



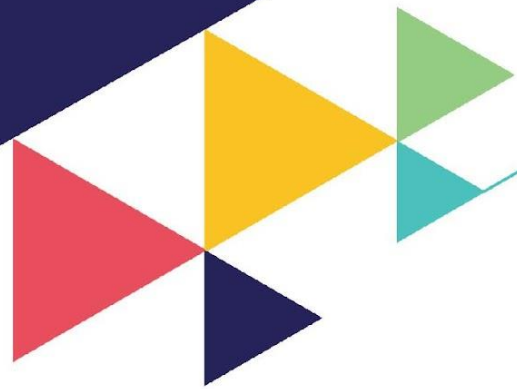
International
Labour
Organization



Kingdom of the Netherlands



► Combatting child labour in the cotton value chain in Egypt through the development of cooperatives



Egypt



- ▶ **Combatting child labour in the cotton value chain in Egypt through the development of cooperatives**



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► Foreword

The agriculture sector is the second largest source of employment globally and is considered essential for global development in general, and specifically for national development in Egypt. Agriculture has historically played an essential role in the development process for billions of people. Today, cooperatives are spread across multiple sectors, but agriculture remains the sector in which cooperatives plays the most prominent role.

Within the framework of the Egyptian State's emphasis on the importance of the cotton supply chain due to its strategic and economic importance for both the agricultural and industrial sectors, and given the important role that cooperatives can play in that chain and the desire of the Ministry of Agriculture and Land Reclamation to have a strong agricultural cooperative arm in various supply chains, the Ministry seeks to monitor the external and internal challenges faced by agricultural cooperatives related to markets, regulations, infrastructure, climate change and governance.

The ILO seeks to strengthen the role of agricultural cooperatives as enterprises whose main objective is not to earn profits, but rather to optimally achieve the needs, interests and aspirations of members by reconciling their interests with business opportunities and social considerations that may be contradictory, and by improving compliance with fundamental principles and rights at work, especially the elimination of child labour. These are the mainstays of cooperation projects between the Ministry and the ILO, which generally aim to support national institutions and institutionalize innovative solutions to enhance the role of cooperatives and to eliminate child labour throughout the cotton supply chain in Egypt.

The Ministry of Agriculture and Land Reclamation, in cooperation with the ILO Office in Cairo, has prepared this needs assessment study for the cooperative structure to combat child labour in the cotton supply chain in Egypt, with the aim of increasing compatibility with international labour standards and national legislation, as well as enhancing cotton competitiveness.

Eric Oechslin

Director of the ILO Cairo Country Office
for Egypt and Eritrea and ILO Decent
Work Team for North Africa

Alaa Farouk

Minister of Agriculture and Land reclamation



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This study is the result of a joint effort between the Ministry of Agriculture and Land Reclamation and the International Labour Organization represented in the project “Accelerating Action for the Elimination of Child Labour in Supply Chains in Africa” (ACCEL Africa), funded by the Government of the Netherlands. Each party played a pivotal role in the production of this study.

Dr Samir Morshed, an expert in the management and development of organizations, prepared the study in full in both Arabic and English. He also designed data collection tools, conducted field interviews, and collected necessary information and data to enhance the results of the study.

From the Ministry of Agriculture and Land Reclamation:

Dr Mohamed Abdel Hafez, Head of the Central Administration for Agricultural Cooperation (CAAC), coordinated and attended meetings with the directors of the Agricultural Cooperatives Administration in the targeted governorates, and managed all the coordination meetings of the work team, as well as technically reviewing the study in its final form. Prof. Dr Hisham Mossad, Director of the Cotton Research Institute (CRI), also played a key role in coordinating between the Ministry of Agriculture and Land Reclamation and the ILO, and in coordinating meetings in the targeted governorates. Yasser Al-Mansi, Undersecretary of the Cotton Research Institute for Guidance and Training, coordinated and attended all field visits in the targeted governorates as well as coordinating workshops for data collection with representatives of agricultural cooperatives in the targeted governorates and regions. Dr Rehab Muhammad Abdullah, Director General of Cooperative Marketing at the Ministry of Agriculture and the Central Administration for Agricultural Cooperation (CAAC), contributed to coordinating with the directors of cooperation departments in the governorates to attend workshops for collecting and providing relevant data and information.

From the ILO:

Ms. Marwa Salah, National Project Coordinator of the ACCEL Africa Project, Ms. Karima Nouredin, National Programme Officer, and Ms. Heba Abdel Halim, Project Administrative Officer, supervised the preparation of the study concept paper, as well as the office and field implementation of data collection and the preparation of the final study. Mr. Guy Tshami, Cooperative Policy and Research Regional Specialist, and Mr. Jose Manuel Medena, ILO Cairo Enterprises development and Job creation Specialist, both provided technical support for the data collection process. Ms. Nadine El-Shennawy, Project Consultant for the ILO, coordinated with the consultants and representatives from the Ministry of Agriculture and Land Reclamation (MALR), managed all coordination meetings with the work team, followed up on data analysis, and reviewed the study in its final form.

As a result of these efforts, the final study was completed in Arabic and English in December 2021. Accordingly, an action plan has been developed to enhance the capabilities of a number of cooperative organizations in the cotton supply chain; this was implemented during 2022–23.

In this regard, the ILO Office in Cairo and the Ministry of Agriculture and Land Reclamation extend their thanks and appreciation for all the contributions and efforts made to contribute to the evaluation, strengthening and development of cooperative organizations in the cotton supply chain to eliminate child labour.



► Acronyms and abbreviations

ABE	Agriculture Bank of Egypt
AC	Agricultural cooperative
ACC	Agricultural credit cooperative
AERI	Agro-Economics Research Institute
ALCOTEXA	Alexandria Cotton Exporters' Association
AgRC	Agrarian reform cooperative
ARC	Agriculture Research Centre
CAAC	Central Administration for Agricultural Cooperation
CAAE	Central Administration for Agriculture Extension
CACU	Central Agricultural Cooperative Union
CAPMAS	Central Agency for Public Mobilization and Statistics
CASP	Central Administration for Seed Production
CASC	Central Administration for Seed Testing and Certification
CATGO	Cotton Arbitration and Testing General Organization
CC	central cooperative
CCFOC	Council for Cotton, Fibre and Oil Crops
CDF	Cotton Development Fund
CEA	Cotton Egypt Association
COLA	Central Laboratory of Organic Agriculture
CRI	Cotton Research Institute
CVC	Cotton value chain
EAB	Egyptian Agricultural Bank
ECTI	Egyptian Chamber of Textile Industry
EGP	Egypt Pound
FDC	Fashion Design Centre
FEI	Federation of Egyptian Industries
GC	General cooperative
HTEC	Home Textile Export Council
ILO	International Labour Office/Organization
IMC	Industrial Modernization Centre
JC	Joint cooperative
LC	Local cooperative
LRRLC	Land reclamation and reclaimed lands cooperative
MALR	Ministry of Agriculture and Land Reclamation
MPC	Multi-purpose cooperative
MTI	Ministry of Trade and Industry



NGO	Non-governmental organization
OCA	Organizational Capacity Assessment
PO	Producers' organization
PPRI	Plant Pathology Research Institute
PProRI	Plant Protection Research Institute
RMGEC	Ready-made Garments Export Council
SC	Specialized cooperative
SMEs	Small and medium-sized enterprises
SWOT	Strengths, weaknesses, opportunities and threats
TCF	Textile Consolidation Fund
TEC	Textile Export Council
UNIDO	United Nations Industrial Development Organization
VRC	Variety Registration Committee



► Introduction

Egyptian cooperatives are well placed to address child labour issues within their support for farmers at the village level. As efficient member-based organizations, cooperatives are closely linked with rural poverty and negative shocks affecting households. Cooperatives' commitment to social responsibility needs to be strengthened to play a significant role in eliminating child labour.

The International Labour Organization (ILO), one of the United Nations specialized agencies, is the only organization within the United Nations system that is characterized by a tripartite structure, which includes – at the same time – government, employer and worker representatives from its Member States in a joint effort to set labour standards and policies to advance decent work around the world. The ILO Office in Cairo supports the implementation of international labour standards and fundamental principles and rights at work; and it also works on encouraging decent work opportunities, institutional development and sustainable social and economic growth. This is in addition to strengthening social protection to include all segments of society, and strengthening tripartite representation, social dialogue and freedom of association.

Since its creation in 1919, the ILO has been working to eliminate child labour around the world. The ILO Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182) are among the fundamental ILO Conventions that must be recognized and strengthened by Member States, even if they are not ratified by the State. Convention No. 182 is the first ILO Convention to be universally ratified by Member States.

The ILO aims to support Egyptian cooperatives in their efforts to adopt policies prohibiting child labour among their members and along the cotton value chain, and to advance and advocate for fundamental principles and rights at work such as the effective abolition of child labour through various means including members' economic participation, democratic decision-making, member education and training, and the various services they offer to their members and communities at large. In this regard, the ILO project "Accelerating Action for the Elimination of Child Labour in Supply Chains in Africa" (ACCEL Africa) aims at the elimination of child labour in cotton supply chains and intends to draw on the strength of the cooperative model in the fight against it. As part of ACCEL Africa, ILO support to Egyptian cooperatives focuses on two main activities: to provide direct support to cotton cooperatives in increasing their management and technical capacities as well as to assist them in ameliorating their governance and their action against child labour; and to support the linkages and engagement between civil society organizations, cooperatives and NGOs with local authorities through meetings and strategic discussions to improve their services.

This study was conducted in partnership with the Ministry of Agriculture and Land Reclamation (MALR) within the framework of implementing project activities and responding to the implementation of the National Action Plan to Eliminate the Worst Forms of Child Labour and Support Families (2018–2025). The MALR is the main partner responsible for supporting the Egyptian cooperative structure, and spares no efforts in supporting the agricultural cooperative sector so that it can play an effective role in promoting agricultural production and the economic and social upgrading of farmers who are members of cooperatives. This is represented in the Central Administration for Agricultural Cooperation (CAAC) by its role in developing the performance of agricultural cooperative societies and linking all parties, whether involved in production, marketing, manufacturing, export or research.

Research aim

The main objective of the study is to understand the capacities and needs of cooperative structures in relation to their potential to address issues related to child labour in the regions covered by the project. The scope of work included the execution of a needs assessment of cooperative enterprises and other similar producer organizations, as well as cooperative support organizations operating in the cotton value chain in five selected Egyptian governorates (Alexandria, Al-Sharkia, Fayoum, Kafrel-Sheikh and Behera). Specific tasks included:

- a review of relevant literature on child labour and cooperatives in Egypt;
- a brief overview of the state of cooperatives in Egypt, highlighting specific challenges faced by cooperatives in the cotton value chains and particularly in fighting child labour and its use;



- mapping the relevant stakeholders based on a value chain approach, in particular cooperatives and their stakeholders operating in the supply chains in the five target areas and including stakeholders responsible for the creation and registration of cooperatives such as the Ministry of Agriculture, as well as community development associations that are active in providing services that potentially complement the role of cooperatives, particularly in fighting the poverty that leads to child labour in cotton production;
- identifying relevant cooperative support organizations operating in the targeted value chains, including business development service providers catering for cooperatives, training institutes, and NGOs, among others;
- assessing and mapping the challenges for cooperatives in obtaining legal registration; and
- preparing a methodology for the study, including interview questionnaires and other necessary tools, such as for focus group discussions with producers.

Based on the literature review and field work, the study has aimed to:

- identify opportunities and constraints along the cotton supply chain, including general economic aspects, cotton producers, labour issues, child labour issues and opportunities for collective bargaining;
- identify the strengths and weaknesses of cooperatives in terms of leadership, governance, membership, infrastructure, market access, and economic viability;
- identify concrete opportunities for cooperative development for producers, as well as economically viable alternatives to address their need for labour so that the use of child labour will not be necessary;
- identify and analyse skill gaps and specific training needs for cooperatives, other producers' organizations and cooperative support organizations, and review the potential of existing ILO tools in addressing these gaps; and
- provide recommendations on how cooperatives could use their existing and potential roles such as service provision, membership support, member education, concern for community (including training and support services) to address child labour in the cotton supply chain.

