



## African Cotton & Textile Industries Federation



### Origin Africa 2014 – Series of Seminars Report

10<sup>th</sup> – 12<sup>th</sup> November

Nairobi, Kenya

[www.originafrica.org](http://www.originafrica.org)

#### Partners:



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**SEMINAR 1: IMPROVING COTTON PRODUCTION & PRODUCTIVITY IN AFRICA:** This session was moderated by Dr. Terry Townsend (Cotton Analytics) and facilitated by Bernard Kagira (EATIH).

**Speaker 1: Mr. Christoph Kaut, COMPACI /CmiA:** Christoph's presentation was on Cotton Made in Africa initiative that has been record extensive outreach in Africa, reaching out to 737,000 farmers as at Nov 2014 and 276,000 MT of lint produced. The key innovations in the project include extensive training of farmers, utilization of bio-pesticides to reduce spraying and input refinancing of food crops. In addition, investments in spinning and textiles are being incorporated into the project in Ethiopia (Ayka Addis); Uganda (Fine Spinners); Ivory Coast (Uniwax); Cameroon (Buetec); Mauritius (Various).

**Speaker 2: Mr. Matthias Knappe, International Trade Commission [ITC]:** Matthias's presentation highlighted the activities that ITC has been working on to improve the value generated by the cotton ginners by improve the quality of the cotton fibre, developing by products and empowerment of the farmers to make their own decisions. Low yield, especially in ESA region was also highlighted as a key factor that needed attention to improve the value for the farmers. Zambian case study was highlighted where a link has been established between farmers, handloom products, a trading company and an old spinning mill that is being revived.

**Speaker 3: Mr. Edoardo Peterlini, ACP/UGP Cos Coton Program:** Edoardo highlighted the AAACP cotton support programs in Africa since 2004 to date whereby lots of investments have been made to Support for regional strategies COMESA, UEMOA & ECCAS; Regional focal points and Start Up of Pan African Cotton Road Map. He also advised the procedures for accessing the support towards cotton production activities.

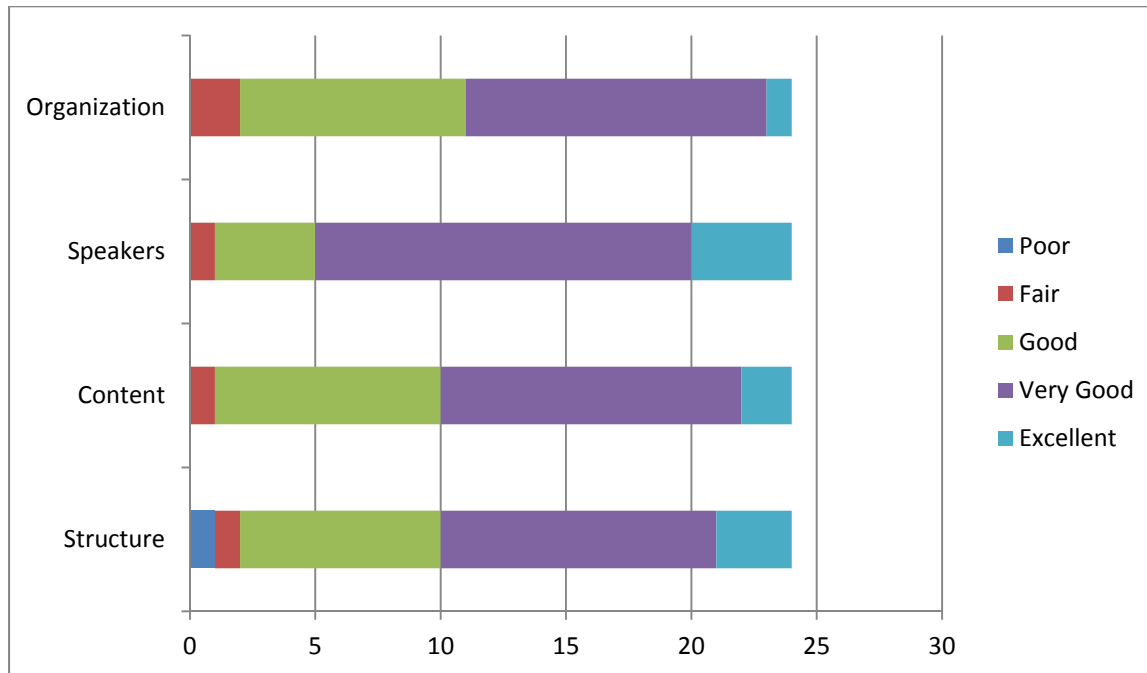
**Speaker 4: Mr. Gerald Estur, Cotton Trade Consultant:** Gerald noted that cotton production had been dominated by 4 countries in West Africa including: Burkina Faso, Mali, Ivory Coast and Benin. However on Mill use, he noted that North Africa was leading, especially Egypt with Ethiopia gradually increasing its mill use. He also benchmarked Ethiopia and Burkina Faso to highlight factors for success in improving mill use, noting that Ethiopia was on the right track to success.

