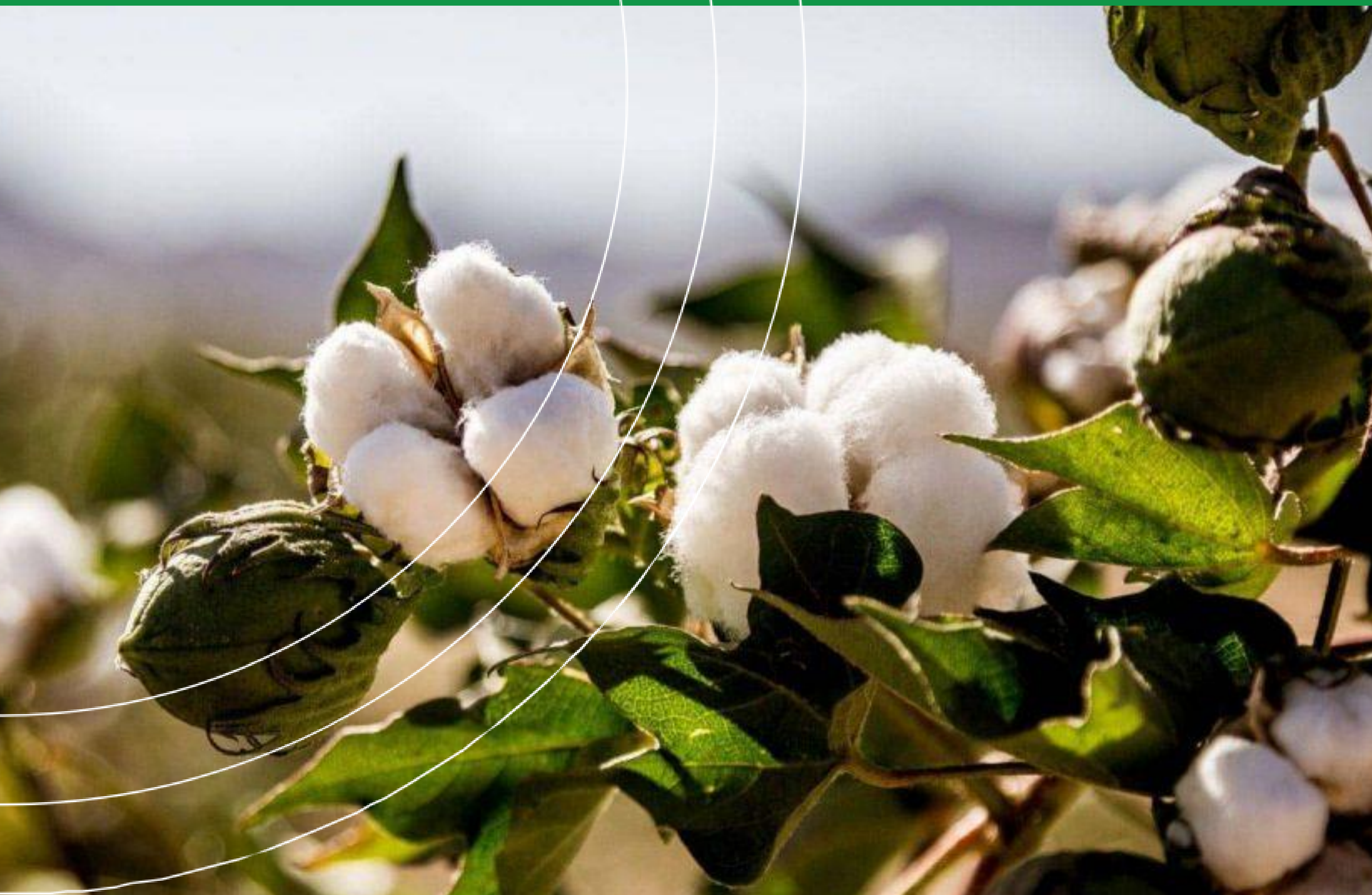
ANNUAL REPORT 2022



LIST OF CONTENT

INTRODUCTION

The 2021/2022 season can be described as the lowest production of cotton over a period of thirty year of cotton cultivation in the history of the country.