Approach and methodology

An open participatory approach was adopted to facilitate a transparent collaborative and participatory needs assessment processing a continuous dialogue with cooperatives' stakeholders in the targeted governorates and at the national level, in order to collect information and assess capacity needs for cooperatives in the targeted governorates. This included a gender-sensitive capacity needs assessment for agriculture credit cooperatives (ACCs) as they constitute 80 per cent of cooperatives in Egypt and are highly represented in the Egyptian cotton sector. Other cooperative organizations such as the agrarian reform and new land cooperatives were interviewed to verify the findings from ACCs.

Organizational capacity needs assessments (OCA)

OCA processes for ACCs and cooperative-supporting entities were facilitated. The OCA is primarily a diagnostic and learning tool (see Annex 5 for a description) that provides a framework for strengthening the organizational capacity of targeted cooperatives and supporting organizations to contribute to the elimination of child labour in their operations along the cotton value chain, as well as the integration of youth in existing cooperatives, whether as members or employees.

The goal was to assist cooperatives and supporting entities in assessing the critical elements of effective organizational management, and identifying those areas that need strengthening or further development with respect to eliminating child labour in the cotton value chain through cooperative development. The purpose was to identify and analyse skill gaps and specific training needs for cooperative organizations and support organizations.

- *The OCA for ACCs* involved relevant stakeholders and partners at all levels in order to ensure that the views of a diverse group of participants were represented in the assessment of the capacities and needs of targeted cooperatives. This helped to identify capacity strengths and challenges and to establish capacity-building goals to create more sustainable cooperatives.



- *The OCA for entities supporting cooperatives* in cotton villages and along the cotton value chain aimed to assess their needs to efficiently support the cooperative role. The support of active local entities working in the cotton areas or at the governorate level, and of extension and advisory support entities, is crucial to success in the task of eliminating child labour in the cotton value chain.

The OCAs were implemented using a mixed method that involved:

- reviewing documentation and analysing existing project documents;
- organizing broad consultations;
- conducting field visits to selected cooperatives at all levels in the five targeted governorates;
- conducting key in-depth interviews and self-assessment with partners (the General Specialized Cooperative for Cotton Producers and the Cotton Research Institute (CRI));
- conducting focus group discussions with other appropriate stakeholders;
- conducting seven facilitated focus group meetings for capacity needs assessments for cooperatives and the CRI (as the national supporting entity mandated by the Ministry of Agriculture to support the cotton sector stakeholders along the cotton value chain); and
- analysing strengths, weaknesses and opportunities.

The **inception phase** involved initial orientation virtual meetings with ILO project management to define the purpose and scope of the assessment, develop a broader understanding of the context, obtain consensus on the substantive goals of the assessment and reach a preliminary agreement on the process. The context and situational analyses of cooperative structures and supporting organizations involved the collection of related information, reviewing relevant documents and studies, and the identification of stakeholders along the cotton value chain in Egypt.

During the **field phase**, ownership and active involvement of local stakeholders at the governorate level was sought, particularly in the conceptualization and management of the OCA process which was crucial to its success. This phase involved orientation meetings with high-level senior government officials as well as chairpersons of cooperatives at all levels, to build a shared understanding of capacity development and then a common understanding of the needs to be assessed as related to child labour along the cotton value chain, and to agree on why the assessment should be carried out (capacity for what? and capacity for whom?). These meetings provided an opportunity to review the process and to discuss the following questions:

What is capacity development?

What information is needed and how it will be collected?

How will stakeholders will be consulted?

What is the timeframe of the assessment?

What resources will be required?

How the findings will be shared?

Discussions were informative and adapted to fit the situation in each targeted governorate. They were followed by a participatory OCA workshop in each governorate, in which representatives of cooperative structures at all levels participated in the discussion. Each workshop involved a presentation introducing the capacity needs assessment concept and approach, followed by group discussions. Each group represent one cooperative entity, such as the central cooperative, the joint cooperative, local cooperatives and farmers.

1. The cotton value chain in Egypt and child labour





The Egyptian cotton value chain (CVC) is the largest value chain in the country. It includes functional aspects from cotton production to harvesting and ginning, producing long and extra-long staple Egyptian cotton and a large textile sector producing yarn and woven or knitted fabrics that are used as inputs by apparel manufacturers, domestic textile companies (which tend to be vertically integrated) and carpet manufacturers.

Cotton and its manufactured products are either consumed locally or exported. Imported inputs play an important role for the sector, and include different textile fibres and different varieties of cotton or cotton yarn and fabrics that are not locally available, such as short staple cotton.

The Egyptian CVC involves many actors, industrial units and processes to convert cotton lint into a final product. The CVC is spread across the formal and informal sectors. The formal sector is comprised of spinning units (textile mills), while weaving, knitting, garments, and towels lie mostly in the informal SME sector, forming linear vertical linkages as well as horizontal ones. Since most child labour is found at the cotton production stage, the next section focuses on that stage; further stages in the Egyptian cotton value chain as a whole may be found in Annex 1.

1.1 Cotton production in Egypt

Egyptian cotton is mostly produced by small farmers in the Nile Delta. Almost 99 per cent of land used for cotton is privately owned by small farmers and is under self-cultivation. Family members (including women and children) are largely involved in self-cultivation activities and harvesting, and this is where most child labour takes place.

Farmers are typically organized in cooperatives to get access to the major inputs to cotton production (such as seeds, fertilizers and pesticides). They decide which crop to cultivate; however, they are subject to government regulations on the permissible cotton varieties. The Government regulates the pesticides and fertilizers to be used.

The Cotton Research Institute (CRI) is in charge of monitoring and supporting farmers, including training and coordinating extension services in the cotton areas. The General Specialized Association for Cotton Producers provides and coordinates the distribution of fertilizer and pesticides. Private-sector companies compete with the cooperatives to sell inputs in the cotton areas.

Extension services by district/governorate agriculture extension and crop protection departments provide information to farmers about crop management and the use of pesticides and fertilizers upon CRI recommendations. There is as yet no cooperative extension service.

Credit facilities are provided by the Agriculture Bank of Egypt, which is the most important financial institution with a strong presence in rural areas. However, the agriculture sector's access to credit is still inadequate; there is limited access to finance, in particular for seasonal loans for farmers and even for SMEs. Given the prevailing low-wage, low-productivity, low-price business model, small farmers and rural SMEs suffer from low profitability. Modernization of technical machinery and equipment thus remains a challenge for farmers; funds for investments have to come from retained profits, family savings or bank loans. The first option is usually open only to well-established large companies, while commercial banks charge interest rates that are rather high, typically between 10 and 15 per cent, and have stringent collateral requirements.

Declining trend in cotton production

Cotton production in Egypt has been declining in a long-term downward trend due to low prices and low farmer incomes, decreasing production areas, decreasing yields, labour costs limiting collection rounds, cotton string contamination, crop switching, and regulatory changes. The latter have led to decreasing local demand, since textile mills turned towards importing short staple cotton. The low prices and associated crop switching in Egypt are also a result of the pricing system.

As previously mentioned, cotton in Egypt is overwhelmingly cultivated by small-scale cotton farmers using labour-intensive production methods. Farmers decide on the crops to be produced based on expected revenue. Cotton price determination depends on world market prices, and since cotton prices have been showing a downward tendency over the last few years, farmers have shifted to other crops with higher returns, such as rice. For these reasons, and also in the context of increasing competition in long and extra-long staple production, in particular from China, India and the United States, areas under cultivation for cotton, and consequently yields, have fallen significantly. If this trend continues, as is expected by some experts interviewed for the present study, it will



eventually pose a threat to the feasibility of the Government's Textile Vision 2025 objective to vertically integrate the cotton value chain in Egypt. For the apparel segment, declining cotton production is however of minor importance, since most companies rely on imported textile inputs.

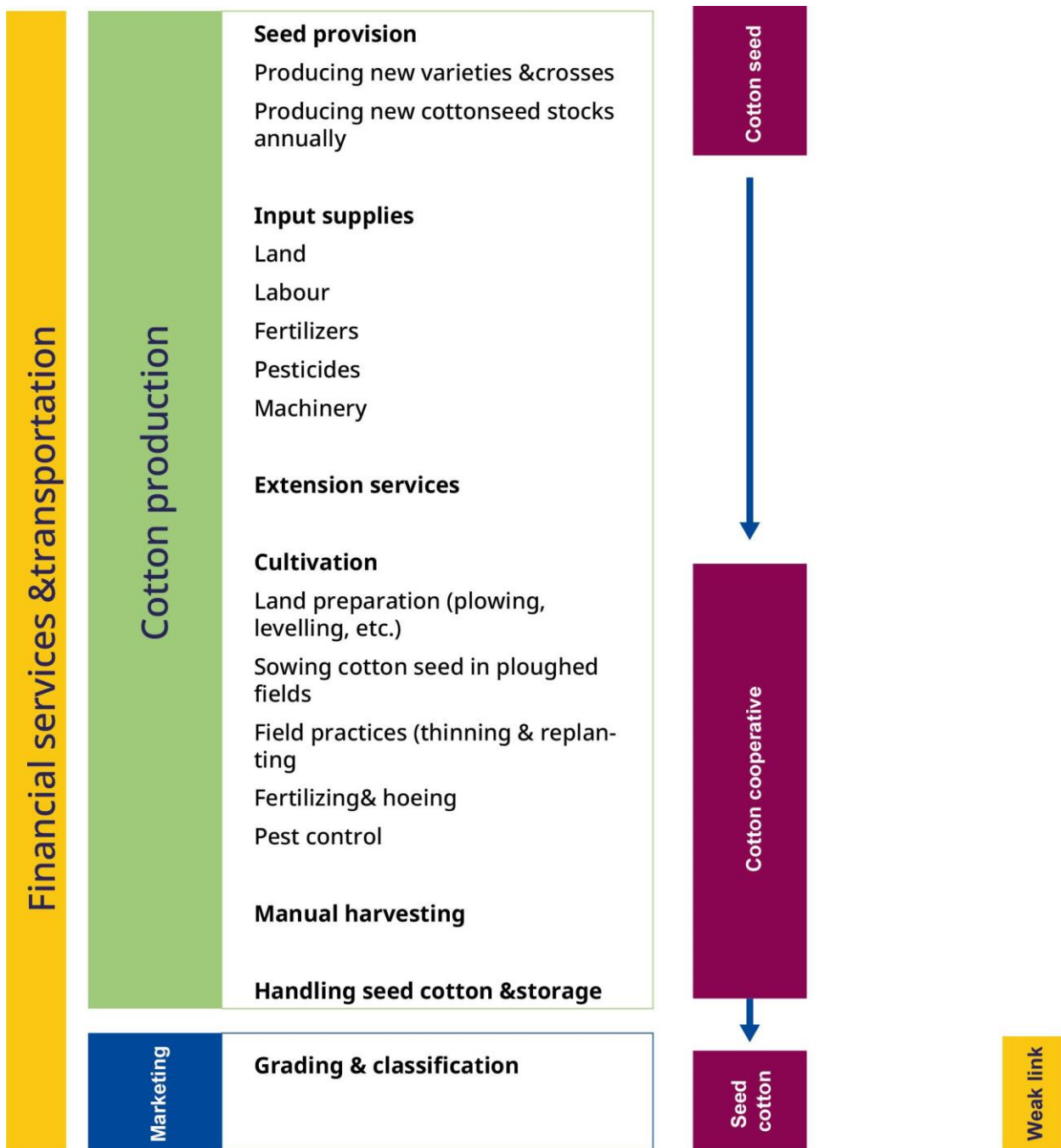
Two key factors have added to the declining production of conventionally grown cotton in recent years. First, increasing labour costs have limited collection rounds or harvesting. Second, harvested fibres have been contaminated by fibres from cotton strings used in transportation processes. Egypt's share in global long and extra-long staple cotton production dropped to only 13 per cent in 2017/18, down from 40 per cent in 2004/05, due to these factors together with the increasing competition in long and extra-long staple production, particularly from Xinjiang cotton from China, cotton from India and American Pima cotton from the United States. False labelling and counterfeiting are also a problem for the Egyptian cotton brand, which the Cotton Egypt Association (CEA) oversees. The Government has recently intensified efforts to increase areas under cultivation.

