



African Cotton & Textile Industries Federation (ACTIF)

QUARTERLY REPORT

Program Name: To expand market access to promote trade in African cotton, textiles and apparel

Name of Organization: African Cotton & Textile Industries Federation

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Person Reporting: Rajeev Arora
Executive Director

Date of Report: 30th September 2010

1. Program Background

The African Cotton & Textile Industries Federation (ACTIF) was formed to promote trade and increase market access for the cotton, textile and apparel industry in Africa. This Mission is informed by its Vision which is, “an integrated cotton textile and apparel industry that effectively competes on the world market.”

The goal of ACTIF is increased trade in African cotton, textiles and apparel. This goal will be realized through the attainment of the organization’s strategic objectives which are:

- i. To promote trade in African cotton, textiles and apparel;
- ii. To expand market access;
- iii. To establish a market information system;
- iv. To promote the development of policies that are supportive to trade;
- v. To provide an institutional framework for the development of the cotton, textile and apparel industry in Africa; and
- vi. To enhance private sector involvement in regional policy formulation and implementation.

2. Objectives of the Grant

The following were the objectives of the project activities under this Grant:

1. To strengthen ACTIF institutional capacity to carry out its mission and provide services to members
2. To be the catalyst for effective public/private partnerships, promotion of regional dialogue, consensus building, increased communication and creating an enabling environment for the growth of the cotton, textile and apparel industries that will positively impact on trade and development.
3. Promote the regional value chain approach to the development of intra-regional trade, create market linkages, exploit the opportunities afforded by existing trade agreements, develop effective use of market and economic data, and create an interactive trading platform to enhance trade in both regional and global markets.
4. To assume a regional leadership role in regional and global trade policy deliberation, help establish an enabling policy environment that will exploit the latent potential in intra-regional trade, build the capacity of the private sector in policy formulation, increase its ability to negotiate and seek trade advantages, and to develop unified regional positions.

3. Benchmark Assessments and Levels of Achievements - (a synopsis)

(See 4.0 below, the activity results in more detail)

| Activity/Tasks | Target | Level of Achievement |
|---|---|--|
| <p>1. Brussels Meeting</p>  | <p>12-13 July 2010, Brussels, Germany</p> | <ul style="list-style-type: none"> ➤ The meeting was hosted by hosted by the Centre for the Development of Enterprise and the Proinvest in the framework of the Belgian Presidency of European Union. ➤ ACTIF's capacity was enhanced as the meeting included a training on how to apply for assistance from CDE and Proinvest • ACTIF ED was also able to establish useful contacts with various Trade institutions including Pro Invest, Empretec Mauritius, Foundation Adwuropa, Spanish Foreign Trade Institute & European Business Council for the African and Mediterranean |
| <p>2. South South Cooperation training in Thailand</p>  | <p>19th – 23rd July 2010, Bangkok, Thailand</p> | <ul style="list-style-type: none"> ➤ ACTIF was represented in an intensive training activity that is part of the South South Cooperation following its recognition as a key regional player in the CTA sector. ➤ The theme of the training was the promotion of African cotton and value chain Transparency Training event. ➤ The event brought together representatives from Kenya, Malawi, Mozambique, Tanzania, Uganda, Zambia, ACTIF & COMESA ➤ The training successfully identified the existing challenges that were limiting cotton trade between Africa and Thailand and possible solutions were identified. A detailed report was shared with the members |