**Speaker 5: Mr. Fritz Grobien, Immediate Past President of Bremen Cotton Exchange:** Fritz noted the status of African Cotton Production and productivity has shown little improvement especially in East African region for a long time. He noted that there was need for strong regulations to cover farmer contracting and ginner licensing; Need to observe good practices; need to rebuild confidence for investors and need to create a long term and sustainable future for the cotton industry.

**Speaker 6: Dr. Margaret Karembu, Director of ISAAA Africenter:** Margaret's presentation focused on the global adoption of bt cotton led by India, China, USA & Pakistan vs Africa where only 3 countries have adopted it: Burkina Faso, Sudan & South Africa. She emphasized on need for increased transparency and that farmers should be educated and be allowed to make the choice on Bt technology. Currently Cameroun, Egypt, Ghana, Kenya, Malawi and Uganda have conducting Bt trials awaiting regulation to allow for commercialization.

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**Evaluation Report:**



**Total Participants: 113**

**Evaluation forms returned: 24**

**Key outcomes the seminar:**

- Underperforming status of the cotton sector in Africa was well articulated. Key issues that need to be addressed include: Low productivity and production; Quality of cotton; Sustainable supply; Weak linkage between the farmers & Ginners; Lack of enabling policy framework to support an integrated regional value chain;
- The benchmarking of Ethiopia and Francophone countries was also appreciated.
- Huge opportunities exist for developing African cotton sector;
- Role of Government is critical in formulating policies which will improve the production and processing of cotton products;
- There is need to investment in research and technology to improve cotton production;
- Farmers need training on best practices in growing cotton and ways in which they can access market for their produce;
- Need for more transparency and information on Bt cotton technology.
- Value addition should start at farm level. There farmer must see a value;

**Key comments from Participants**

- Need for more time for interactive discussions;
- Issues of low yield and low production need to be addressed further;
- There should be better control of the speakers to manage time;
- Participants should also not be allowed to answer phones in the room.

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**SEMINAR 2: HOME TEXTILE & HOME DECOR: PRODUCT DEVELOPMENT & MARKETING**

This seminar was moderated by Mark Kwami of CBI. The seminar covered two perspectives: a case study from the Ethiopia [supply side] and perspective from the buyer [US].

**Speaker 1: Ms. Haile Nigest, CAWEE, Ethiopia:** Nigest highlighted the success of the Ethiopian Home Textile that is championed by the first lady as their patron. The initiative was designed to cluster the producers so that they can generate sufficient capacity for export. They also target women and young girls who go through rigorous training on: traditional hand spinning, hand weaving, embroidery, crochet works, hand knitting, gem stones, basketry, leather and dying. Owing to its strategic positioning, the project has attracted support from at least 10 government ministries, 30 private sector partners, and associate partners such as AWEPP, UN and World Vision. At least 275 women and young girls, particularly those living with HIV/AIDS are involved in the project. Through the project, the products are linked to high end markets globally thereby providing them with sustainable income.

**Speaker 2: Mercedes Gonzales, Global Purchasing Group Ltd:** Gonzales highlighted the buyers' expectations including: quality, timing, price, differentiation, convenience, consistency. She also challenged the suppliers to do their homework before approaching the buyers. She also highlighted the trends of modern marketing including innovative ways of reaching out to buyers through the internet. She also noted that the social media was a powerful media for building and enhancing ones brand hence there should be no excuse on marketing being expensive. She noted that it was now possible to conduct major international business without having to travel to expensive expos by simply highlighting ones brand and product using the internet.

**Key outcomes from the seminar:**

- There is a huge opportunity for Economic empowerment of Home Textile
- The Ethiopian model for Home Textile industry under CAWEE could easily be replicated across the region.
- Capacity building and branding are vital for success of the home textile & home décor sectors.