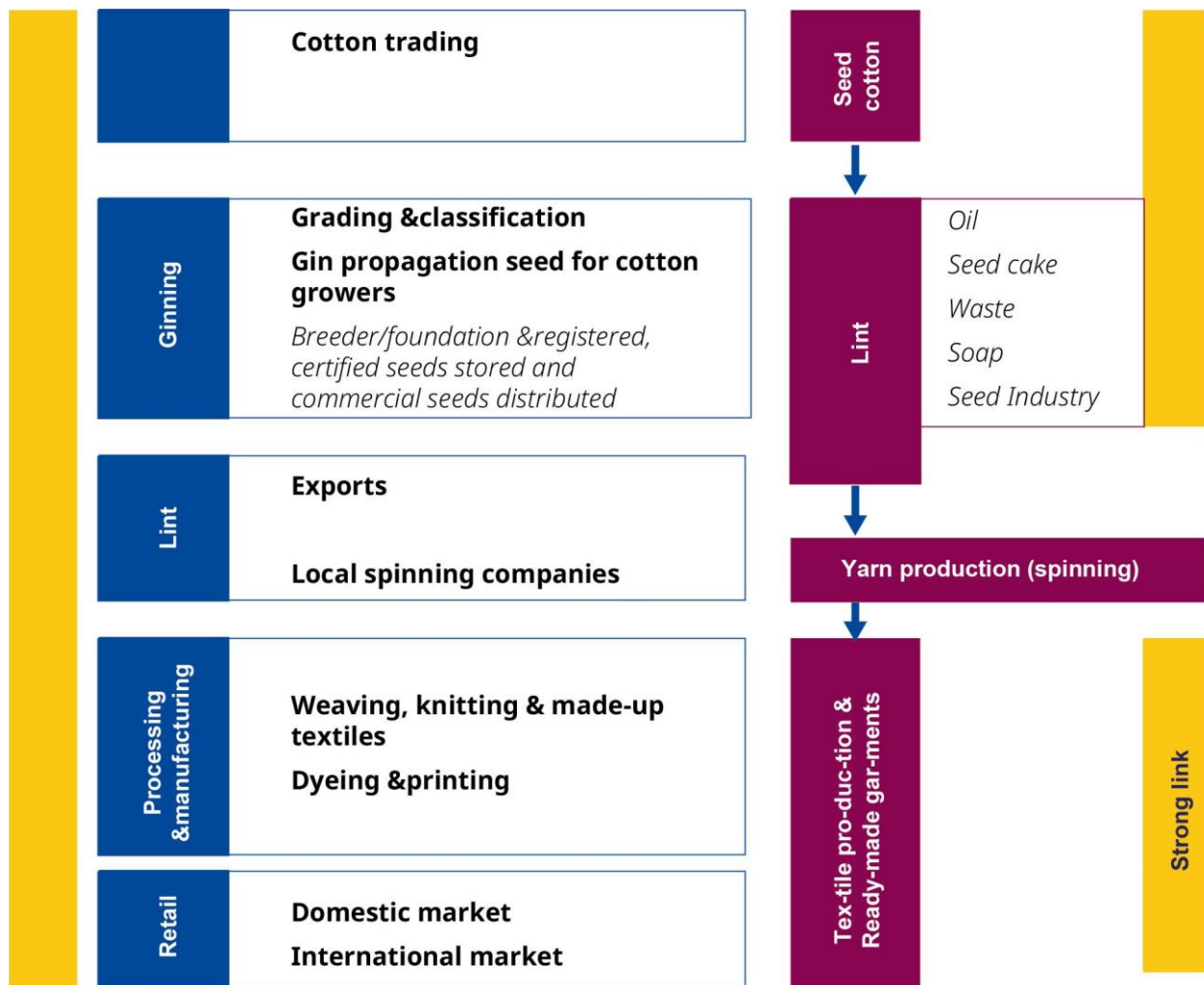
Lack of decent technology is another reason for producing low-quality cotton. At the production stage, farmers do not have access to modern machinery and rely on manual labour for land preparation, sowing, weeding, and so on. Poor transport infrastructure and obsolete cotton cleaning processes (lacking the latest machinery) further deteriorate the quality of the cotton produced.

Figure 1 provides an overview of the Egyptian cotton value chain.



► Figure 1. The Egyptian cotton value chain





1.2 Child labour in the cotton value chain

Although up-to-date and robust empirical evidence on the magnitude of child labour in Egypt's cotton sector is lacking, there is apparently a general consensus on its prevalence, which is why the Egyptian Government has elaborated a National Action Plan to Eliminate the Worst Forms of Child Labour and Support Families (2018–2025).

Cotton growing in Egypt is predominantly done by smallholders and seasonal workers. It is a high-risk activity for producers due to low margins, as well as price volatility. These negatively affect farmers' income stability; there is a clear link between the low and instable income of small cotton farmers, seasonal labour and child labour issues.

The child labour and women's labour force become involved at the cotton-picking stage, which is largely done by female workers, the majority of whom are aged 30 and under. This process does not require any skills, and sometimes children younger than 18 are also tasked to pick cotton in the field. Typically, women who pick cotton have, at most, a ninth-grade level of education.

There would appear to be little or no use of personal protection by female workers. At the cotton-picking stage, residues of pesticides remain on the cotton boll even after it is picked. If the worker is pregnant, these residues can transfer to the unborn child. Some workers also bring their children to the cotton fields, which is another way pesticide-related disease in children can spread. During interviews carried out for this study, safety masks used by male cotton labourers during crop spraying were present. but in Egypt harvesting starts after 20-30 days from last spray, so, most the pesticide has broken by sunlight and other and weather conditions

In addition to cotton picking, the presence of child labourers working on cotton ginning (see Annex 1) was observed during the preparation of this study. Children become involved through either a recruiter or the prevailing social



exchange for family labour in the village in the form of the Zamal scheme, particularly in the Kafrel-Sheikh governorate.

Interviews with families and children showed the linkage between child labour and poverty, especially in families with a higher poverty rate. There is also a higher rate of female poverty, limited access to natural resources, lack of ownership of land as well as capital and technology, and greater work burden.

Table 1 shows the various activities along the cotton value chain, together with the main actors and whether child labour is present.

► **Table 1. The cotton value chain: Tasks, actors and child labour**

Stage	Tasks	Main actor	Other actors	Presence of child labour
Sourcing cotton seed	<i>Seed provision</i> Producing new varieties and crosses (a long-range breeding programme to introduce new genotypes with improved yield and better quality) Producing new cottonseed stocks annually (breeders' and foundation seeds) and renovating the strains with standard characteristics of the cotton variety	Cotton Research Institute (CRI)	Ministry of Agriculture and Land Reclamation (MALR) Agriculture Research Centre (ARC)	No
	<i>Production of registered and certified seeds</i> Producing breeder seeds, foundation seeds, registration seeds, certified seeds and commercial seeds that make Egyptian cotton subject to controlled traceability systems	CRI	MALR ARC	No
Distribution of registered certified seeds	Seed distribution	Central Administration for Seed Production (CASP) Central Administration for Seed Testing and Certification (CASC)	Local cooperatives ABE	No



Stage	Tasks	Main actor	Other actors	Presence of child labour
Input supply	Sourcing/providing pesticides Sourcing/providing fertilizers Provision of short-term credit for input supplies	General Specialized Cooperative for Cotton Producers Village banks/ ABE	Local cooperatives Private traders	No
	Rental/sales of agricultural machinery	Central cooperatives (CC)	Joint cooperatives (JC)	
Cultivation	Land preparation (ploughing, levelling, etc.) Sowing cotton seeds in ploughed fields	Farmer	The CRI provides extension advisory support and technology transfer following the CRI national campaign The Extension Directorate executes extension services with CRI support and coordination with optimal CRI recommendations required for each variety: optimal planting date, plant density, fertilizer applications, water requirements, planting, picking techniques and integrated crop and pest management as well as studying the possibility of mechanizing cotton cultivation from land preparation up to picking Village cooperatives	Yes
Field practices	Thinning and replanting Fertilizing and hoeing Pest control			



Stage	Tasks	Main actor	Other actors	Presence of child labour
Harvesting	Manual picking	Farmer	CRI provides extension advisory support and technology transfer following the CRI national campaign The Extension Directorate executes extension services with CRI support and coordination for (i) training to improve harvest with less cotton contamination and high cotton grade; (ii) technology transfer using extension and national campaign	Yes
	Mechanical picking (experimental)	Farmer	The CRI provides extension advisory support and technology transfer following the CRI national campaign The Extension Directorate executes extension services with CRI support and coordination to (i) follow recommendations using and spraying defoliant; (ii) Technology transfer using extension and national campaign	No
Cotton collection, storage and handling seed cotton	Management of cotton rings (collection & logistics management)	General Specialized Cooperative for Cotton Producers	Ministry of Trade and Industry (MTI)/ Cotton Trade Regulation Ministerial Committee (in Fayoum, Behera and Al-Sharkia) Joint MALR/MTI Committee (Alexandria and Kafrel-Sheikh)	Yes
	Seed cotton handling	Local cooperatives (LC)		
Trading	Cotton grading (classification)	Grading and classification	CRI Cotton Arbitration and Testing General Organization (CATGO) (Alexandria)	n.a.



Stage	Tasks	Main actor	Other actors	Presence of child labour
		Ginning the propagation seed for cotton producers and companies	CRI	
	Selling	Public and private trading companies: Egyptian Chamber of Textile Industry (ECTI) Egyptian Textile & Home Textile Export Council General Specialized Cooperative for Cotton Producers as negotiator with traders on behalf of farmers for selling and cotton trading	Regulation Committee: MTI/ Cotton Trade Regulation Ministerial Committee (Fayoum, Behera and Al-Sharkia) Joint MALR/MTI Committee (Alexandria and Kafrel-Sheikh)	
Ginning separating cotton lint from cotton seeds)	Transport to ginning mill	Traders		n.a.
	Ginning	45 ginning factories, of which 25 public		
Lint cotton exporting	Lint cotton exporting	World cotton market	Alexandria Cotton Exporters' Association (ALCOTEXA) registered traders	No



Stage	Tasks	Main actor	Other actors	Presence of child labour
Spinning	Spinning (transforming cotton lint fibres into yarn through: Mixing, opening and cleaning, carding, blending, drawing drafting, roving, spinning, wending)	Local spinning companies	CRI College of Spinning and Weaving, Alexandria University: R&D sets Egyptian cotton standards in manufacturing to develop effective testing procedures of quality parameters, support producers, traders, local and international spinners of Egyptian cotton Producing the cotton raw material with quality characteristics according to national spinners needs Quality assessment and testing Advisory, training and consultancy Innovation support CRI R&D	
Weaving / knitting (transforming yarn into cloth)	Clothing	Textile manufacturers		No
Finishing and dyeing				No

1.3 Stakeholders along the Cotton Production Value Chain

The high demand of Egyptian Cotton in Egypt and worldwide creates opportunities for cooperative structures (represented by the General Cooperative for Cotton Producers) to pool own resources to trade, export and enter into value addition cotton processing through building partnerships with value chain actors. While cooperatives are major stakeholders in the cotton value chain, there are many others. These include government ministries, national and research organizations, business associations, public/private cotton traders, exporters and cotton manufacturers. There are five key areas of support and collaboration:

1. Institutional/government support, coordination and regulation (such as MALR)
2. Research, innovation, seed provision, technology transfer and extension coordination (such as the MALR Extension Service and the CRI)
3. Market regulation and development
4. Trade and export of cotton
5. Production and retail of cotton-end products

Some institutions that play leadership roles provide services such as technical assistance, financing, and helping to coordinate sector activities. Some actors such as the CRI offer more than one support service. Table 2 lists stakeholders in the cotton value chain in Egypt with a brief description of their roles or the services they provide.