| | | |
|---|--|--|
| <p>3. COMESA Business Forum (CBF)</p>  | <p>27th – 28th August 2010, Manzini, Swaziland</p> | <ul style="list-style-type: none"> ➤ ACTIF's Chairman, Jas Bedi and ED, Rajeev Arora successfully participated in the 2010 COMESA business Forum whose theme was “Science and Technology; Key to Sustainable Business Development.” ➤ The meeting was aimed at bringing the private sector together to discuss challenges, opportunities and find solutions to trade development and integration in COMESA and Africa in general. ➤ Among others, it was resolved to support the establishment of science and technology sectoral based cluster working groups that includes Agriculture and food technology. ➤ It was also recommended that PPP institutional and regulatory frameworks be established at National and Regional level to attract private capital in public investments like infrastructure along the corridors. |
| <p>4. Africa Green Revolution Forum (AGRF)</p>  | <p>2nd – 4th Sep 2010, Accra Ghana</p> | <ul style="list-style-type: none"> ➤ ACTIF's ED, Rajeev was invited and participated in the 2010 Africa Green Revolution Forum. ➤ Following ACTIF's input at the Forum, cotton was recognized as high value crop that has the potential of strengthening food security in the region. ➤ Several recommendations were adopted aimed at empowering the African region to benefit from the existing potential of Agriculture in Africa |
| <p>5. AGOA advocacy activities</p> | <p>On going</p> | <ul style="list-style-type: none"> ➤ ACTIF successfully secured support from Danida's Business Advocacy Fund to analyse the impact of Africa Growth & Opportunity ACT (AGOA) in selected African countries, and also study the Cotton, Textile and Apparels sectors of |



AGOA Ministerial forum on 2nd & 3rd August



ACTIF Chairman and ED along with the president of Corporate Council for Africa Mr. Stephen Hayes

6. ACTIF Strategy review

On Going

- selected Asian Countries
 - ACTIF subsequently appointed four consultants to undertake the study and
 - ACTIF chairman Jas Bedi along with the Executive Director Rajeev Arora attended the AGOA ministerial and business meetings in US-Washington /Kansas supported by BAF-DANIDA funding to support and discussion with private and government agencies to voice the private sector recommendations for future modifications of the AGOA bill to have a better success and achievement over the last decade of its initiation
 - A new proposal to BAF-DANIDA is being prepared to sustain the advocacy efforts until the discussions on the modifications are concluded
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- ACTIF has been operating with a draft strategy since its inception in 2005.
 - ACTIF successfully secured support from Danida's Fund of Business Advocacy Fund (BAF) to review its strategy
 - Following interactions with a consultant, ACTIF has now developed a final draft strategy that is awaiting ratification by the board.

4. Detailed Activity Results

4.1 Brussels Meeting



Group picture of the delegates that attended the Brussels meeting

The meeting was hosted by the Centre for the Development of Enterprise and the Proinvest in the framework of the Belgian Presidency of European Union. The main program for the conference was to introduce the CDE and Proinvest and to advise how one can apply for assistance.

ACTIF ED, Rajeev Arora was among the participants that included the following B2B meetings

- **European Business Council for the African and Mediterranean**
Mainly discussed mutual interests how ACTIF can help to promote develop trade and investments for the cotton value chain in SSA. We also discussed the objectives and how ACTIF is projecting a designer showcase event, being organized by USAID-COMPETE together with ACTIF and Enterprise Mauritius/MEXA.
- **Spanish Foreign Trade Institute**
They were keen to understand ACTIF and its objectives. The organization is mainly having members from private sector who would want to develop trade with Africa. They are keen to develop the relationship and how they can be member of ACTIF; they would advice the fashion department of Spain to contact and discuss how ACTIF and Fashion department can work together.
- **Foundation Adwuropa**
They were keen to have the soft copy of the Origin Africa designer showcase and were interested to participate in the show. We also discussed how ACTIF can assist to develop investment in the cotton value chain.

- **Empretec Mauritius & Pro Invest**

Rajeev met with Mr. Sanjay G. Mungur CEO of Empretec Mauritius, he advised us that they plan to do a project on Strengthening the Textile & Garment Supply Chain, Textile Mada Antananarivo, Madagascar through Value Addition, Capacity Building, Productivity Improvement, Quality Enhancement & Regional Integration Mauritius, Madagascar, Ethiopia, Ghana. He suggested that ACTIF be included in the project considering its objectives were in line with ACTIF objectives and some of the countries involved were ACTIF members.

Rajeev discussed with Denis and, in principle he agreed to include ACTIF in these interventions. Denis suggested I should write a request to Proinvest to consider this request. I also had the opportunity to discuss with Mr. Denis Massart; he was happy to assist and also advised we should write to him of our interest.