This was despite a good producer price that was offered by the ginners in view of motivating the farmers to revert back to cotton cultivation but still many farmers had disbelief of the high price given. The poor crop harvest that was experienced also affected the financial position of the Board through levies and hence affected operations forthwith.

The activities of cotton production for the season 2021/22 Season in the country had 8 active Ginners, namely:

- Alliance Ginneries Limited (AGL)
- China Africa Cotton Company (CAC)
- Continental Ginneries Limited (CGL) referred to as Parrogate
- Highlands Cotton Trading Company (HCT)
- Louis Dreyfus Company (LDC)
- Ludi Investment Limited
- Mt Meru Millers Limited
- Shree Vagmi Cotton Limited

The period in question was faced with challenges ranging from failure to give extension services to farmers by Ginners, the emergency of Soya beans as a serious competitive crop due to good prices offered and this led to a drastic decline in cotton production by farmers. Some companies such as Unique Textiles, Mumbwa Farmers Ginning and Pressing Company and Fortune Commodities failed to buy the crop from their financed farmers.

The season was short and poor with less production. This was mainly due to competition with other crops like Soya beans, groundnuts, maize which faired very well the previous season causing a shift to the crops by majority farmers.

Nonetheless the sector didn’t sit idle but embarked on radio programs which were conducted in collaboration with some ginners to assure and affirm to the farmers on the importance of taking advantage of cotton production which had offered the highest price ever in history. The radio programs on sensitization were conducted in all regions through the local radio community stations. This was done to bring back the farmers to the sectors in the next seasons as results could not be achieved in one season.

OVERVIEW OF ACTIVITIES

The activities which were critically looked at were as follows during this period under review.

- Monitoring Ginner input distributions, contracted farmers and sales to farmers/ planting and ensuring correct variety use
- Seed zone inspections for compliance, crop inspection and field inspection
- Monitoring and collection of Data for contracted farmers from Ginners.
- Organizing and attending Cotton Ginners committee meetings.
- Inspection of all cotton documents used by Ginners.
- Ginnery inspection for compliance on minimum safety standards.
- Checking and follow-ups on distinguishing marks by Ginners.
- Checking and follow-ups on Registration and renewals by ginners.
- Organizing meetings concerning seed zones in the provinces of the concerned players.
- Organizing farmer trainings of pest management and profitable production through the Ginners.
- Attend cotton field days.
- Organization and participation at the Agriculture Shows

PERFORMANCE REVIEW

The performance of cotton production in the country continued to decline in the 2021/2022 season raising serious concerns at what was happening to a sector which was once so vibrant and had played a big role in poverty alleviation in the rural parts of the country where the vulnerable small-scale farmers stay. The numbers of farmers in cotton cultivation dropped and hence the drop in the plantings as well. This decline in production can be seen in the tables below.

2020/2021 SEASON COTTON PRODUCTION FIGURES

COMPANY	No of FARMERS	PLANTED (HA)	EXPECTED PROD. (KGS)	SEED COTTON PURCHSED (KGS)	LOAN RECOVERY (%)	PRICE/KG (K)
ALLIANCE	18,777	29,006	9,368,938	3,525,435	32.86	4.00-8.50
CAC	4,045	6,051	1,452,240	143,504	14.12	4.00-8.50
CONTINENTAL	26,513	38,756	12,401,920	5,011,947	41.19	4.00-8.50
GRAFAX	4,085	5,500	1,375,000	-	-	
HIGHLANDS	15,287	20,335	6,256,000	2,100,000	51.92	4.00-8.50
LDC	41,789	57,131	14,629,195	7,593,000	36.55	4.00-8.50
LUDI	16,633	18,000	5,000,000	2,190,000	55.68	4.00-8.50
MFGPC						
MOUNT MERU	22,119	30,076	9,617,263	3,000,000	42.45	4.00-8.50
SHREE VAGMI	4,445	7,553	1,888,250	541,000	31.07	4.00-8.50
UNIQUE TEXTILES	843	1,005	241,200	144,092	44.26	4.00-8.50
TOTAL	**154,536**	**213,413**	**62,230,006**	**24,248,978**	**41.86**	