► **Table 2.**
Stakeholders
in the
Egyptian
cotton value
chain: Roles
and services
provided

Stage	Stakeholder	Role
Cotton production	Ministry of Agriculture and Land Reclamation (MALR)	Oversees cotton seed quality and distribution Its affiliates support the cotton segment of the value chain: Agriculture Research Centre (ARC), Cotton Research Institute (CRI), Central Laboratory of Organic Agriculture (COLA)
	Cotton Research Institute (CRI)	Develops new early maturing pest-resistant, stress-tolerant cotton varieties and high quality. Maintains genetic cotton purity, yield potential and fibre qualities of existing varieties Provides technical and extension support to all actors: seed production and certification-related MALR entities, national extension service, farmers, cooperatives, other government entities, companies Evaluate the fibres properties and spinning efficiency Technical support during cotton production stages R & D Drawing up the varietal map and policy
	Cotton Arbitration and Testing General Organization (CATGO)	Monitors the quality of cotton at harvesting and ginning levels Maintains modern laboratories and testing equipment Offers arbitration, moisture testing, international classing and other services
	Committee for Regulating Internal Cotton Trade	Regulates internal cotton trading
	Cotton trading companies (private and public sector)	Purchases cotton from farmers Cotton ginning Market commercial seed (ginning byproduct) Local trade and export marketing of cotton
	Alexandria Cotton Exporters' Association (ALCOTEXA)	A non-trading NGO. Its members work in the cotton exporting sector engaging in regulation of Egyptian lint cotton exports Export contacts are registered with ALCOTEXA approval Annually regulates selling of various cotton varieties Responsible for trade arbitration Owns Egypt Cotton Trademark in partnership with the Ministry of Trade and Industry (MTI)
Textile	Fashion Design Centre (FDC)	An MTI-affiliated fashion and design school Provides the ready-made garment industry with qualified staff, consulting Runs a fashion incubator for young designers
	Export Development Bank	Issues credit facilities for cotton exporters
Apparel	Ministry of Trade and Industry (MTI)	Enhances competitiveness, diversity, knowledge and innovations through the Egyptian industrialization strategy
	Industrial Modernization Centre (IMC)	Seeks to modernize Egyptian industries through providing support services to textile and garment enterprises



Stage	Stakeholder	Role
	Export Development Authority	Implements MTI export strategy Supports exporting stakeholders Fosters dialogue Strengthens cooperation between civil society organizations & businesses
	Textile Consolidation Fund (TCF)	Promotes textile marketing locally and internationally Provides advisory support to the textile industry
	Export Councils: Textile Export Council (TEC), Ready-made Garments Export Council (RMGEC), and Home Textile Export Council (HTEC)	A member-based entity representing the interests of participating textile exporters through trade shows and trade missions Provides advice and support to exporters
	Federation of Egyptian Industries (FEI)– Ready-made Garments Chamber and Textile Industries Chamber	An employer association with 19 active industrial chambers, with the Ready-made Garments Chamber and the Textile Industries Chamber representing the textile subsectors A voice of industry in Egypt
Retail	Cotton Egypt Association (CEA)& Egyptian Cotton Trademark	Owned by ALCOTEXA to promote the Egyptian Cotton Trademark

The cotton production process starts with CRI research, application and service activities. Systematic breeding and introducing new cotton varieties that are superior to the commercially grown varieties in yield and quality potential are explored, considering the compatibility of these new varieties with the requirements of the export, domestic and international textile industry. The CSI oversees cotton seed production and agro-technical research along the cotton value chain. It identifies the most suitable agronomic package for each variety and designates zones to maximize yield potentials under diverse environmental conditions. Quality assessment techniques are constantly improved, besides annually evaluating the spinning properties of the commercial varieties and providing the textile industry with full information about the quality of Egyptian cotton and its spinning efficiency. The CRI also studies problems faced by the cotton industries and develops technical recommendations for cotton producers and manufacturers.

There are several MALR cotton research entities that support the CRI: the Plant Pathology Research Institute (PPRI), Plant Protection Research Institute (PPRoRI), Central Administration for Agriculture Extension (CAAE), Cotton Development Fund (CDF), and the Council for Cotton, Fibre and Oil Crops (CCFOC). These provide further scrutiny to the CRI-identified breeder seed through an approval process carried out by the Variety Registration Committee (VRC) which is comprised of four concerned institutions: the PPRoRI, PPRI, the Agro-Economics Research Institute (AERI) and the Agricultural Genetic Engineering Research Institute.

The Central Administration for Seed Production (CASP) coordinates seed production. The CRI produces breeder seeds (generation one) and foundation seeds (generation two). The cooperatives receive the foundation seeds and distribute them to a set of “elite” farmers, who follow the production recommendations developed by the extension service to obtain the highest possible yields of certified seeds (generation three). All seed cotton is delivered to the cooperative warehouses upon harvesting in coloured and signed bags. The seed cotton is transported to cotton gins wherein the seeds will be separated into their respective bags for seed testing, germination and fibre quality evaluation.

The CRI closely cooperates with the CCFOC, the Cotton Arbitration and Testing General Organization (CATGO), the Alexandria Cotton Exporters’ Association (ALCOTEXA), the Academy of Scientific Research and Technology, as well as with the public and private investment sectors and spinning and weaving companies. Table 3 provides a mapping of the entities involved in the cotton production process, where most child labour is to be found.

[illegible]

Notes: ● The role is always fulfilled. ● The role is sometimes fulfilled.

2. Cooperatives in Egypt: an overview





Egyptian cooperatives play a vital role in enhancing the economic well-being of farmers through mitigating the impact of fragmentation and developing Egyptian agriculture. Cooperatives have played an important role in providing farmers with the necessary knowledge, skills and agricultural innovations to increase agricultural production and give them the opportunity to participate in social and environmental activities.

According to the Agricultural Cooperation Law No.122, 1980, article 1, a cooperative is defined as 'Every group formed willingly from natural or incorporeal persons who are engaged in different areas of agricultural work, in a way not contradicting internationally agreed upon principles of cooperation, which is in compliance with ILO recommendation (Definition of Rec 193: an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspiration through a jointly owned and democratically controlled enterprise'. The strategy for the Development of Agricultural Cooperatives 2001 states on the other hand the vision for an agricultural cooperative society. The agricultural cooperative society is an economic enterprise with a social return based on optional membership and international cooperative principles, working in the market economy representing the interest of its members within a legal framework which protects its capital and enables cooperatives to manage its financial resources as a private enterprise which participates in the formulation and implementation of the agricultural policy.

2.1. The cooperative system in Egypt

The Egyptian cooperative system operates under two structures: the Government as the regulator and the cooperatives as operators.

- The Government regulates and audits the cooperatives. Whereas formerly the MALR used to set the strategy for crop rotations for all cooperatives, that now applies only to agrarian reform. At present, three regulators are involved:
 - *The Central Administration for Agricultural Credit*
 - *The General Authority for Agrarian Reform*
 - *The Division for Reclaimed Land*
- The cooperative structures are the operators that form the building blocks of cooperatives operating at the village level. They offer two main services: provision of inputs, and marketing farmers' products. Cooperatives include
 - *Agricultural credit cooperatives, serving old lands in the Delta and Nile valley*
 - *Agrarian reform cooperatives, serving nationalized lands*
 - *Reclaimed land cooperatives, serving new cultivated lands*

The three types of agricultural cooperatives report to the MALC.

Legal framework governing agricultural cooperatives

Agriculture cooperatives are governed by Law No. 317 of 1956 supplemented by Law No. 122 of 1980 (modified in 1981). A cooperative is defined as an economic and social unit aimed at promoting the various aspects of agriculture. Cooperatives contribute to rural development in their working regions in order to raise the economic and social standards of living of their members within the general plan of the State. The legal framework makes reference to certain universal cooperative principles such as democratic power exercised by members (one member one vote). It reflects how the State understands the cooperative movement and its roles as a popular democratic movement supported by the State which contributes to the implementation of the State's overall policy for the agriculture sector.

A cooperative is established by prior declaration (registration) and not by prior authorization. The cooperative organs are both a deliberative organ (general assembly) and an executive one. Control is carried out by the administration.

A cooperative is obliged to constitute a legal reserve amounting to 20 per cent of its surplus. It also provides for the payment of profits to members according to their exchanges with the cooperative. Cooperatives are provided with a favourable tax regime (they are exempted from certain taxes).



Structure of agricultural cooperatives

According to the agricultural cooperation Law No. 122 of 1980, the cooperative structure in the agricultural sector is made up of agriculture cooperatives (ACs), with the Central Agricultural Cooperative Union (CACU) on top of the pyramid at the national level. There are 15 general cooperatives (GCs), at governorate level, 130 central cooperatives (CCs) at district level, 276 joint cooperatives (JC), and 6,412 local cooperatives (LCs) at the village level.

The AC sector includes cotton producers as well as agricultural mechanization, field crops, oil crops, potatoes, seeds, beets, palm trees, sugarcane producers, rice, flax, onion and garlic, beets and silk, poultry and livestock, among others. The AC sector consists of three subsectors, based on the type of land: agricultural credit cooperatives (ACCs) in old lands (80 percent of ACs), which are divided into two types: multi-purpose cooperatives (MPCs)(67 per cent of ACs), and 12 segments of specialized cooperatives (SCs), accounting for 13 per cent. The second subsector consists of agrarian form cooperatives (AgRCs) in old, agrarian reform lands (10.3 per cent of ACs); and the third consists of land reclamation and reclaimed lands cooperatives (LRRLCs), in new lands (9.8 present of ACs). Table 4 shows the number of each type of cooperative and the number of members in local (village level) cooperatives.

► **Table 4.**
Agricultural cooperative structure, number of cooperatives and local cooperative members, by type

Structure of agricultural cooperatives (AC)		Agricultural credit cooperatives (ACC)		Agrarian reform cooperatives (AgRC)	Land reclamation & reclaimed lands cooperatives (LRRLC)	Total
		Multi-purpose cooperatives (MPCs)	Specialized cooperatives (SCs)			
Local cooperatives (LCs), village level	LCs	4474	946	97	652 MPCs + 6 SCs	6175
	% of total LCs	72	15.32	1.57	10.98	100
	No. of members	3984000	15431	417000	299000	4715431
	% of total membership	84.49	0.33	8.84	6.34	100
Joint cooperatives (JCs), district level		141	0	70	19	230



Central cooperative, governorate level	25	99	18	14	156
General cooperative, national level	1	12	1	1	15
<i>Central Agricultural Cooperative Union (CACU)</i>					
Total number of cooperatives	4641	1057	186	692	6576

Source: CAAC (data from 2017).



2.2 Cooperatives in the five targeted governorates

Cotton cultivated areas in 2020 reached 182,030 feddans (one feddan = 0.42 hectare) in Egypt. In the governorates that were the focus of this study, cotton areas included all cooperatives in Behera, 96 per cent of cooperatives in Al-Sharqia, just over 88 per cent in Kafr el-Sheikh, and all cooperatives in Alexandria.

► **Table 5.**
Cooperatives and their members in targeted governorates

Governorate	No. of districts	Total no. ACs	No. of cooperatives in cotton areas	Cooperatives in cotton areas	Total cultivated area	Cotton cultivated area	Total no. member farmers	No. of cotton member farmers	Cotton member farmers
				%	(feddans)	(feddans)		s	%
Kafr el-Sheikh	10	222	197	88.74	2629813	60621	201839	16236	8.04
Behera	11	149	149	100.00	28694655	21937	14704049	10223	6.95
Al-Sharqia	19	479	460	96.03	30561	34609	615856	14232	2.31
Fayoum	6	39	30	76.92	8451	1169	15207	400	2.63
Alexandria	1	6	6	100.00	1107	40559	3098	3098	100.00
Total	47	895	842		122677	110159	15540049	44189	

Source: Cooperative Directorate in each governorate (2020).