4.2 South South Cooperation training in Thailand

The training was held in Bangkok, Thailand and ACTIF was represented by Trade Policy & ICT Manager, Joseph Nyagari.



Group picture of the participants at one of the factory visits in Thailand

It was an intensive training event aimed at developing the cotton sector of East and Southern Africa and promoting cotton lint exports to Thailand. Representatives of cotton producers from the East & Southern Africa were able to interact with representatives of Thailand Textile Industry to understand the needs and requirements for development of trade. The training was made possible by: International Trade Center (ITC); The European Union (EU); Thailand Textile Manufacturing Association

(TTMA); Department of Export Promotion (DEP), Thailand; and the Public Warehouse Organization (PWO), Thailand.

Following the factory visits, the African delegation converged to a brain storming session and to also suggest ideas of how to improve the competitiveness of the African cotton. Some of the lessons learnt include:

1. The quality of African Cotton is very high. Contamination is a key challenge that is affecting the competitiveness of African cotton.
2. Most of the contamination issues can be dealt with at the production levels with a proper coordination between the cotton farmers and the ginners
3. Lack of awareness among the local producers and ginners was cited as one of the biggest obstacles in dealing with contamination
4. Investment in research and development facilities could help Africa be more competitive at production and processing levels of the cotton and textile industry.
5. There is a need for all support institutions to be involved in the cotton development. This includes the government, trade promotion councils, financial partners and trade associations.
6. Transparent and efficient information flow between the industry players in Thailand is a major factor of their success.
7. The Thailand Textile industry enjoys a great infrastructural support evidenced by their modern road network that stretches to hundreds of kilometers out of the city. The cost of power is approximately 8 US Cents per KWH. Interestingly, none of the factories we visited had a backup power generator because they rarely experience power outages. (Perhaps once or twice a year). The quality of power is also very high.
8. Women play a great role in the success of the textile industry in Thailand. Most of the institutions visited had at least 50% or more of women employees. The quality control department, the most important departments of the factories had more than two thirds of them being women.

The Thailand Textile Federation and in particular Lucky spinners company limited expressed their willingness to partner with Africa and also assist with capacity building to improve their competitiveness. Lucky spinning group offered to visit all the countries present to offer a minimum of three days training per country on contamination.

4.3 COMESA Business Forum (CBF)

The sixth COMESA business forum (CBF) was held in Manzini, Swaziland on 27 – 28 August 2010. The purpose of the meeting was aimed at bringing the private sector together to discuss challenges, opportunities and find solutions to trade development and integration in COMESA and Africa in general.

ACTIF was represented by the Chairman, Mr. Jaswinder Bedi and the Executive Director, Mr. Rajeev Arora.



Delegates during the COMESA business Forum

The theme of the meeting was Science and Technology; A key to sustainable business development and the following issues were covered:

1. Trade Opportunities and Challenges for Regional Integration in Africa;
2. Overcoming Barriers to Trade and Investment through Technology and Innovation;
3. Trade Development – Investment & Finance;
4. Addressing Infrastructure Development Issues and Private Sector Investment in Infrastructure;
5. How can Africa apply in Science and Technology for advancing sustainable development?

- 6. Climate Change and Agri-Business;
- 7. Making Science and technology work for the poor;

A detailed report on the proceedings is attached.

4.4 Africa Green Revolution Forum (AGRF)

The African Green Revolution Forum (AGRF) took place at the Ghana International Conference Center, Accra, Ghana on September 2-4, 2010.

The Forum's goal was to bring together leaders from governments in Africa, global enterprises, development agencies and world experts on agricultural development to drive partnership-action within five specific action-areas:

- The investment opportunity
- The policy environment
- Reducing the cost of finance
- Increasing agricultural productivity
- Increasing financial returns to farmers



Chaired by Kofi Annan, former UN Secretary-General and chair of the Alliance for a Green Revolution in Africa (AGRA) leading a high powered panel at the Africa Green revolution forum

ACTIF Executive Director, Rajeev Arora, participated in the AGRF Forum and was involved in a panel discussion on developing markets for the small-holder farmer; High value crops and products. ACTIF was commended for its commitment to fuel the public-private partnerships that are essential to changing the fortunes for millions of African farmers.