**Key comments**

- Need for more time for interactions
- Need to include educational aspects and training

**Evaluation Report:**

*Even though the seminar was well attended, only a handful of evaluation forms were completed and returned hence not representative enough to conduct an analysis.*

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**SEMINAR 3: SPECIAL SOURCING SEMINAR**

This seminar was conducted by Ms. Mercedes Gonzales of Global purchasing group. Mercedes delivered a powerful presentation on how to approach the US market. She highlighted the importance of: Understanding consumer; Understanding the costs and market price at all levels; Knowing and managing ones risk and Setting up an efficient distribution system; Mercedes also highlighted the trends of buyers including how they select their brands, their perception on new brands. She also covered how to present oneself to a potential buyer through various channels including emails, phone calls, post cards, walk in to engage the buyer. She emphasized that buyers had no time to waste and one should be aware that there was a narrow window of opportunity to catch a buyer's attention. She offered simple tips that can differentiate a supplier from others considering that competition in the global market was tough.

Mercedes also offered useful tips on how to present oneself at a trade expo, giving examples of the Origin Africa trade expo that was on going as she made the presentation. She noted that it was important that the booth was well branded and also the sales representative at the booth should be well prepared with all necessary details to interact with any buyer that visits the booth in order to close a deal without having to call the owner / manager for information.

**Key Outcomes:**

- The power of social media for marketing SMEs
- Importance of capacity building and empowerment programs for SMEs
- How to attract buyers with minimal cost
- Importance of branding to enhance value

**Recommendations**

- This session needed more time for discussions

**Evaluation Report:**

*Even though the seminar was well attended, only a handful of evaluation forms were completed and returned hence not representative enough to conduct an analysis.*

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**SEMINAR 4: APPAREL SEMINAR**

This seminar was moderated by Jas Bedi (ACTIF) and facilitated by Mr. Finn Holm-Olsen of EATIH. The Chairman opened the session by noting that a number of African Countries had previously witnessed strong textile industries before massive collapse during the liberalization periods. However he noted that the tide was changing and that the future of Africa's Textile & Apparel industry is bright. However, it was important to understand the dynamics and what Africa needed to do to take advantage of the emerging opportunity.

**Speaker 1: Dr. Achim Berg, McKinsey & Company:** Dr. Achim highlighted that the success in China, Bangladesh and other major players was by design and did not just happen. Africa also needed to get its fundamentals right and also have a strategy in place to fully benefit from the emerging interest. The business environment was very competitive but all indications show that interest in Africa is growing.

**Speaker 2: Anne Marie, AAFA:** Anne highlighted the importance of AGOA which had opened up the American Apparel market to Africa. It was important that the momentum was sustained or Africa to increase exports into US market. It was also important to attract the necessary investments to build a competitive supply chain in Africa.

**Speaker 2: Diana Bird, Chief Buyer at Deacons:** Diana noted that the East African middle class was growing very fast along with a fashion conscious market, hence a great opportunity for them to tap into the regional market.

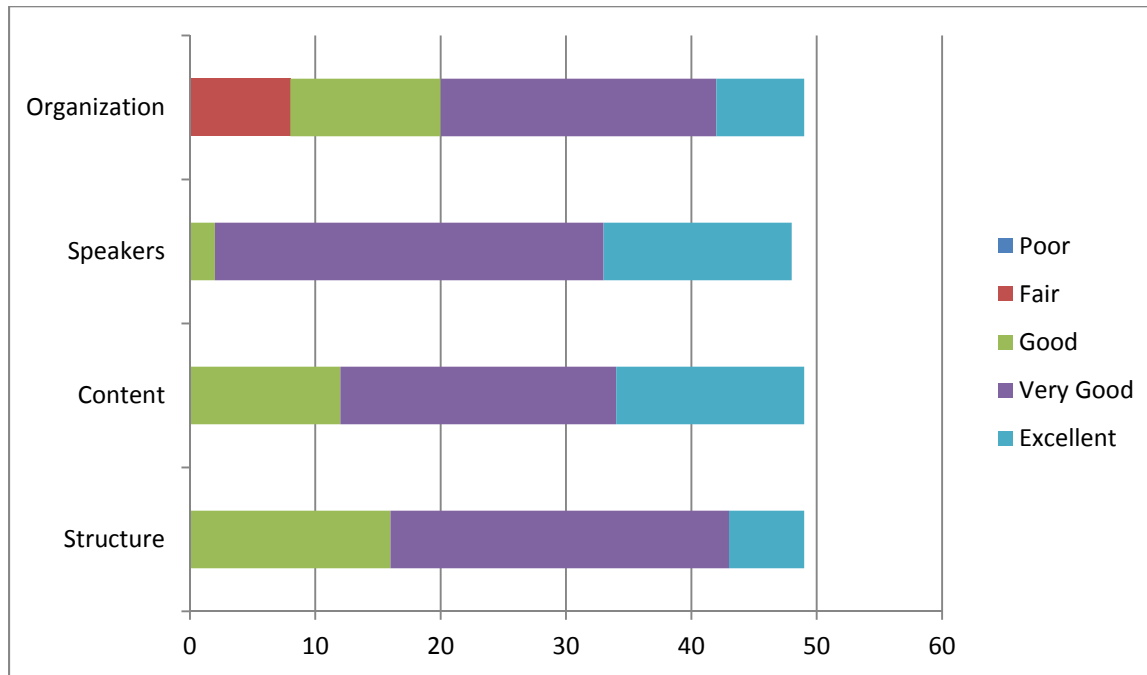
**Speaker 3: Prashant Agarwal, Wazir Advisors:** Prashant noted that the global textile industry was valued at 1.2 trillion dollars. He further highlighted that experience in Asian Giants demonstrates that strong government support is necessary for success. He cited Textile Parks in India that had provided a conducive environment for growth. Skills development initiatives should also be encouraged.