It is worth noting that despite the competitive advantage of Egyptian cotton and its importance as the strategic Egyptian product, the cultivated areas have been dramatically decreased over the period 2010–20 due to liberalization and political changes that has led to an absence of government support, as shown in table 6 and reflected in figure 2.

► **Table 6.**
Cotton cultivated areas (feddans) in targeted governorates compared to total areas across

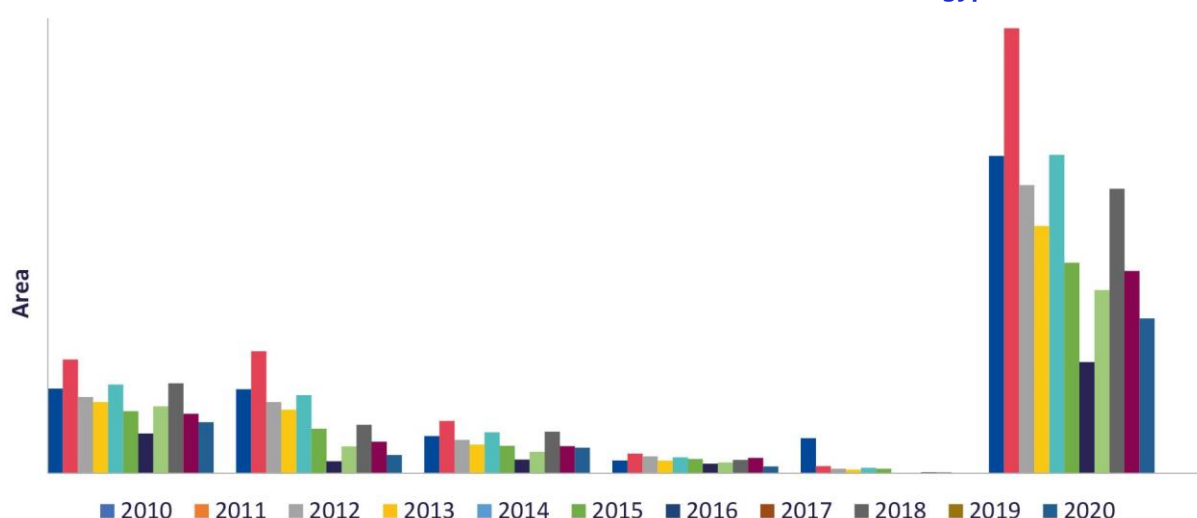


Egypt,
2010–20

Governorate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kafr el-Sheikh	100243	134535	90238	84417	105013	73668	47222	79307	106541	70590	60621
Behera	99439	144255	84379	75379	92429	52914	14504	32016	57577	37600	21937
Al-Sharqia	44169	62117	39796	34193	48669	32789	16557	25722	49522	32308	30561
Fayoum	15492	23489	20349	15298	19258	17200	11736	13092	16162	18561	8451
Alexandria	41694	8775	5786	4664	6846	5627	689	966	1708	1363	1107
Egypt total	374800	525400	340400	292200	376000	248800	131605	216554	336042	238960	183045

Source: Agriculture Research Institute.

► **Figure 2. Cultivated cotton areas in targeted governorates (Kafr el-Sheikh Behera Al-Sharqia Fayoum Alexandria) compared to total areas across Egypt, 2010–20**



2.3 Local cooperatives' support organizations

Local village cooperatives are supported heavily by the General Specialized Cooperative for Cotton Producers, the Cotton Research Institute (CRI) and the MALR Extension Service.

The General Specialized Cooperative for Cotton Producers

The General Specialized Cooperative for Cotton Producers plays an instrumental role in providing inputs (seeds, insecticides, sacks and other supplies in collaboration with the apex cooperative CACU, as well as operating cotton collection points in collaboration with the General Committee for regulating Cotton Trade, the Cotton Arbitration and Testing General Organization (CATGO) and the Egyptian Cotton Exporters Association. It has little involvement in cotton trading and is not yet in a position to play a role in stabilizing



cotton prices to provide member cotton farmers with some assurance of a reasonable price over their cost of production. The cooperative is in a better position to pool the local cooperatives' own resources so as to have a better bargaining position to obtain higher prices for its member farmers. By law, the cooperative can trade and export cotton produce of member farmers, but this service does not exist due to the cautious attitude and lack of cooperative expertise, and the non-existence of professional management

The cooperative is composed of a board of directors, an executive committee, a project implementation committee, a general manager and a unit for planning, accounting and sales run by six staff members with limited technical capacity in trading and exporting. The chairman is the key player. In the absence of a technical and decision support unit, the cooperative has not yet achieved its potential to independently rely on local cooperatives' resources to trade in inputs and market the cotton produce internally as well as in the export markets worldwide, or in processing so as to effectively engage in a value-added service with high returns and margins for both member farmers and the local cooperatives.

The Cotton Research Institute

The Cotton Research Institute (CRI), established in 1913 as a Cotton Research Board, operates under the umbrella of the Agriculture Research Centre to support the sustainability of Egyptian cotton along its supply chain. The CRI has the following objectives:

1. To develop new cotton varieties ensuring increased productivity and tolerance to climate and pests whilst preserving genetic purity of seeds.
6. To improve quality assessment techniques and develop agronomic practices to enhance cotton yields and quality.
7. To identify the most suitable agro-climatic zones for better spin ability.
8. To develop cotton classification and grading techniques.
9. To improve ginning techniques to better meet the needs of domestic and export markets.
10. To study the technical spinning characteristics of produced cotton varieties and provide the cotton industry with related information.

The CRI has the responsibility to preserve and maintain the genetic purity of commercially grown cotton varieties by producing new cotton seed stocks annually through its maintenance programmes, as well as producing the breeder and foundation seeds annually. In addition, it is responsible for renovating the strains that have the standard characteristics of the Egyptian cotton varieties which make Egyptian cotton subject to close traceability systems, in collaboration with the Central Administration for Seed Production (CASP) and the Central Administration for Seed Testing and Certification (CASC), for the production of breeder, foundation, registered, certified and commercial seeds

The CRI has an efficient applied research team that adopts diverse multi-disciplinary approaches to enhancing collaboration among cotton farmers, agronomists and technologists for the development of new cotton seed varieties that meet the needs of domestic and international spinners. It conducts basic and applied research to improve cotton production practices aiming at increasing productivity and reducing production costs and facilitates the transfer of new technologies to cotton farmers through extension services and cooperatives in addition to monitoring their adoption and providing education, training and advisory support.

Since 2015, the CRI has assumed the execution and coordination of the National Campaign to Improve Cotton Production in collaboration with the Council for Cotton, Fibre and Oil Crops (CCFOC), with the Academy of Scientific Research and Technology as the main financial resource. The Campaign aims at improving Egyptian cotton and producing clean, better cotton free of contamination. The Campaign has not included any focus on a cotton value chain free from child labour.

In supporting the sustainability of cotton along the value chain, the CRI has a strong national extension system using its own regional stations and extension staff to collaborate with the MALR Extension Directorates at governorate level; it uses this system to implement its National Cotton Campaign through regional campaigns at governorate levels through field schools, awareness campaigns, education and training for MALR extension staff at all levels.



For the transformation of cotton production and processing, the CRI needs to build a strategy that supports the cotton processing and manufacturing chain in increasing the mechanization of cotton, including the use of machines in cotton planting and harvesting to reduce child labour, as well as setting Egyptian cotton standards in processing (cotton dyeing and finishing), manufacturing and testing for quality parameters to support breeders, cotton producers, traders, and local and international spinners of Egyptian cotton. For these purposes, the effectiveness of the CRI could be strengthened further by establishing a Cotton Advisory, Support and Training Centre.

The CRI lacks, however, the necessary facilities for printing extension material and other required presentation technology and tools supporting the extension work; it also suffers from a lack of availability of conference and training rooms. In fact, the CRI is highly dependent on two government funders (the CCFOC and the Academy of Scientific Research and Technology). Also, the CRI has very limited ability to provide an adequate budget for its operational expenses and investments, and to develop and implement programmes benefiting cotton farmers. Despite an extremely capable set of researchers and experts that could provide complementary skills, the CRI staff lack the required skills in project identification, formulation, appraisal, monitoring, evaluation and reporting, as well as effective management of its research activities.

On the other hand, the CRI has effectively built, leveraged and maintained strong high-impact relationships with a number of government and cooperative entities.

The MALR Extension Service

This service is centrally managed by the MALR Central Administration for Extension and Environment. It is the primary extension organization providing technical supervision on agricultural extension services at the national level to farmers through local village cooperatives. During the last five years, the CRI has coordinated effectively with the MALR Extension Service in its cotton campaign.

The informants interviewed for the present study, however, perceive the Extension Service as inefficient, lacking in communication with researchers, extension agents and farmers. This is due to the fact that most of its permanent staff are now near retirement age, while the hiring freeze for extension agents has persisted over time. MALR has attempted to circumvent this freeze by hiring temporary staff on renewable contracts. Nevertheless, the number of village-level workers providing advice to farmers is decreasing rapidly or non-existent. Moreover, there is a conflict between the duties assigned to extension workers at the field level. Specifically, extension workers are also responsible for reporting illegal constructions on agricultural land, which usually results in mistrust between the farmers and the extension agents. In fact, MALR acknowledges this weak performance and the continual erosion of the agricultural extension system, as manifested in the Sustainable Agricultural Development Strategy 2030.



Social and development organizations in Egyptian villages

Beside agricultural cooperatives, social and development organizations play a pivotal role in achieving social change. As economic, social, educational and health organizations, they participate in achieving rural development, provide the rural communities and their members with social services, and provide support to enhance their living conditions and reduce poverty. This makes them instrumental in implementing measures that fight poverty and deliver services to poor families and children; in this way they support cooperative efforts to eliminate child labour in the villages. They focus on developing income-generating activities and decent employment opportunities, as well as on supporting social protection as an essential element in an integrated approach to the elimination of child labour. Annex 2 provides an overview of their goals and roles.

3. Challenges faced by cooperatives in the cotton value chain and in combatting the use of child labour





3.1 Challenges in roles and functions

An absence of concern on the part of cooperatives for the community as a whole has led to limited members' education to achieve better dissemination of information to the public about cooperative activities and to provide support to local village development, health and poverty eradication. This limits cooperatives' ability to be involved in child labour and other community development issues.

In addition, several constraints hinder cooperatives from performing their roles and functions, despite their involvement along the entire agriculture/cotton value chain. Land fragmentation has had a negative impact on member farmers' revenues, increasing poverty and consequently incidents of child labour in cotton production, harvesting and ginning in particular. Difficulties faced by farmers across the service value chain have also increased. Individual farmers cultivating smallholdings lack:

- negotiating power when purchasing fertilizers and other supplies;
- capital to acquire necessary machinery that could contribute to eliminating child labour (such as planters and mechanized harvesting);
- resources to process their crops and add to their value; and
- bargaining power when selling their crops to obtain the highest possible price.

Along the cotton value chain, member farmers often lack the support of their cooperatives in services, which because they are limited affect the productivity of cotton production and the cotton market price. In fact, cooperatives are not engaged in value-added services which could provide higher returns and margins for both the member farmer and the cooperative. Services are not provided at the right level and scale, which results in farmers selling their cotton outside the regulated system. In addition, cooperatives are not leveraging private-sector partnerships due to a protective mindset on the part of their leadership and management.

Sourcing of inputs

The apex cooperative (CACU) consolidates the demand for inputs (seeds, fertilizers and pesticides) and acquires input supplies with lower prices through government subsidies through MALR-affiliated companies. Cooperatives distribute the subsidized fertilizers and source seeds, pesticides and other inputs.