A number of recommendations were adopted at the end of the conference. These included the need to:

1. Pool efforts and resources to scale up breadbasket investment plans across many more African countries, consistent with the investment blueprints for the agricultural corridors, and the country compacts of the Comprehensive African Agricultural Development Program of the African Union – NEPAD.
2. Empower women throughout the agricultural value chain by accelerating access to improved technology, finance, markets – and most importantly – strongly engaging their participation in the policy formulation process.
3. Implement the Impact Investment Fund for African Agriculture in order to scale up access to finance by farmers and agri-businesses.
4. Increase investment in science, technology and research for food and nutrition security. This must to be done on a sustained basis, and in cooperation with the farmers.
5. Accelerate access to improved seed by promoting the entire value chain, including support for plant breeding, seed companies and seed distribution systems.
6. Improve fertilizer supply systems and encourage more efficient fertilizer value chains, and to scale up agro dealers to improve access for farmers.

4.5 AGOA advocacy activities

To promote trade and increase market access for the cotton, textile and apparel industry in Africa

ACTIF successfully secured support from Danida’s Business Advocacy Fund to analyse the impact of Africa Growth & Opportunity ACT (AGOA) in selected African countries, and also study the Cotton, Textile and Apparels sectors of selected Asian Countries

ACTIF subsequently appointed four consultants to analyze the Impact of AGOA on Textile and Apparel Industries with a view on the future of selected sub Saharan countries: Kenya, Ethiopia, Mauritius, Swaziland, Lesotho & South Africa. A consultant was also appointed to analyze the textile and apparel industries of some selected Asian Countries namely: Cambodia, Bangladesh & Vietnam.

The reports generated from the studies highlighted the production data for the four countries, including: the trend of investment in the textile and apparel sector; the impact on other related industries across the value chain; details of incentives offered by the Government to the Textile and Apparel sector; socio economic impact of the Cotton, Textiles and Apparel sector on the country and its future for its growth on the employment and development of the cotton value chain.



Chairman Jas Bedi and ED Rajeev along with Stephen Hayes, President Corporate Council on Africa

With the support BAF-DANIDA, ACTIF chairman Jas Bedi along with the Executive Director Rajeev Arora attended the AGOA ministerial and business meetings in US-Washington /Kansas supported by BAF-DANIDA funding to support and discussion with private and government agencies to voice the private sector recommendations for future modifications of the AGOA bill to have a better success and achievement over the last decade of its initiation. During their trip, they were able to hold meetings with various institutions and individuals including:

1. United States Trade Representative
2. Corporate Council on Africa
3. House Ways and Means Democratic staff
4. Senate Finance Republican staff
5. Senate Finance Committee Democratic staff
6. National Council of Textile Organizations
7. Senate Finance Trade Subcommittee staff
8. House Ways and Means Committee Republican staff

The advocacy activities and the donor, Business Advocacy Fund have been approached for additional support.

4.6 ACTIF Strategy review

ACTIF successfully secured support from Danida's Fund of Business Advocacy Fund (BAF) to develop its strategy document.

A consultant was subsequently engaged to conduct the strategy review with all the stakeholders in order to chart the future direction of ACTIF in order to build sustainability and impact on the industry.

The final draft of the strategy document has been prepared and is awaiting ratification at the board level.

5.0 Funding Summary (\$'s rounded)

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|-----------------|---------|
| Approved Grant | 754,472 |
| Amount spent | 660,015 |
| Balance unspent | 94,457 |

6.0 Deliverables (those in document format)

The following (attached to this report) are the deliverables available in 'document' format:

- a) Brussels meeting report
- b) South South Training report
- c) COMESA Business Forum reports
- d) Africa Green Revolution Forum Reports
- e) Advocacy reports
- f) Draft Strategy document
- g) Copies of the ACTIF Newsletters (July – Sep 2010)

~ End of Report ~