain this ratio in the future. The concept of the Farmer Business School is consistent with the new ideas on how to form closer ties between cotton processors and small-scale farmers/farmers. For some companies, the main aim is to strengthen the productivity of a core group of farmers (between 5 and 20,000 per company) through intensive support and operating equipment so that a stable supply is also assured even in 'challenging' years.

Overall, COMPACI-certified cotton companies produce approx. 460,000 tonnes of sustainable cotton. On the one hand, this volume exceeds the demand for textiles with the CmiA logo. This means that the trading partners have to intensify their efforts to sell more products with the CmiA logo and, at the same time, increase the financial returns for social projects involving cotton companies.

It remains to be seen whether and how the full spectrum of companies can in the future maintain their efforts to promote cotton and train their smallholder supply base to the extent and standard they currently do. Because the sustainability of the project has been limited thus far with regard to all COMPACI countries and because more efforts are required in this area,

The sustainability of the project is rated 'successful' with 12 points.

Published by

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
Bonn and Eschborn

Friedrich-Ebert-Allee 40
53113 Bonn, Germany
T +49 228 44 60 0
F +49 228 44 60 1766

Dag-Hammerskjöld-Weg 1-5
65760 Eschorn, Germany
T +49 61 96 79 0
F +49 61 96 79 1115

E info@giz.de
I www.giz.de