**Speaker 4: Roy Ashurst, PVH:** Roy noted that PVH had set up their presence in the region to explore the emerging potential to source apparel. He noted that buyers also had a role to play to contribute to a sustainable supply chain and avoid the CSR mistakes that have been witnessed in Asia. East Africa, being an emerging destination had a great opportunity to develop on the right footing.

**Speaker 5: Mohamed Kasem, Ready Made Garments:** Mohamed noted that in the early days of manufacturing, quality was priority number 3 or 4 as almost any quality level had a market. However, today, things have changed and quality was no longer negotiable. He further noted that Africa's export of Apparel was about US 10 billion against the global average of 700 Billion hence huge room for improvement. On their part, Egypt was ready to work with the rest of Africa towards a sustainable supply chain.

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**Evaluation Report:**



Total Participants: 121

Returned Evaluation forms: 49

**Key Outcomes:**

- The global market is changing and there is a huge opportunities for African Textile & Apparel Industry
- Critical factors for success: skills, efficiency, quality & social compliance.
- Governments have a critical role to play to promote the development of the Textile & Apparel sector including provision of infrastructure and policies;
- Africa must build its industry on a sustainable platform;
- There is need to invest in the existing training institutions with modern technology & equipment;
- Need for regional partnerships & to attract investments.
- Need for cooperation instead of competition among African Countries;

**Recommendations**

- Need for strong advocacy to lobby all stakeholders to work together to develop a sustainable Textile & Apparel Industry;
- Late comers should have been locked out to avoid disrupting the sessions;

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**SEMINAR 5: TECHNOLOGY & MACHINERY FOR CTA VALUE CHAIN**

This seminar was moderated and facilitated by Ms. Kanini Mutooni, EATIH. The session focused on the technology and innovations for development of the Cotton, Textile & Apparel sectors of Africa.

**Speaker 1: Mr. Claude Vernier, Lummus Corporation:** Highlighted the importance of preserving the fibre quality during ginning process. This includes the drying and conditioning process as well as the ginning equipment and electronic systems for control purposes. He proceeded to highlight the innovations under the Lumus Gin that have been designed for efficiency and to preserve the quality of the fibre.

**Speaker 2: Sourabh Bafna, Bajaj Steel Industries Ltd:** Sourabh highlighted the importance of selecting the right processing technology and adopting latest automation systems available for ginning process to results in to less manpower, Lower production cost & good clean cotton. He also noted that Bajaj steel was the only company in the World to have all Ginning Technologies in its bag i.e. Saw Gin, Rotary Knife Roto-bar Gins, Double Rollers Gins, Single Roller Gins.