Input provision services are not based on the needs of member farmers but rather on fixed or subsidized input quantities. Supplies are therefore limited and do not meet the actual demand. Private-sector input suppliers compete and provide inputs at competitive prices. Cooperatives need to form an input cooperative and/or company to provide member farmers with inputs at competitive prices. They are in a better position to consolidate the annual demand for inputs based on members' need to achieve lower purchasing prices and also to use subsidies to provide the required inputs.

Credit and financing

CACU does not operate its own cooperative banking facility responsible for channelling funds to finance cooperatives' and farmers' seasonal loans and small projects.

Cotton production and harvesting

Mechanization cooperatives at the governorate level focus on selling rather than leasing machines to farmers; and farmers are restricted to renting specific machines based on land size. Specialized and joint cooperatives rent and sell agricultural machinery.

To mitigate the impact of this fragmentation on cotton producers, cooperatives have the opportunity to raise adequate capital for the purchase of needed machinery through pooling the resources of their members, and operating the machinery as revenue-generating services at a competitive price. The introduction of mechanized harvesting could increase knowledge of methods to increase cotton productivity and would thus have the potential to eliminate child labour.

Cooperatives rely heavily of MALR extension services, which at present are understaffed. It is time for cooperatives to have their own extension services that help members in production and harvesting and



support the interventions required to eliminate child labour, especially through the use of the necessary machinery.

Extension and training

Cooperatives receive limited support through training, research and development to make available necessary tools to cooperative leadership and member farmers. An extension of such support would allow improved operations at all levels of the cooperative structure by offering training, lobbying and publishing services to members.

CACU is the main entity responsible for providing training and extension services to cooperatives and manages the fund to be used for training of national and central cooperatives at the governorate level. The central cooperatives are responsible for training their governorate-level cooperatives (joint and local cooperatives). Training activities are largely pro forma, delivered by unprofessional staff internally selected, and result in poor improvement in performance.

Sales, marketing and distribution

Although cooperatives consolidate cotton production, they cannot guarantee the best prices for their members. Cooperatives are in a good position to pool their financial resources so as to have a better bargaining position and obtain higher prices for their member farmers. By law, general cooperatives can trade in export the cotton produce of member farmers, but such a service does not exist.

Processing

No cotton processing support is provided by the apex cooperatives. They have no ginning and cotton processing factories that allow cooperative structures to buy cotton from member farmers and to process it in their own milling factories and processing centres. Pooling cooperative resources should be able to support member farmers in processing their cotton for the purpose of obtaining higher sales prices.

The roles and functions of cooperative structures are involved along the entire cotton production value chain, as shown in table 7 describing the strengths and weaknesses of cooperatives in each of their roles briefly described above.

► **Table 7.**
Cooper
ative
roles
and
functio
ns:
Strengt
hs and

**weaknesses**

Role	Strengths	Weaknesses
Elimination of child labour	Presence of wide-spread community-based organizations that could support agricultural cooperatives efforts in eliminating child labour in the Egyptian villages.	• Lack of awareness of cooperative principles. • Low cooperative concern for community as a whole (e.g. limited members' education to achieve dissemination of information to inform the public about cooperative activities, and low support to village development, health, or poverty eradication) due to limited resources. • Non-existence of cooperative social responsibility, which could play a significant role in eliminating child labour among their members and along the cotton value chain through fighting rural poverty and negative shocks affecting rural households. • CACU does not provide any ancillary services to all farmers which could reduce poverty among small farmers and eliminate child labour through microfinancing, disaster insurance, healthcare fund and pension fund. • Manual cotton production and harvesting; the lack of mechanization induces the use of child labour. • Cotton farmers lack support and services from their cooperatives; this affects the productivity of cotton production and market price leading to reduced farm income and rural poverty, which increases child labour.



Role	Strengths	Weaknesses
Sourcing inputs	The apex cooperative (CACU) has strong experience in consolidating the demand for inputs (seeds, fertilizers and pesticides) and acquires input supplies when pooling its own financial resources.	• Cotton farmers lack support and services from their cooperatives, which affects the productivity of cotton production and the market price. • Cooperatives are highly dependent on government support. • Cooperatives are not engaged in value-added services with higher returns and margins for both the member farmer and the cooperative. • Input supply services of cooperatives are not provided at the right level and scale, which leads farmer to buy their inputs and sell their cotton outside the regulated system. • Private-sector input suppliers compete and provide inputs at competitive prices. • Mechanized cooperatives focus on selling farm machinery rather than leasing to farmers. Renting specific machines is based on land size. • Cooperatives are not leveraging private-sector partnerships due to protective mindsets on the part of their leadership and management. • Cooperative projects are mainly production projects that compete with village farm enterprises.
Credit and financing		• CACU does not operate its own cooperative banking facility responsible for channelling funds to financing cooperatives' and farmers seasonal loans and small projects. • The Agriculture Bank of Egypt and other commercial banks charge high interest rates on seasonal loans and provide unsatisfactory service to farmers and rural enterprises.



Role	Strengths	Weaknesses
Extension and training	Strong support ensuring the sustainability of Egyptian cotton along its supply chain by the CRI's efficient applied research team, which adopts diverse multi-disciplinary approaches to produce new cotton seed varieties that meet the needs of domestic and international spinners, to improve cotton production practices aiming at increasing productivity and reducing production costs as well as facilitating coordinating the transfer of new technologies to Egyptian cotton farmers through extension services.	• Cooperative structures provide internal pro-forma training activities, delivered by unprofessional staff internally selected and resulting in poor improvement in performance. • The central cooperatives' training function is ineffective in providing training to their governorate-level cooperatives (joint and local cooperatives). • Non-existence of cooperative extension coupled with declining role of MALR agricultural extension services due to understaffing and lack of resources.
Sales and marketing	Cooperatives are in a good position to pool their financial resources so as to have a better bargaining position and obtain higher prices for their cotton member farmers. By law, general cooperatives can trade and export the cotton produce of member farmers.	• Cooperative services are not provided at the right level and scale which leads farmers to buy their inputs and sell their cotton outside the regulated system. • Cooperative structures cannot guarantee the best cotton prices for their cotton-producing members: • Limited cotton processing support is provided by apex cooperatives. • Cooperatives are not engaged in value-added services with higher returns and margins for both member farmers and the cooperatives. • Cooperatives do not buy the cotton produced. • Cooperatives do not fully leverage private-sector partnerships to market the cotton produced by their members at favourable prices. • Although by law, general cooperatives can trade in export the cotton produce of member farmers, cooperative trading and export services do not exist. • Stakeholders in the cotton sector need to better understand and leverage market trends.



Role	Strengths	Weaknesses
Processing	Pooling cooperative structures' resources should be able to support member farmers in processing their cotton for the purpose of obtaining higher sales prices.	• No cotton processing support is provided by the apex cooperatives. They have no ginning and cotton processing factories that allow cooperatives to buy cotton from member farmers and process them in their own milling factories and processing centres. • Poor entrepreneurship skills. • Unwillingness to hire professional managers, especially at apex level. • Linkages are limited to government organs and decisions. • Limited ownership.



3.2 Challenges in organizational structure

The detailed capacity needs assessment for each of the five targeted areas (see Annex 6) shows that cooperatives generally share the same strengths and weaknesses in organizational structure. Cooperatives in Behera, Kafr El-Sheikh and Al-Sharqia governorates were more active in providing services that add value to member farmers through productive projects that compete with rural enterprises in their areas, such as distribution of gas bottles, bakeries, housing and mechanical workshops. Table 8 shows the strengths and weaknesses of cooperatives overall, according to the criteria of the needs assessment tool shown in Annex 5.

► **Table 8.**
Organizational structure of cooperatives: Strengths and weaknesses, and areas for improvement

Capacity area	Strengths	Weaknesses	Areas for improvement
Governance	Experienced chairperson	• Poor awareness of cooperative principles • Limited board capacity • Highly dependent on chairperson • Leadership and management rely on intuition rather than strategic analysis	• Awareness of cooperative principles • Cooperative board governance • Development of guides and manuals for chairperson, board members, cooperative managers
Leadership	Long and accumulated technical and managerial experience	• Weak leadership and management capacity to support participation and transparency in decision-making • No performance assessment • No processes in planning, performance reviews, monitoring of performance	• Leadership skills • Management skills • Communication skills • Supervisory skills
Cooperative training and education	Available training centres at CACU and the central cooperatives	• Internal pro-forma training activities delivered by non-professional staff internally selected and resulting in poor	• Support for the central cooperative training function to provide training to staff, member farmers and



		improvement in performance • Central cooperatives' training function ineffective in providing training to their governorate-level cooperatives (Joint and local cooperatives) • No member farmer training	community through ToT (training of trainers) in: ○ project/cooperative service management and marketing skills ○ offering labour services to farmers ○ community needs assessment and action planning to better serve farmers as well as community members ○ project planning, identification and monitoring capacity ○ digital solutions to provide training by SMS or chat boxes
Service provision and projects	Long accumulated experience in managing cooperative services and projects	• Input supply relies heavily on government-administered seed and other supplies • Revenue-generation activities do not provide value to improve cotton production and harvesting directly, or contribute to eliminating child labour	• Support and provision of capacity-building interventions with the objective of identifying and managing cooperative services and projects that improve cotton production, increase farmer income and at the same time eliminate child labour along the CVC
Infrastructure	Cooperative infrastructure available in almost each village	• Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency • Limited capacity to use ICT	• Improvement of the work environment • ICT capacity building
Cooperative support to recruitment of farm labour	Cooperatives are present in almost all Egyptian villages and can play a role in recruiting adult farm labour	• Not active in recruitment of adult farm labour	• Awareness and member training to eliminate child labour • Offer of labour services to members ensuring that adults, NOT children, are hired
Financial management		• Limited financial planning and budgeting • No regular performance-to-budget monitoring	• Financial planning, budgeting and performance-to-budget monitoring capacity



Membership support in times of need		• No social nor health support	• Support for linking agricultural cooperative to social development associations
Financial viability	High ability to generate revenues	• Limited focus on responding to members' needs that add value	• Members' needs assessment
Member access to information related to cotton	Information shared through CRI cotton-related extension (field days/schools. No extension specialist to provide support	• Absence of cooperative extension and extension agents	• Strengthen linkages to CRI • Support for CRI to provide advisory technical support to cooperatives
Market access		• Limited collective marketing • Limited contract farming	• Support for collective marketing and contract farming
Adaptive capacity	Presence of cooperatives is recognized within the community r regarded as positive Active coordination with the CRI	• Trend of members using child labour in cotton production • No community support to address child labour • No child labour monitoring or remediation system in place • Difficulty in motivating members into action • No skills in community needs assessment • Limited advocacy skills • Limited advocacy work to apex	• Support for use of professional management in cooperatives • Preparation of a guide describing measures to eliminate child labour • Community support to address child labour • Implementation of child labour monitoring and remediation system • Improvement in capacity to increase member engagement • Community needs assessment skills, and skills training to community members based on such assessment • Advocacy capacity

4. Conclusions





The needs assessment found both opportunities and constraints in the role of cooperatives in eliminating child labour, as well as in their general development.

4.1 Opportunities

Cooperatives have ample opportunities to support member cotton producers and implement economically viable alternatives to address their needs, which would contribute to preventing the use of child labour. These include:

- The willingness of the Government to improve conditions along the cotton value chain.
- The availability of the CRI to enhance cooperative's role and performance in cotton production and processing in collaboration with the MALR extension service.
- The presence of oversight/regulatory government structures at both national and governorate levels.
- The willingness of the Government to regulate cotton trading and exports and support improved access to marketing cotton.
- The high demand for Egyptian cotton in Egypt and worldwide, which creates opportunities for cooperatives to pool their resources to trade, export and enter into value-addition cotton processing.
- High demand of Egyptian cotton in Egypt and worldwide creates opportunities for cooperative structures (represented by The General Cooperative for Cotton Producers) to pool own resources to trade, export and enter into value addition cotton processing through building partnerships along the cotton value chain with lead actors (e.g. traders, exporters, processors and manufacturers)
- The availability of training institutions and higher education to assist in cooperative development.

