



**TOWARDS TRADE JUSTICE AND
SUSTAINABLE RURAL LIVELIHOODS
IN THE COTTON VALUE CHAIN**

POLICY DIGEST MARCH 2023





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1. INTRODUCTION

The March Policy Digest seeks to examine the plight of small-scale cotton farmers across the country with the objective of promoting a just policy framework that embeds sustainable livelihoods. The digest brings to light the agony of small-scale cotton farmers and unfair trade practices being infused in contract-farming practices. The vicious cycle of poverty anchored on the debt-trap will be elaborated and how it deepens vulnerability of small-scale farmers. The policy digest ends with policy recommendations that gravitate towards a just cotton policy framework for livelihood sustainability.

2. HISTORICAL ANALYSIS: COTTON AS A SOURCE OF LIVELIHOOD

Cotton is indigenous to Zimbabwe. Its production dates back to 1890 when a sample of the indigenous plant was sent to London for assessment.¹ The assessed Zimbabwean plant was regarded as the best and received highly favourable remarks. It was likened to the Egyptian and American cotton variety. Nevertheless, it was not until 1924 when interest towards indigenous cotton was shown through the establishment of a Cotton Research Institute in Kadoma.² The Cotton Research Institute was given the mandate to develop, evaluate and maintain cotton varieties suitable for Zimbabwean climatic conditions.

Cotton was at the heart of economic development and trade among the indigenous people. It was their source of livelihood and sustainability.³ The more informed and advanced communities were going beyond trading. This can be evidenced by the Kore-Kore and Tonga people who grew cotton to make blankets and string.⁴ Cotton was grown in areas such as Gokwe, the Zambezi River Basin, Mashonaland West and North to mention but a few. The demand for Zimbabwean cotton began to gain momentum around 1926 due to its durability, cleanliness, intrinsic fibre properties and regularity.⁵ This was mainly due to the fact that, Zimbabwean cotton was handpicked. Around the same time, colonial displacement and takeover of arable land was picking up steam as white colonialists had seen the large demand for cotton. A move that undermined the economic emancipation of the Zimbabwean communities while culminating in the expansion of the cotton industry and cotton premium prices. This is also regarded as the watershed period in the lives of small-scale farmers as it marked the emergence of their exploitation and relegation in the value and supply chain of cotton production.

1. Mariga, I. K. 1994. Cotton research and development. In: Rukuni and Eicher (eds). Zimbabwe's Agricultural Revolution. University of Zimbabwe Publications,

2. United States Department of Agriculture (USDA), 1991. Country update: Zimbabwe - 1980-1992 cotton production, forecasts - World Cotton Situation, 1991. U.S. Dept. of Agriculture, Economic Research Service Reports

3. Whingwiri E Rukuni EMO, Mushaike K and Matanyaire C 1992. Small scale Agriculture in Zimbabwe Farming Systems, Policy and Infrastructure development. Rockwood Publishers Harare

4. Svatwa, Eand Mapfumo. T (2015) Cotton Production Under Contract System In Small Holder Farming Sector Of Zimbabwe, International Journal of Innovative Science, Engineering & Technology, Vol. 2, Issue 1

5. Svatwa, Eand Mapfumo. T (2015) Cotton Production Under Contract System In Small Holder Farming Sector Of Zimbabwe, International Journal of Innovative Science, Engineering & Technology, Vol. 2, Issue 1



Ironically, the tremendous growth of the cotton industry did not translate to transformation of the Zimbabwean communities but rather in poverty and manipulation. At one point, Zimbabwe was the largest producer of cotton in Southern Africa yet the benefits thereof, did not cascade down to the small-scale farmers, illustrating the trade injustices in the cotton value chain. In 1980 and 1985, Zimbabwe produced 147 420 and 170 000 tons of cotton respectively⁶. Pointing to the growth of the cotton industry thereby making it one of the most drivers of foreign currency yet no visible transformation was witnessed in the lives of small-scale farmers. During the same period, approximately 55% of cotton was grown on large-scale estates, 38% on commercial farms and 12% on small-scale communal land as well as government estates under the Agricultural Rural Development Authority (ARDA).⁷

Around 1999, there was the introduction of an Input Credit Scheme and deregulation of cotton marketing which resulted in the rise of cotton production by small-scale farmers. A tremendous increase of small-scale cotton output from 18 797 in 1993 to 92 769 tonnes in 1997. Unfortunately, such increase did not benefit small-scale farmers due to unjust and unfair trade practices and manipulation by middleman. The agony and plight which present-day small-scale cotton farmers are experiencing as is highlighted in the section below.