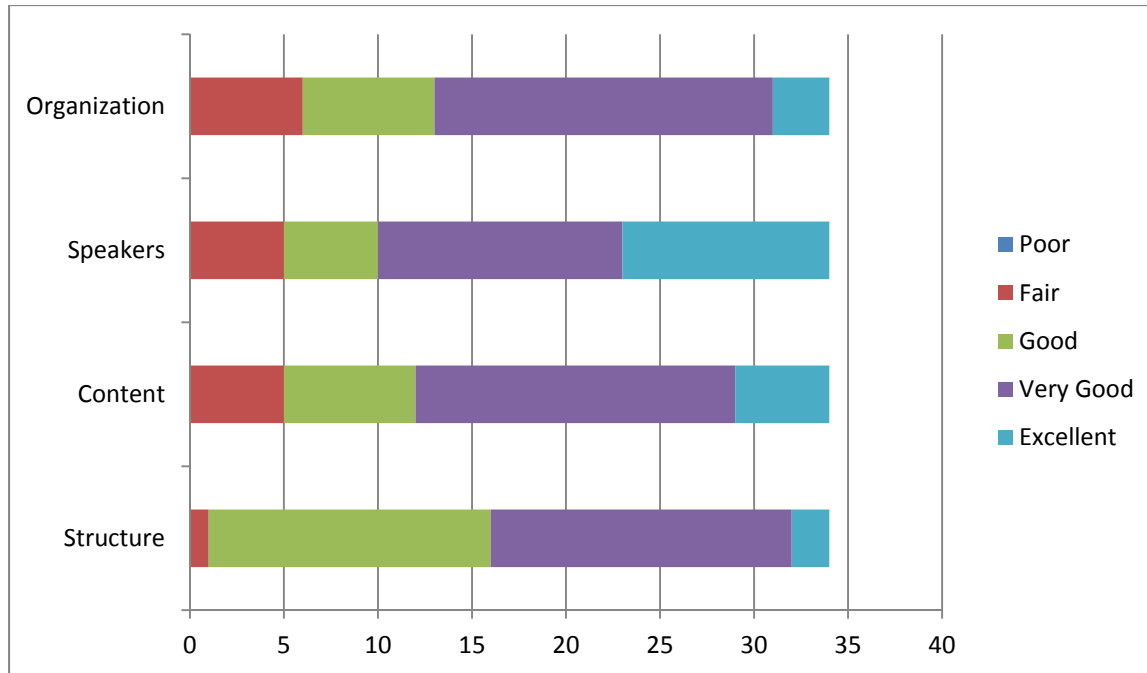
**Speaker 3: Mr. Anandhakumar, Lakshmi Machine Works Ltd:** Anandhakumar highlighted that the global spinning capacity was estimated at 240 million spindles, with China alone accounting for 115 million spindles while Africa's total working capacity was only 3 million spindles. He further noted that China was adding 6 million spindles a year when Africa was adding 124,000 spindles a year. Egypt, he noted, accounted for virtually over 95% of Africa's spinning capacity. He challenged the region to invest more in spinning technology and that Lakshmi had set up an office in Nairobi to explore and support the region in the modernization.

**Speaker 4: Mr. Bruno Caffieri, Picanol:** Bruno highlighted the evolution of weaving technology to further protect and sustain the quality of the product while also boosting efficiency. He noted that the key factors for innovation to build competitiveness include: Speed/Productivity; Versatility; Reliability; Fabric quality; Waste reduction; Fabric scope; Energy; Ergonomy and user-friendliness. He noted that Picanol had over 78 years of experience in innovation with a policy of investing 5% of its sales in R&D.



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**Evaluation:**



Total Participants: 86

Returned Evaluation forms: 34

**Key Outcomes:**

- It was clear that Apart from Egypt, Africa was hardly investing in technology and machinery;
- Upgrade of technology and machinery across the value chain is critical for building competitiveness;
- Technology advancement is moving at a high speed for all sectors of the value chain, from Ginning to Apparel industries;
- Training institutions also need to invest in the latest technologies in order to expose the students to relevant skills and knowledge.
- A number of the technology suppliers have established presence in East Africa to explore business opportunities;

**Recommendations:**

- Africa needs to improve its policy environment to attract investment in technology across the value chain;
- There is also need to focus on technologies to boost cotton production;
- There is need to learn from established countries such as Bangladesh and Vietnam
- Power cost, power quality, Productivity and efficiency are also critical for competitiveness;

**SEMINAR 6: WRAP SEMINAR**

This was a special seminar sponsored by WRAP focusing on responsible & accredited production;

**Speakers:**

**Mr. Avedis H. Seferian, President & CEO, WRAP:**

**Mr. Clay E. Hickson, Senior Director, Strategy & Business Development, WRAP:**

Key issues covered in their presentation include:

- History has proved that responsible sourcing is critical for sustainable business;
- CSR was not a big issue until in the last 15 years when the media started highlighting malpractice especially in Asia;
- Media has also evolved with time and with social media, news breaks and spreads in a matter of seconds;
- Best practices:
  - o Management systems approach;
  - o Commitment from the top;
  - o Maintain supporting documentation;
  - o Continuous education of all employees;
- Education and collaboration are two key lessons from the past decade
- WRAP is willing to work and partner with industries to strengthen social compliance systems across Africa's supply chain management;