However, at present cooperatives have limited involvement along the cotton value chain and are not capturing the economic benefits further down the chain.

4.2 Constraints

Cooperatives' ability to mitigate the impact of fragmented/small farms on child labour

Land fragmentation in cotton areas increases the difficulties faced by member farmers across the cotton value chain. Cotton producers lack: negotiating power when purchasing inputs, capital to acquire machinery, resources to process their cotton and add to their value, and power when selling their cotton to obtain the highest possible price. This is due to limited support and ineffective roles in sourcing and distribution of inputs, production and harvesting, provision of value-added services in processing and selling cotton, and absence of cooperative extension.

- Input supplies are limited and do not meet actual demand, as cooperative Inputs provision services are not based on cotton member farmers' needs but reliant on channelling fixed or subsidized government inputs. Fertilizers are provided by government-affiliated companies and rationed by cooperatives to member farmers. The MALR also provides pesticides, depending on available supplies.
- At present, cooperatives acquire supplies at lower than market prices through government subsidies.
- Mechanized cooperatives focus on selling farm machinery rather than leasing to farmers. Renting specific machines is based on land size.
- Cooperatives cannot guarantee the best prices for their cotton-producing members due to: the following:
 - Limited cotton processing support is provided by apex cooperatives.
 - Cooperatives are not engaged in value-added services with higher returns and margins for both member farmers and the cooperatives themselves.



- Cooperatives do not offer their services at the right level or scale, as farmers often resort to selling their cotton outside the market system organized by the Government. Cooperatives do not buy the cotton produced.
- Cooperatives do not fully leverage private-sector partnerships to market their members' cotton at favourable prices.
- CACU does not provide any ancillary services to farmers; nor does it combat poverty among small farmers to eliminate child labour through microfinancing, disaster insurance, healthcare funds and pension funds.
- There is an absence of cooperative extension coupled with a declining role of the MALR agricultural extension services due to understaffing and lack of resources.
- Stakeholders in the cotton sector do not understand and leverage market trends.
- Cooperative projects are mainly production projects that compete with village farm enterprises (such as operating a poultry battery, fattening or milk breeding, household items, gas-bottle trading or even running car mechanics workshops) rather than input supply trading, trading in cotton produce or agricultural machine repair (see table 9).

Organizational capacity

There is a general lack of awareness and understanding of cooperative principles among the cooperative leadership, management and members. This concerns issues related to open membership, ownership, distribution of benefits, democratic control, members' common goal, autonomy and independence from external manipulation, cooperation among cooperatives locally, regionally and internationally so as to better serve members optimally as they build relationships with other cooperatives and concern for the community as a whole. Cooperatives can benefit the consumer by providing good quality produce, as well as through members' education to achieve better results, and the dissemination of information to inform the public about cooperative activities. In particular, the following constraints were noted:

- Poor governance and lack of democratic practices coupled with board members unskilled for their position.
- Weak managerial and technical capacities, deficient financial management and an underdeveloped administrative system.
- Weak communication between base members, staff and boards at all cooperative levels.
- Weak vertical/horizontal integration leading to a lack of coordination, coupled with deterioration of headquarters and outdated office equipment.
- Weak financial position for the majority of cooperatives, especially at local level, due to the low value of shares, lack of revenue-generating services and absence of credit providers.
- Lack of flexibility and efficiency due to governmental interference in management, decision-making and operations.

Membership support

- Membership is mandatory for agriculture land holders, which prevents farmers from seeking the best cooperative services available to support them. Cooperatives, therefore, are under little pressure to expand their services or to improve existing ones, or even to compete, expand, gain scale, diversify their services and reduce the cost of serving member farmers.
- Annual membership fees are determined by the government regulators in different governorates. Low membership fees deprive cooperatives of the necessary funds to provide support to member farmers.
- There is low cooperative concern for community as a whole (limited members' education to achieve better results and dissemination of information to inform the public about their activities, and low support to village development, health and poverty eradication).



► Table 9. Cooperative projects in targeted governorates

Type of project		Behera		Kafr El-Sheikh		Al-Sharqia		Fayoum		Alexandria		Total investment s	Total coops
		Investme nt cost	No. of coop s	Investme nt cost	No. of coop s	Investme nt cost	No. of coop s	Investme nt cost	No. of coop s	Investme nt cost	No. of coop s		
Service projects	Input supply	0	0	13210339	1	0	0	0	0	0	0	13210339	1
	Seed production & trading	0	0	51300	1	0	0	0	0	0	0	51300	1
	Fodder	0	0	0	0	4089934	9	0	0	0	0	4089934	9
	Vet pharmacy	0	0	0	0	2000000	5	0	0	0	0	2000000	5
	Agriculturalmechanizati on	1649888	5	1817953	10	11539742	13	0	0	0	0	15007583	28
	Total service projects											34359156	44
Other projects	Production projects	688359	104	0	0	2317024	14	0	0	0	0	3005383	118
	Bakery	84235	1	0	0	11968	2	0	0	0	0	96203	3
	Household items	315450	4	1009512	23	90000	4	0	0	0	0	1414962	31
	Housing & office building	8855964	99	0	0	0	0	0	0	0	0	885964	99
	Car mechanic	50000	1	0	0	0	0	0	0	0	0	50000	1
	Gas bottle trading	0	0	114210	2	5000	1	0	0	0	0	119210	3
	Total other projects											13541722	255
Total		11643896	214	16203314	37	20053668	48	0	0	0	0	47900878	598

Source: Agricultural Cooperative Directorates at governorate level.

5. Recommendations: The way forward to address child labour in the targeted value chains





Improve awareness and understanding of cooperative principles to restore cooperative identity

- Improve awareness and understanding of cooperative principles among the cooperative leadership, management and members. This concerns issues related to open membership, ownership, distribution of benefits, democratic control, members' common goal, autonomy and independence from external manipulation, cooperation among cooperatives locally, regionally and internationally so as to better serve members optimally as they build relationships with other cooperatives, and concern for the community as a whole.
- Develop a training and education plan to raise awareness of the above cooperative principles among the leadership, management, staff and member farmers as well as government administration, to restore the identity of cooperatives. Use various awareness-building tools and advocacy, including seminars, published literature, posters, websites and text messages focusing on strengthening the role of cooperatives to provide members with quality affordable services that contribute to improving their financial and social status.
- Support the reshaping and reformulation of the relationship between cooperatives and government-related entities regulating and supporting cooperatives so that the cooperative principles and vision continue to define the cooperative as a voluntary socio-economic organization, with the objective to build a healthy positive partnership in order that cooperatives may regain their social role of improving living conditions and reducing poverty in their communities.
- Engage government staff in cooperative awareness and education programmes, particularly to increase awareness and understanding of cooperative philosophy and principles.

Strengthen the capacity of cooperative structures and services

- Enhance the capacity of board members, management and staff in strategic leadership, strategic management, business planning, cooperative service/project management, competition, performance reporting, human resources management, procurement management, communications, IT skills and management, based on designing a training solution tailored to their needs.
- Improve cooperative operations by making available the necessary tools and guides including standards, internal rules, regulations and procedures adapted to each type of cooperative, supporting efficient administrative and financial systems.
- Enhance communication and management information system at CACU, as well as the general and central cooperative levels.
- Enhance the role of cooperatives in members' education.
- Provide assistance to strengthen partnerships between cooperative structures and public/private partnerships.
- Strengthen cooperative capacities at all levels, including concern for their communities (such as in education, and support to local development and poverty reduction).
- Develop feasibility studies on the operation of cooperative projects such as in agriculture machinery and other services that can eliminate child labour and improve farmer productivity.

Strengthen understanding of the synergies between child labour and rural development to enhance cooperative concern for the community

- Support cooperatives to carry out community development actions that meet the philosophy and principles of the cooperative movement, to eliminate child labour and at the same time reduce pressures on the Government, by:
 - engaging with community development organizations to raise awareness on issues related to child labour in cotton production;
 - getting involved with their villages and providing support to reduce rural poverty through linking and partnering with community development organizations; and



- engaging and coordinating with local development organizations such as local development units, rural social development associations, youth clubs, syndicates and political parties, among others, to execute joint projects that solve immediate poverty and social needs, and improve members' living conditions.
- Support the capacity of cooperatives for, and create awareness of, social finance and social innovations through public-private partnerships as an alternative to traditional public and grant funding in order to address the need to eliminate child labour along the cotton supply chain. Introduce applicable new learning and strategies to solve the associated problems, as well as socially-orientated financial activities to mobilize the multiple sources of capital and management funds that deliver both a social benefit and an economic return for investors, including: impact investment – investing for both a financial return and a social return; social banking – investing deposits in social enterprises; charitable banking – banking with a specific focus on the needs of charities; and providing banking services and advice to financially excluded individuals and crowdfunding platforms for funding social ventures.

Examples of social finance innovations may include social investment fund that acts to pool capital from investors to provide loans and venture capital to cooperatives and community development organizations, social enterprises and social purpose businesses (a social enterprise/social purpose business is a company whose goal is to provide goods and services while also addressing a social agenda); or an impact fund to support the development of solutions for social problems. Priority areas include employment opportunities for adults, and microenterprise support.

For example, Social Ventures Partners pools funding and expertise to donate money, time and advice to help targeted rural entities achieve their goals, such as helping cooperatives build capacity and assisting community organizations to grow and work effectively toward their missions. The group focuses on assistance to children, youth and families as well as local social enterprises.

A social innovation fund would provide a private-public partnership structure created by government authorities, with funding and support from the private sector. In this case the Government provides a non-reimbursable grants vehicle fully funded with government funds, with the purpose of bringing into life innovations that address the needs of the poor; and a reimbursable capital vehicle jointly funded with private-sector funds to finance the scaling up of social innovations through private-sector participation. It addresses social problems prioritized by governments or topics such as child labour, rural employment, and others, and is driven by the government's social agenda and a pay-for-performance contract. This contract is an agreement between a government and a cooperative or NGO in which the government identifies desired social results and commits to pay the external organizations an agreed amount of money once these results are achieved.

- Develop an action plan for local cooperatives in social and local development in collaboration with local development entities and local government authorities supporting cotton producers'/ cooperative members' well-being and economic development

Membership support

- Liberalize membership rules to allow farmers to join the cooperative of their choice and to seek and obtain the best available services.
- Allow cooperatives to expand their service offering at lower costs, and encourage healthy competition between cooperatives with the objective of increasing farmers' income and the revenues of rural enterprises supporting cotton.
- Annual membership fees should be determined by the cooperative management rather than the Government.