2021/2022 SEASON COTTON PRODUCTION FIGURES

COMPANY	No of FARMERS	PLANTED (HA)	EXPECTED PROD. (KGS)	SEED COTTON PURCHSED (KGS)	LOAN RECOVERY (%)	PRICE/KG (K)
ALLIANCE	9,112	16,015	5,620,780	2,600,000	54.00	10.0-15.0
CAC		2,153	530,000	105,870	6.78	10.0-15.0
CONTINENTAL	15,598	19,252	4,237,870	3,146,411	64.18	10.0-15.0
FORTUNE COMMODITIES	290	375	200,000			
HIGHLANDS	8,211	10,229	1,915,200	1,779,214	72.53	10.0-15.0
LDC	29,422	41,453	8,260,432	8,639,859	46.80	10.0-15.0
LUDI	21,333	18,665	1,500,000	2,415,601	65.76	10.0-15.0
MOUNT MERU	13,212	23,763	7,175,675	1,971,911	51.26	10.0-15.0
SHREE VAGMI	6,407	7,502	1,875,500	787,000	36.86	10.0-15.0
TOTAL	**103,585**	**139,407**	**31,315,537**	**21,445,866**	**54.43**	

REGIONAL SEED COTTON PURCHASES COMPARISON FOR 2020/2021 AND 2021/2022 SEASON

REGION	2020/21 SEASON PURCHASED (KGS)	2020/21 SEASON % PURCHASED	2021/22 SEASON PURCHASED (KGS)	2021/22 SEASON % PURCHASED
Central	6,323,162	26.08	5,494,272	25.62
Eastern	12,468,739	51.42	12,016,594	56.03
Southern	5,457,077	22.50	3,935,000	18.35
TOTALS	**24,248,978**	**100**	**21,445,866**	**100**

From the figures show above it can be seen the cotton sector performance continued to be on downward trajectory which is not conducive for the country's economy as cotton brings forex since it's an export crop.

The following was lint and fuzzy seed that was produced by each ginner:

COMPANY	LINT PRODUCED BALES	LINT PRODUCED KILOGRAMS	FUZZY SEED PRODUCED BAGS	FUZZY SEED PRODUCED KILOGRAMS
Alliance	4,845	1,066,000	28,600	1,430,000
China-Africa	197	43,407	1,165	58,229
CGL	5,864	1,290,029	34,611	1,730,526
Highlands	3,316	729,478	19,571	978,568
Mt Meru	3,675	808,484	21,691	1,084,551
LDC	16,102	3,542,342	95,038	4,751,922
Ludi	4,502	990,396	26,572	1,328,581
Shree Vagmi	1,467	322,670	8,657	432,850
TOTALS	**39,968**	**8,792,806**	**235,905**	**11,795,227**

The ginning capacity of the nation remained at 396,000 tons though ginneries for Grafax Cotton and Mumbwa Farmers Ginning and Pressing Company were not operational due incapacitation.

COMPANY	NO. OF GINNERIES	GINNING CAPACITY (TONS)	LOCATION
Alliance Ginneries	1	25,000	Kafue
AGDC	1	10,000	Shibuyunji
Highlands	2	60,000	Chipata
China-Africa Cotton	1	30,000	Chipata
Continental Ginneries	2	45,000	Mwembeshi, Sinda
Grafax Cotton	1	20,000	Chisamba
MFGPC	1	6,000	Mumbwa
LDC	4	160,000	Gwembe, Katete, Lundazi, Mumbwa
Mount Meru Millers	1	20,000	Katuba
Shree Vagmi Cotton	1	20,000	Mwembeshi
TOTAL	**13**	**396,000**	

DISTRICT COMMITTEE MEETINGS AND CONFLICT MANAGEMENT

During this period under review the District Committee meetings continued to be a very useful tool of communication among key stakeholders however, poor funding affected the frequency of meetings. To this, fewer meetings were conducted but a lot of collaboration was done through the electronic media.

The conflicts among ginners had drastically reduced as resolution of cases was done among the players themselves and worked very well. However, two cases were handled in Eastern and one case in Southern region were recorded.

WEATHER

The rainfall recorded was normal to above normal in all regions as could be seen below. Some areas experienced flooding and waterlogging situations hence the crop was lost due too much water. Generally, the weather was favorable but the plantings were much less compared to the previous seasons.