**Key lessons:**

- Modern trend is shifting towards sustainability of supply chains;
- You cannot audit a factory to compliance. It is important to invest in prevention;
- It is easier to build a factory based on compliance than trying to fix it later;
- Sustainability should be viewed as an investment;
- Africa should view sustainability as an edge for competitiveness

**Recommendations**

- Africa should take advantage of the renewed interest in its textile industry to invest in social compliance;
- There is also need for close collaborations across the value chain;

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**Seminar 7: Investing in the Textile Industry**

This session was moderated by Mr. Cyrille Nabutola, Chief Executive Officer, Export Promotions Authority and facilitated by Ms. Kanini Mutooni, EATIH Investment Advisor.

**Speaker 1: Mr. Aref Adamali, World Bank:** Mr. Adamali noted that the World Bank has recognized the potential of the Textile Industry in Kenya and has been closely working with the Ministry of Industrialization & Enterprise Development. They have recommended to the government to adopt a green energy policy in order to access some much needed funds for modernizing the Textile Industries in Kenya.

**Speaker 2: Mr. Adan Mohamed, Min. of Industrialization & Enterprise Dev – Kenya.** Mr. Mohamed noted that there is a need to develop a competitive sector, a regional Textile value chain. He noted that Kenya had prioritized the development of the Textile Industries and highlighted some of the initiatives the government was undertaking including Power Projects; Improvement of the business environment and aggressive approach to attract the much needed investments. Some of these initiatives were already bearing fruit and the government will continue to engage all stakeholders to address the challenges including second hand clothing;

**Speaker 3: Patrick Ravoaraharison, Min. of Industry and Private Sector Dev – Madagascar:** Patrick noted that the Textile & Apparel Industry had greatly suffered for the past 5 years after having its AGOA eligibility suspended. Their recent reinstatement on AGOA was a major boost and the Government was working with all stakeholders to strengthen and grow the industry to return Madagascar to its previous position;

**Speaker 4: Ms. Patricia Cisse, Ministry of Industry and Mines, Cote d'Ivoire:** Ms Patricia noted that Ivory Coast had also undergone a difficult period during its civil war that greatly affected the cotton & textile industry; Following the restoration of Peace, the Textile Industry has been prioritized for development by the Government and they have embarked on a strategy to attract investment across the value chain and improve the business environment. A lot of positive results have been witnessed already. However, second hand clothing was also a huge challenge for them.

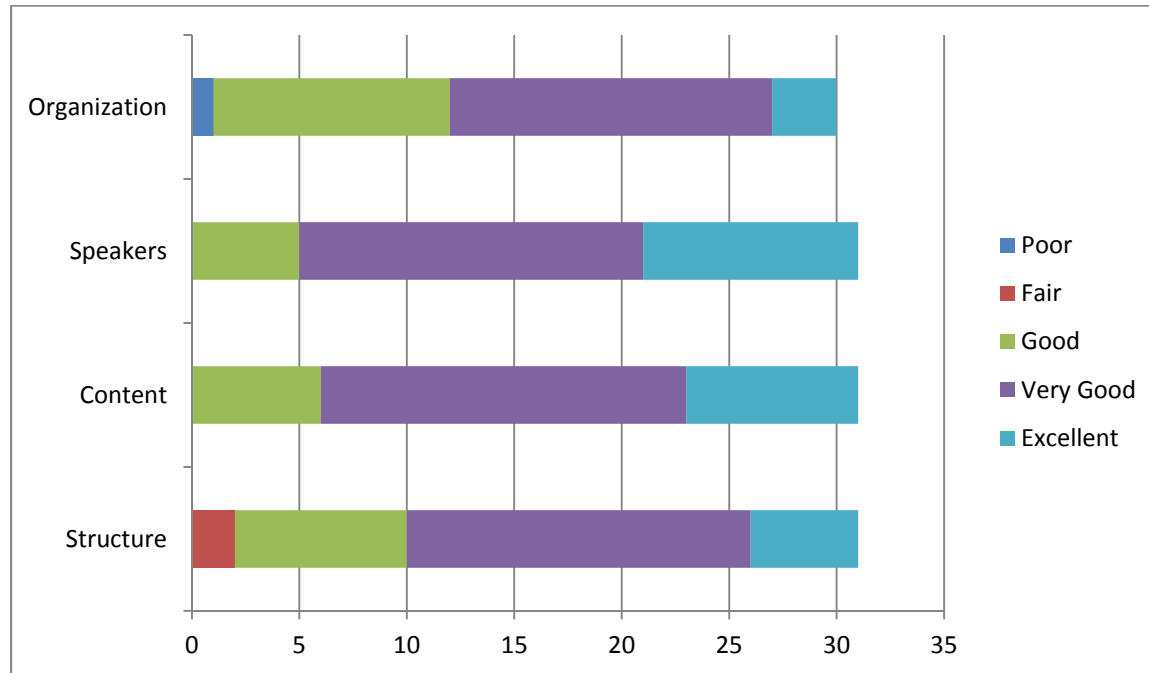
**Speaker 5: Mr. Jeremy Youmans, ZIMTRADE – Zimbabwe:** Jeremy noted that Zimbabwe has a big task to improve its image in the regional and international arena because a lot of wrong perception has been created for a long time. He emphasized that while Zimbabwe had suffered from economic sanctions and political isolation, Textile Industry still exists and they are determined to restore their previous glory. He noted that EU had recently started focusing the economic sanctions to individuals and has even been providing assistance to revive the industry, a positive and critical step for Zimbabwe.