3. The Unjust Trade Practices in Cotton Production

Exploitative Contract Farming

The emergence of contract farming in the cotton industry was viewed as a positive stride in bridging the financial gap. It was seen as an alternative source of funding to small-scale cotton farmers who were struggling to get credible lines of credit from banks and other financial institutions. However, the much anticipated contract farming did not yield positive results on the side of the farmers despite managing to increase cotton yield in Zambia and Zimbabwe⁸. Thus, the growth in cotton yield in Zimbabwe and Zambia failed to improve the livelihoods of the small-scale farmers. A survey conducted by ZIMCODD in Mahenye, Maparadze, Chikono, Gokwe and Checheche revealed that, the proceeds of contract farming are only benefiting contracting companies. There is an uneven distribution of profit as small-scale farmers proceeds are all going towards debt servicing. This is because, contract farming systems are profit-driven and calibrated to exploit small-scale farmers. Small-scale farmers are thrown in a vicious cycle of debt and more vulnerable.

Paying Farmers with Groceries

It is alleged that, Cotton Company of Zimbabwe (COTTCO) paid cotton farmers with groceries. This was revealed during a question and answer session in parliament showing that some farmers were paid in groceries in lieu of cash.¹⁰

6. Poulton, C., and B. H. Mlambo. 2008. *The Cotton Sector of Zimbabwe Africa Region (Working Paper Series No. 122)*.

7. Cotton Indaba Taskforce. 2012. *Deliberations from the Cotton Indaba: Paving the way forward*. Harare, Zimbabwe

8. Jackeline Mutambara & Kingstone Mujeyi (2020): *Enhancing competitiveness of Zimbabwe's cotton production under contract farming*, *African Journal of Science, Technology, Innovation and Development*, DOI: 10.1080/20421338.2020.1744270

9. Kabwe, S et al. (2018) *Contract farming and informality: drivers and governance responses in Zambia and Zimbabwe*. Research Report. IIED, London and CIFOR, Lusaka.

10. <https://www.zimeye.net/2023/02/12/cotcco-paying-farmers-with-groceries/>



An allegation which the Acting Minister of Agriculture Felix Mhona did not refute.¹¹ However, the minister stated that, the payment of cotton with groceries was a voluntary process which was done at some point but not anymore. The process was also not voluntary as there was no alternative way of paying farmers thereby leaving grocery as the only payment method. This is because farmers were given a choice to wait indefinitely or receive payments in groceries. A method of payment that fit squarely under exploitation, unjust and unfair trade policies as farmers are deprived of their produce's real value and under paid by groceries. ZIMCODD¹² has condemned this practice citing that its an economic injustice equal to modern day slavery and forced labour.

A trend analysis of Zimbabwe Cotton Exports shows that cotton is one of the major generators of foreign currency in Zimbabwe. In 2019 cotton generated approximately US\$ 36,9 million, US\$26,5 million in 2020, US\$ 79,9 million in 2021 and US\$41,3 million in 2022. Zimbabwe`s main exports destinations are Mauritius, Colombia, Lesotho, Botswana and United Arab Emirates. It is critical to note that, when Zimbabwe exports cotton it is not paid in groceries but rather in US\$. Zimbabwe`s cotton prices on the international market has flatulated over the years, prior 2019 a kg of cotton was US\$ 1.51 in 2017, US\$ 1.49 in 2018, US\$ 1.16 in 2019, US\$ 1.26 in 2020, US\$ 1.33 in 2021 and US\$ 1.30 in 2022.¹³ Despite such fluctuations in cotton pricing, Zimbabwe has continued to generate relatively high foreign currency. A testament to Zimbabwe`s capacity to pay cotton farmers in US\$. Therefore, failing to do so is nothing but a manifestation of trade injustice, inequality and abuse of public finance.

Limited Lines of Credit

According to key informants from Gokwe, Muzarabani, Chisumbanje and Checheche, limited lines of credit have remained a major stumbling block in cotton production. The key informants noted that, small-scale farmers are failing to secure lines of credit. This is because, they do not have property to use as collateral. Majority of small-scale farmers uses communal land hence they do not have title deeds to that land. At the same time, those who have benefited from the Fast Track Land Reform Program (FTLRP) have not yet been given title deeds by the government. Thus, lack of title deeds by small-scale farmers has undermined their chances of receiving financial support from financial institutions. It is therefore prudent for the government to ensure that, all the beneficiaries of the land reform program be given title deeds as this will unlock lines of credit and attract investors.

Corruption

At a time when cotton farmers are allegedly being paid with groceries, allegations of looting have emanated at the Cotton Company of Zimbabwe (COTTCO) Muzarabani depot in Mashonaland Central. It is alleged that, the deport manager for COTTCO Muzarabani looted 7 000 cases of cotton pesticides and thousands of litres of fuel.¹⁴

11. <https://www.zimeye.net/2023/02/12/cottco-paying-farmers-with-groceries/>

12. <https://zimcodd.org/wp-content/uploads/2023/02/Commentary-on-Cotton-Farmers-Payments.pdf>

13. <https://www.selinawamucii.com/insights/prices/zimbabwe/cotton/>

14. <https://www.newsday.co.zw/southerneye/local-news/article/200007716/muzarabani-cottco-managers-in-pesticide-fuel-scam>

A scenario which makes citizens believe that, the abuse of public finances by deport managers and other senior officials within the company is the major reason why the company is failing to pay farmers. A view that might be dismissed by others but one which does not eliminate the positive correlation between abuse of public funds and the organisation's failure to pay farmers. Nonetheless, the delay and failure to pay farmers fits squarely under the prism of trade injustice and needs urgent redress.