REGION	AMOUNT (mm)
Central	Mumbwa - 1,300 Kabwe - 718
Eastern	1,117.4
Southern	893.7

GENERAL INSPECTIONS AND MONITORING

The 2021/2022 season was challenging as the financial position of the Board was poor especially with the low volumes of the crop that was experienced. Some activities did not receive a lot of attention however, concentration was exerted on input verification to ascertain the quality of planting seed and chemicals provided to farmers by the ginners in the field.

During these exercises some companies were found to have distributed uncertified seed and mitigating measures were put in place with the ailing companies. Furthermore, focus was put on the monitoring of seed zones activities during which Msoro seed zone was disqualified on production of Basic for 2021/2022 due to lack observance of isolation distance and there were mixed varieties of Chureza and CDT II.

All the companies supplied Chureza variety except for Alliance Ginneries who supplied CDT II which was the correct cultivar to have been grown in that seed zone.

CHALLENGES

It should be noted that during this year under review the following challenges were encountered:

- Failure to purchase seed cotton from their financed farmers.
- Failure to pay farmers on time.
- Failure to provide adequate chemicals to farmers.
- None attendance to the district committee meetings by some ginners.
- Bait financing hence double contracts created.
- Poor extension services provision.
- Some ginners provided uncertified seed to farmers.

RECOMMENDATIONS

- Hardware & Software Sales & Support
- In view of the serious decline of cotton production over the years it's prudent to consider the introduction of the concession/zoning system in the country so that each ginner takes responsibility of its concession.
- The Cotton Act No. 21 of 2005's amendment could address some of the issues affecting the sector.
- Minimum pre-planting guaranteed buying price should be encouraged by ginners so that farmers can visualize cotton farming as a business.
- The Price Mechanism model to be embraced by to all key stakeholders to instill transparency on pricing of cotton.
- Penalties should be considered for companies that fail to fulfil their obligation of providing full services to their contracted farmers up to marketing time.
- Extension services provision to be harmonized.
- Lack of responsibility and seriousness by some ginners

CONCLUSION

The continued declined of cotton production is a worrisome development which needs serious concerted efforts by all key stakeholders to look at way resuscitating the sector from this downfall. The fall of production volumes from a high of 275, 000 tons to a lowest of 21,445 tons in a period of 12 years cannot be ignored by any well-meaning citizen. To appreciate the performance of the sector over years, it would be important to look at the production figures trend over a period of time as shown on the appendix.

To this effect, it can be concluded that the current concentrated out grower system has failed the sector and going for concession/zoning system could serve the sector as it has worked well in some countries.

APPENDIX

COTTON PRODUCTION FIGURES FROM 2005 TO 2022

SEASON	NO. OF FARMERS	PLANTED HECTARES	SEED COTTON PURCHASED (TONS)	LINT PRODUCED IN (TONS)	FARM GATE PRICES PER KG
2005/06	244,005	365,800	182,900	69,502	K1.40
2006/07	142,308	367,000	182,500	69,350	K0.85
2007/08	116,388	209,500	104,750	39,805	K1.30
2008/09	225,419	248,401	109,366	42,653	K1.50
2009/10	193,894	230,648	71,140	27,920	K2.35
2010/11	266,222	281,689	142,292	58,330	K3.35
2011/12	439,641	512,779	275,000	110,942	K1.60
2012/13	336,790	411,054	104,219	41,568	K1.95-K2.40
2013/14	309,750	373,343	100,106	40,042	K2.40-K3.20
2014/15	309,937	350,745	113,032	45,099	K2.40-K2.50
2015/16	277,550	339,384	116,557	46,622	K3.00
2016/17	254,884	294,233	55,925	20,578	K3.70
2017/18	264,864	338,813	101,173.530	39,952	K3.50
2018/19	297,882	397,898	66,454,099	26,582	K3.70
2019/20	243,313	312,907	50,594,364	19,732	K3.70-K4.00
2020/21	154,536	213,413	24,248,978	9,670	K8.50
2021/22	103,585	139,407	21,445,866	8,578.35	K15.00

ADDRESS

Crop Serve Stand,
Showgrounds,
P.O. Box 33734,
Lusaka, Zambia.

EMAIL

info@cbz.org.zm

CONTACT

+260 776 282 128