**Speaker 6: Mr. Hugh Scott, Africa Enterprise Challenge Fund (AECF):** Mr. Scott noted that the cotton industry has for a long time been viewed as a poor man's sector considering the difficult conditions that the farmers have been facing. This will take a lot of time and effort to change. Mr. Scott highlighted the AECF - a US\$ 207m challenge fund capitalized by multilateral and bilateral donors (the AECF donors) to

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stimulate private sector entrepreneurs in Africa to innovate and find profitable ways of improving access to markets and the way markets function for the poor, particularly in rural areas. The fund can be accessed by the Textile Industries on a 50:50 sharing basis provided they present innovative proposals to them.

Evaluation:



Total Participants: 96

Returned Evaluation forms: 31

**Key Outcomes:**

- African governments have a critical role to attract investment across the textile value chain by creating a conducive policy environment;
- It is important to pursue a regional value chain concept;
- Second hand clothing seems to be a common challenge to most African countries. There is need for concerted efforts to address it;
- Cost and quality of power are key competitive factors that Africa must address;
- There is need for a specific textile policy for the countries and the continent;

**Recommendations:**

- Regional integration approach to attract investment across needs to be addressed in future;
- Need to also cover specific investments that have resulted from Government support;
- Ethiopian Case study should have been highlighted as it is currently attracting a lot of attention;

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**Seminar 8: Trade Policy Seminar: Trade Policy Interventions needed to boost intraregional trade**

This seminar was moderated by Ms. Betty Maina, Chief Executive of KAM and facilitated by Mr. Bernard Kagira, Trade Policy Advisor at EATIH

The Seminar focused on trade policies that would promote increased productivity, production and competitiveness of cotton, textile and apparel through topical presentations the following speakers:

- Speaker 1: Mr. Fred Kong'ong'o, COMESA
- Speaker 3: Mr. David Luke, Africa Trade Policy Center (UNECA)
- Speaker 4: Mr. Samuel Gayi, UNCTAD
- Speaker 5: Mr. Abisha Tembo, Department of Trade and Industry, South Africa

**Summary of Outcomes**

**a) Drawing on lessons from COMESA program on 'Cotton to clothing value chain' and experiences from South Africa the following recommendations were made: -**

- Need for policies to support SMEs in the CTA sector. This could include SME clustering aimed at elevating their visibility and pooling skills and equipment that often limit the sector's productivity and ability to access regional and international markets. COMESA has initiated this intervention with an aim of ensuring sustainability of production and supplies into the regional and international markets.
- Need for policy to limit the importation of second hand clothes in view of the damage these clothes have inflicted on textile manufacturing in the region. Lessons from countries that have made a breakthrough in garment manufacture, where second hand clothes never featured in the market should be used to guide this policy formulation.
- Need for policy to promote access to technology, such as knitting technology, which may be out of reach for upcoming garment manufacturers. This could include fiscal policies that ensure investment incentives that are available for Foreign Direct Investments are also available to regional/local investors in such technology.

