PRESENTATION OF THE COTTON AND CASHEW NUT REGULATION AUTHORITY

CREATION OF ARECA
- 16 September 2002
- March 2003: starting of operations
- Covers cotton and cashew nut, as the two main cash crops for the northern and central regions of Côte d'Ivoire;
- Focal products for poverty alleviation.

MISSIONS OF ARECA
- Elaborate the overall regulatory framework to govern the running of activities in the cotton and cashew nut sectors;
- Set up rules and procedures for contracting in the main activities such as selection and approval for the installation of new ginning units in accordance with the existing capacity and the national output;
- Establish marketing patterns; pricing system to farmers;
- Establish conditions for export and supply of the local industry;
- Control the implementation of all these rules in view to secure fair competition;
- Take sanctions and penalties for failure;
- Assist the government in the identification and implementation of projects to improve production, marketing and local industry;
- Participate on behalf of the government in international meetings, negotiations and agreements.

ORGANIZATIONAL CHART

- Group of Producers
- Cooperatives unions
- Ginners Group
- Spinners Group
COTTON SECTOR

Production sites
- Northern and central regions of Côte d’Ivoire;
- 263,336 ha planted area;
- Around 200,000 farmers;
- Around 3.5 millions people living directly or indirectly from cotton activities;

I- PRODUCTION SCHEME

Domains of actions
- Information dissemination;
- Identification of production objectives and registration of producers planting needs;
- Delivery of fertilizers and agricultural material (production material);
- Research;
- Assistance to professional agricultural organizations (cooperatives);
- Sustained soil management;
- Maintenance of rural roads;

1. Information dissemination
   - Technical itineraries;
   - Planting techniques awareness;
   - New techniques inventory;
   - How to carry out the crop season (overall farming discussions);

2. Identification of production objectives and inventory of producers planting needs.
   - Registration of producers needs (area to grow);
   - Elaboration of planting programs;
   - Assessment of fertilizers quantity needed;
3. Supplying planting inputs: seeds, fertilizers, pesticides, agricultural equipment and others
   - Bidding;
   - Financing;
   - Transportation;
   - Delivery and distribution to farmers;
   - Recovery of payment (farm credit).

4. Cotton research
   - Definition of research programs;
   - Trials (experimentation) by research station;
   - Pilot plants (extensions)

5. Assistance to producers organization (strengthening their capabilities)
   - Creation;
   - Training (personnel and finance management);
   - Resources outsourcing;
   - Follow up and evaluation;

6. Sustainable soil management
   - Land tenure;
   - Reducing soil deterioration;
   - Land use rotation;

7. Road maintenance
   - Public service carried out by ginning companies (subcontract);
   - Programs: identification of works to complete;
   - Bidding to appoint enterprises ready to prefinance.

II- MARKETING PATTERNS AND PRICE DETERMINATION MECHANISM
   - Harvesting the seed cotton;
   - Transportation to the village;
   - Packaging in market place (putting the seed cotton in ballots);
   - Transportation to the ginnery
   - Quality control (1st choice and 2nd choice)
   - Pricing of the product
1. The Indicators

- Cotlook Index A (CIF): Average of 5 months preceding the start of the crop year (May, June, July, August, September)
- Conversion into local currency
- F.O.B
- Deduction of charges incurred relevant to:
  - Ginning costs (fixed and variable);
  - Agricultural costs (fixed and variable);

2. The Principles

- The price obtained from this calculation is called the initial price;
- If this initial price is below the CP or the NCOP, a "supplemented price" is to be paid by Government to reach the CP or NCOP level;
- The calculation of a final price at the end of the crop year allows:
  - a bonus, if the final price is higher than the initial price;
  - reduction of the "supplemented price".

3. Production payment scheme

- Timeframe: 10 days in principle (but in practice serious delays!);
- Lack of commercial documents: only weighting ticket;
- Financial charge due to delay for the ginner to get paid.
III- PROBLEMS

1. At producers level:
   - Ownership of the production;
   - Acquisition of planting inputs;
   - Low yield;
   - Farm credit outsourcing;
   - Weak capabilities in monitoring agricultural techniques;
   - Lack of warehousing facilities;

2. At ginners level
   - Prefinancing of the production activities;
   - Providing assistance to producers;
   - Controlling supply of planting inputs to farmers;
   - Lack of farm credit to finance fertilizers and agricultural equipment;
   - Lack of farm credit for timely payment of the product.

3. Others constraints
   - Production tracing (need to identify the origin of the production from cooperatives in connection with the farm credit payment);
   - Application of relevant rules.

IV- PROSPECTS

- Sustaining development of the cotton sector:
  - Assistance to farmers: transferring of activities so far carried out by ginners;
  - Local transformation: increasing the spinning capacity;
- Training programmes
  - Quality control: patterns for quality assessment;
  - Enhancing marketing capabilities of the local players (conditions to access trade and futures);
  - Pricing system to guide the calculation of a fair farm-gate price for producers.

THANK YOU FOR YOUR ATTENTION