Gender Imbalances

Gender imbalances appear to be constantly stubborn across the entire economic, production and social sector. Women are subjected to unfair trade systems and social values that systematically undermines their ability to attain optimum profit from cotton production. While majority of those who provide labour for cotton are women and youth, their male counterparts enjoy the proceeds more than them. An interview conducted at Machoka Village (Save, Chiredzi) revealed that most men want polygamy for the benefit of labour during farming seasons. However, after selling cotton, women and children are usually neglected by the men who spends the proceeds on other women and alcohol. Be that as it may, the depots where they sell their produce are not gender friendly. They often disregard gender special needs such as; ablution facilities, rooms for breastfeeding mothers, baby's changing room, running water and adequate sanitary disposal bins and does not factor in women multiple societal roles. All these factors, put women at a disadvantage against their male counterparts. The same sentiments were shared in Muzarabani, Gokwe, Checheche, Mahenye and Chikono (Chipinge). Therefore, unless and until such concerns are addressed, gender balance remains in doldrums in the cotton value and supply chains.

Child Labour

Zimbabwe has made headlines on international platforms for the wrong reasons. Child labour has been at the core of cotton production in Zimbabwe.¹⁵ Child labour is a common feature of the Zimbabwean production sector with tobacco, cotton and mining sector being at the fore front. A feature which threatens livelihood sustainability as child labour culminates in school absenteeism thereby robbing the community of the much-needed human capital development. Child labour is facilitated by the fact that, majority of small-scale farmers are family businesses and therefore rely on family labour. According to a key informant from Muparadze, "you call it child labour, we call it training and nurturing our children into agriculture". Thus, from the submission of the key informant, it is clear that the informant was not even aware of the detrimental consequences of child labour. Child labour is a violation of national and international laws. It threatens the welfare and wellbeing of children. This also brings to light the trade injustices, inequalities and exploitation that children of small-scale farmers encounter.



15. https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2021/Zimbabwe.pdf

4. Towards A Just Cotton Policy Framework for Livelihoods Sustainability

The following recommendations have been proposed as possible organic policy alternatives that promote a just cotton policy framework that accounts for sustainable livelihoods of small-scale farmers.

- The Agriculture Marketing Authority (AMA) should ensure that the cotton value and supply chain is more inclusive and transparent
- The Ministry of Agriculture and the Ministry of Finance must find alternative ways of creating inclusive lines of credit for cotton farmers.
- The Women Development Fund (WDF) must also benefit women who are involved in cotton production by availing them viable lines of credit to pre-finance their cotton.
- The Ministry of Agriculture in conjunction with the Ministry of Finance must ensure that small-scale farmers are paid all their money timely, in foreign currency since cotton exports are paid in foreign currency. If this is possible in tobacco, so it must be with cotton.
- The ministry of Agriculture must establish how many farmers are still owed by COTTCO from the 2019 farming season to date and the amounts involved with a view to expedite corrective measures. There is need for immediate intervention by the AMA to investigate and ensure fair remuneration and compensation of cotton farmers.
- The Ministry of Finance should ensure judicious utilisation of public funds allocated in the 2023 national budget i.e. the US\$22.5 million from Special Drawing Rights for retooling, for new equipment and replacement under the Value Chain Revolving Fund targeted at cotton, leather, pharmaceutical and fertilizers.
- The Parliamentary Portfolio Committee on Agriculture must amplify its governance and oversight role in cotton trade to ensure fair trade practices between the farmers and buyers.
- The Parliamentary Portfolio Committee on Agriculture should spearhead a holistic consultative forum and public hearings with cotton farmers to understand their grievances for better livelihoods and sustainability.
- Cotton growing areas must be classified special economic zones (Gokwe, Chipinge, Sanyati).
- The Zimbabwe Anti-Corruption Commission must ensure that all corruption allegation are investigated and prosecuted to deter abuse of public funds by public officials.



5. Conclusion

Sustainable livelihoods, trade justice and equality must be at the core of a just cotton policy framework. This is the only way to redress the challenges being encountered by small-scale farmers inclusive of vulnerability, unsustainable vicious debt cycle, child labour, gender imbalances and exploitative contract farming. The March Policy Digest argues that, there is need for robust public hearings and consultative forums to understand the plight and agony of small-scale cotton farmers. This is because, the digest presents a glimpse of the challenges of cotton farmers, thus leaving room for further investigation into the same.