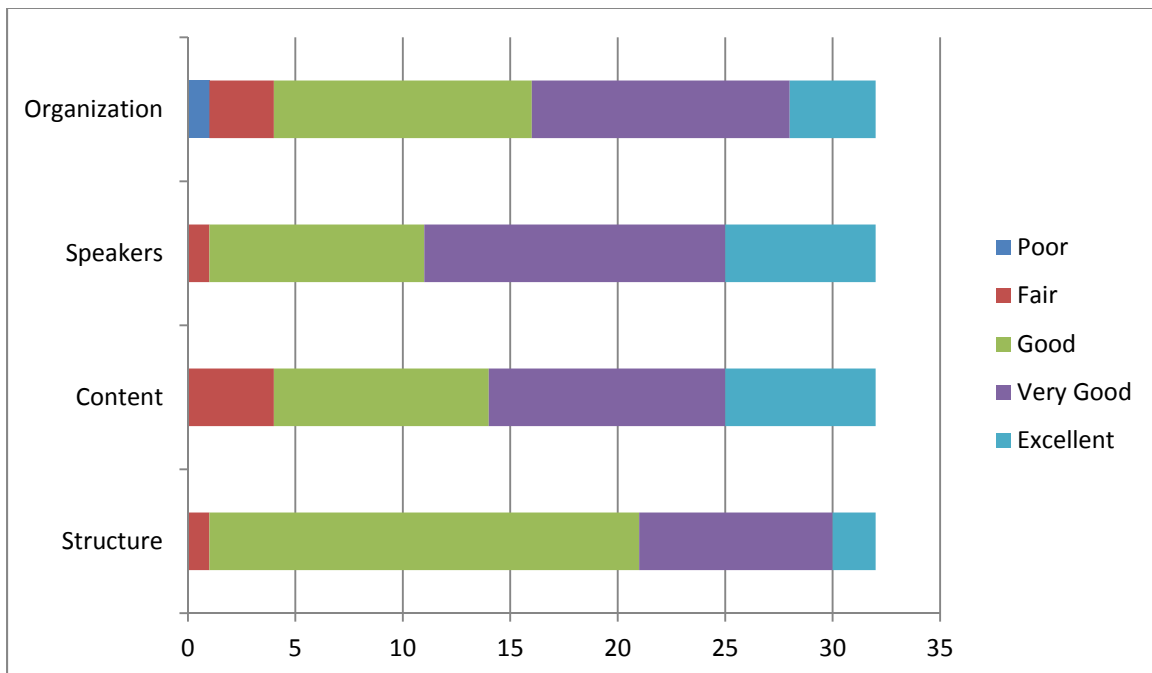
**b) Drawing on lessons from Republic of South Africa, Department of Trade and Industry (DTI) the following recommendations were made: -**

- Need for a regional strategy and policies to support integrated regional value chain for CTA, that puts emphasis on value addition. The South Africa case of support to setting up of spinning industries in SADC countries that have been traditional sources of cotton for South Africa textile industries could provide a useful lesson in the process of formulating the strategy and requisite policies to support the strategy.

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- Draw lessons from the incentive structure for promotion of competitiveness of the CTA sector in South Africa under the program: Clothing and Textile competitiveness improvement program. The compelling reasons to draw lessons from this program include the impact on Small, Micro and Medium Enterprises (SMMEs) who have been integrated into the value chain in a sustainable manner. These firms are now among the sustainable suppliers of garments in South Africa.
  - Need for policy to harness talents and skills in design should be pursued in order to ensure exploitation of the potential in design and production of designer/branded garment. Policies that have led to the success of the South Africa's National Version Council will come in handy in exploring on policy measures to exploit the potential.
- c) The meeting, based on the information from UNCTAD, embraced the view that 'Real money is in the brand and value addition. Policies to encourage brand development and marketing through brand promoting firms in the regional and international markets need to be developed.
- d) The EAC countries as well as all other countries in Africa were urged to commence implementation of the WTO Trade Facilitation Agreement, putting regional interest first. Need to prioritize the region in the process of implementing the WTO Trade Facilitation Agreement because of the stark reality that intra-regional trade is very low, and certain provisions of the WTO TFA address such concerns and limitation,
- e) The region should exploit the regional potential, which as demonstrated by UNECA is quite huge and ready to be tapped. Appropriate policies are therefore needed to increase intra-regional trade.

**Evaluation:**



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**Recommendations:**

- Second hand clothing needs to be addressed at a regional policy level to agree on a sustainable strategy;
- There is need to focus on practical implementation and results of regional policies;
- South African model of tackling second hand clothing should be studied more;
- There is need to think globally but act regionally;
- COMESA SME cluster programme should be expanded to cover all member countries;
- There is need to offer more support to African industries in the face of the stiff global competition;
- Policy initiatives should be linked to trade and investment;