Enhance cooperative roles in mitigating the impact of fragmented small farms on input sourcing and distribution, production and harvesting, processing, sales, marketing and distribution

- Support cooperatives in providing needed inputs to cotton farmers. Cooperatives should estimate the annual demand of member farmers based on their needs and then make use of member fees and government subsidies to provide the required supply of inputs while integrating production, sales and other services.
- Support cooperatives in operating an efficient credit and financing cooperative facility responsible for channeling funds to farmers and cooperatives to provide seasonal credit and finance service projects.
- Support the capacity of cooperatives and the banking system to promote supply chain finance along the Egyptian cotton value chain by:
 - promoting innovations that support financing of the cotton value chain, such as developing models for market access (including contract farming, lead firm buyers, vertically integrated chains, networks of producers and buyers); commodity exchange development with rapid and accessible prices; opportunities for facilitating trade and risk management; opportunities to use new financial instruments; and promoting industry competitiveness through the formation of member-led cooperatives and industry associations, market assessment and development strategies, promotional tools, branding, product life cycle and product differentiation;
 - promoting and providing capacity-building support to the banking system, cooperatives and other players along the cotton supply chain as a way of raising capital for small producers and their cooperatives working in commercial partnerships with larger actors, so that cooperatives and member farmers can raise finance or optimize their working capital through collaboration with their cotton buyers/suppliers rather than promoting unhealthy competition between the two. For example, a buyer usually attempts to delay payments as long as possible, whereas the seller seeks payment as soon as possible. Supply chain finance offers a win-win situation for both parties. It can improve: the overall effectiveness of those providing and requiring agricultural financing; the quality and efficiency of financing the cotton value chain by identifying financing needs for strengthening the chain; tailoring financial products to fit the needs of the participants in the chain; reducing financial transaction costs through direct discount repayments and delivery of financial services; and the use of value chain linkages and knowledge of the chain to mitigate risks of the chain and its partners. As agriculture and agribusiness modernize, with increased integration and interdependent relationships, the opportunities and the need for value chain finance become increasingly relevant; and
 - introducing innovative partnerships between cotton producers and their cooperatives and local processors (cotton ginners) in targeted governorates and seizing opportunities to develop a hybrid credit delivery model based on local banks. This requires a study to map the cotton value chain in the study area; calculate the opportunities for banks in agricultural finance along the cotton value chain; and find the banks' constraints and suggest possible solutions to overcome these constraints.
- Enhance the role of mechanization cooperatives to sell and rent required machinery to help farmers in production and harvesting.
- Through apex cooperatives, consolidate farmer demand for inputs to achieve lower purchasing prices.
- Establish an input trading company to provide needed inputs to member farmers.
- Make available the necessary machinery and technological improvements that contribute to eliminating child labour.
- Pool resources of cooperative members to raise adequate capital for the purchase of necessary machinery that may be operated as a cooperative service project.
- Support cooperative structures in their efforts to provide value-added services for cotton processing, sales, marketing and distribution. Cooperatives represent multiple cotton farmers. They should have a better bargaining position and obtain higher prices for their members. It is recommended to:



- enhance specialization and service provision by cooperatives, in particular the General Specialized Cooperative for Cotton Producers, by providing the required financial and managerial assistance to support member farmers in cotton processing for the purpose of obtaining higher sale prices, as well as support to buy cotton from member farmers; so that ultimately the specialized producers cooperative can own its own processing centres/factories.
- Support cooperative structures, especially the General Specialized Cooperative for Cotton Producers, in selling and exporting cotton from member farmers, as well as in their efforts to market and brand their cotton to facilitate the distribution process.
- Support CACU in setting up a strategy to provide ancillary services to perform activities that cater to all farmers and at the same time combat poverty among small farmers to eliminate child labour, as well as in activities such as microfinancing, disaster insurance, healthcare fund, and pension fund. CACU is well placed to reach out to all farmers equally while centrally managing the required funds to achieve fairness. This would require setting up funds and channelling their financing from members or other sources, which can be challenging and may require changes in the current legislation.
- Support CACU in establishing a risk insurance fund to balance prices, dependent on members' contributions.
- Enhance cooperative public-private partnerships.
- Enhance CACU's and central cooperatives' roles in providing business and trading development support to increase employment opportunities, and at the same time improve rural income along the cotton production chain; and to increase value-added services through entrepreneurship promotion and training, particularly to support input trading, transportation and mechanization projects using innovative social finance.

Cooperative extension

- Promote the establishment of cooperative extension services that coordinate with the MALR extension service, the Cotton Research Institute (CRI) and other relevant research institutions and universities.
- Support advisory and technical assistance to cotton producers through the CRI as well as awareness and education material and mobile communication.
- Support the establishment of revolving loan funds through central cooperatives in partnership with local cooperatives at all levels in the governorate.
- Strengthen collaboration and cooperation with and between cooperatives at all levels.

Enhance the role of the Cotton Research Institute (CRI) in coordinating and providing consistent extension/technical assistance and advisory support

- Support cooperatives in building partnerships with the CRI and other research institutions supporting technological improvement as a means to reduce the use of child labour in cotton growing/harvesting.
- Support the CRI in developing a training solution to build capacity for government rural extension staff to provide effective cotton-related extension services, and to transfer new technical knowledge and timely information to facilitate small farmer learning and decision-making, enabling them to try out new technology with a view toward overcoming problems such as child labour and poverty, in this way strengthening the CRI innovation process and building linkages between farmers and other actors along the cotton value chain to support the bargaining position of farmers as well as their cooperatives. Capacity-building methods may include workshops, conferences, study tours, on-job training, demonstration plots, cross visits, farmer field schools, coaching and mentoring, using mixed tools such as information dissemination, training, and facilitation and mentoring, networking and feedback to promote learning from experience.
- Support the CRI in developing a cotton advisory support centre to provide technical and capacity building support to cooperatives and member farmers, as well as extension services including developing extension material in paper and electronic forms.



- Support the CRI in introducing improved cotton production and harvesting that will eliminate child labour, and in promoting better occupational safety and health (OSH) in mechanized land preparation and mechanical harvesting.
- Revise the CRI strategic plan to include a national campaign on a cotton value chain free from child labour, and provide capacity-building support to implement it along the cotton value chain.
- Support the CRI in efforts to enhance cooperatives' ability to function efficiently and add value both to producer members as well as commercial partners, focusing on sustainable and profitable cooperatives as a first priority. These cooperatives may then be able to perform peer-to-peer learning opportunities for others to help fill the gaps in the ability of extension and technical assistance providers to strengthen cooperatives. The learning opportunities could cover:
 - Business planning capacities
 - Business skills
 - Networking with cotton stakeholders
 - Negotiation with market actors
 - Quality control
 - Post-harvest services
 - Market information
 - Market access for both cooperatives and small farmers
 - Transparency
 - Good agricultural practices



Build cooperative marketing capacity for cotton at the General Specialized Cooperative for Cotton Producers

- Provide support to the General Specialized Cooperative for Cotton Producers in linking cooperatives to the market by improving market access for both cooperatives and smallholders; developing production strategies through aligning with market demand over the short, medium and long-term; setting up appropriate post-harvest management practices for cotton farmers to enhance their access to markets and prices; putting in place sufficient incentives to drive adoption; enhancing adoption of current quality standards; reviewing price differentials between cotton grades, how a premium is/might be transmitted, and who captures them, to inform the identification of effective means of incentivizing improved post-harvest practices at the farm and producer organization level.
- Provide support to the General Specialized Cooperative for Cotton Producers to produce efficiently and profitably and with consistent volumes and quality for the domestic market, to leverage the national market as a safety net in a first step towards potentially accessing higher-value niche export markets.
- Support the General Specialized Cooperative for Cotton Producers in setting up a system to monitor and analyse both domestic and export cotton markets, and in developing recommendations to enhance Egypt's competitiveness in domestic and international cotton markets, and for stakeholders in the cotton sector to better understand and leverage market trends.
- Set up an information, monitoring and evaluation system to assess the effectiveness of the cotton sector, using sustainability indicators on cotton farms, competitiveness of the producers and those that support the cotton production system, accurate measurement of productivity, and consistent cotton production data with a clear commitment to public accessibility.
- Promote the development of a cooperative input supply company and improve cooperative and staff capacity to handle procurement and distribution. Most farmers appreciate the involvement of cooperatives in input trading; an input supply company would encourage a sense of ownership and confidence in their cooperative to procure and provide inputs in a timely way as needed. It would also save costs, guarantee quality and ultimately increase revenue.
- Involve cooperatives in buying cotton from member farmers and processing it in their own mills and factories.
- Establish a cotton trading and export company to market and brand the cotton produced, to facilitate the distribution process.

Develop and promote good business models for cooperative structures

- Support model cooperatives, one in each governorate, by enhancing their capacity to provide cooperative service projects to the other associations and their members, ensuring the inclusion of the following skills and learning opportunities:
 - Strategic planning
 - Business planning
 - Business skills
 - Networking with cotton stakeholders
 - Negotiation with market actors
 - Quality control
 - Post-harvest services
 - Market information
 - Market access
 - Transparency
 - Pest management
 - Good agricultural practices
- Support cooperatives (including CACU and central cooperatives) to provide business development services that focus on promoting projects that increase overall rural employment and income



related to the cotton sector. This entails developing the workforce along the cotton supply chain to increase production and value added; for example, rural entrepreneurs, appropriately trained and prepared to provide services in inputs, transportation, mechanization and other project areas with linking to livelihood and social finance interventions.



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► Annexes

Annex 1. The cotton value chain in Egypt: Stages after production

While Chapter 1 in this report has described general features of the Egyptian cotton value chain and particularly cotton production, where most child labour is found, Annex 1 describes the stages further along the chain.

Cotton is a dual-purpose crop – lint and seed. Its major output is seed cotton. Waste from cotton plants (stems and sticks) is not fully used by manufacturers to produce vegetable oil, livestock feed, and natural fibre for textile manufacturing.

The quality of cotton is determined by picking, genotypes, transportation and the ginning process. Cotton is generally hand-picked in Egypt, and the trash content in raw cotton is roughly 9 per cent whereas for machine-picked cotton in other cotton-producing countries it is 3.5 per cent. In order to remove contamination, a process called “beating” is followed; however, excessive beating in an attempt to remove high trash content compromises the quality of the cotton.

Trading

Since cooperative trading ceased after 1994 with the emergence of free trading companies established according to the free trade Law no. 10/1994, a newly regulated market price system has begun in the governorates of Fayoum and Beni Suef in 2019, with the governorates of Al-Sharqia and Behera coming on board in 2020. Cotton is received directly from farmers at collection rings on a mandatory basis, and then auctions are conducted with the participation of private-sector companies/traders. A 70 per cent share of the agreed selling price goes directly to farmers. Then, after ginning, the remaining 30 per cent of the price is paid to the farmers after quality testing. The system rewards quality with a premium and drives small traders that exploit farmers out of the market. Traders can, however, purchase cotton for low prices (less than the market price) from farmers who own very small cotton farms (less than one feddan) and have little access to the marketplace. With a limited number of collection rings as well low trader participation, cotton accumulates in the collection rings, or is sold directly by farmers to traders at lower prices, avoiding the newly organized trading system that rewards quality with a premium in order to preserve the quality of Egyptian cotton.

This market price system avoids the shortcomings (such as low-priced cotton, limited number of traders’ own collection rings and low-quality cotton fibre) of the free trading system that started in 1994 after the liberalization of cotton production. After the fall of the cooperative cotton marketing system that had been implemented by farmers’ cooperatives at all levels before 1994, where cooperatives had established their own cotton collection rings covering all cotton cultivating villages, the free cotton marketing system was regulated by an indicative price based on weight only, without considering quality aspects. Under this system, traders, ginners and other buyers purchasing cotton at the indicative prices experienced losses due to the inferior quality of the cotton.

Ginning

Ginning is the process of separating cotton fibre from its seed. Ginned cotton, or lint, is a cleaner form of raw cotton that is transferred to the spinning units for further processing (pack size is 170 kg, which equals one bale).

Egypt currently has five ginning companies. This industry produces two by-products: cotton lint and cottonseed. Both public and private ginning units exist in Egypt. Despite its significance, the industry lacks modern and efficient technologies, resulting in impure cotton fibre and a low lint-to-seed ratio. Poor marketing skills, non-standardized ginning practices, and lack of government price support are some of the major issues facing the ginning sector.

The ginning industry has been operating on low profits, as both the quality and quantity of cotton production has declined. A large number of firms are operating below capacity: a firm with the capacity of crushing 100,000 bales is now crushing only 25,000 bales per season.



Major locations for lint export are the European Union and the United States. Cottonseed, the remaining part of the cotton boll, is used as animal feed and to produce oil, seed cake, soap and other products. Cotton waste (fibrous waste mostly composed of short fibres) is exported to France, Italy, Republic of Korea, Thailand and the United States, among other countries. It is then used to make coarse yarn and non-woven clothes.



Spinning: Yarn production

Yarn is the output of spinning units and is a major component for knitting, weaving and the textile made-up sector, which includes ready-made garments, knitwear, dyeing and printing. Yarn is exported, as well as being sent to weaving (to produce grey cloth), knitting units, and garment manufacturing units. Some large textile manufacturers have in-house spinning facilities, which combine weaving, and knitting as well as dyeing and stitching.

The spinning industry is a major part of the cotton value chain, as it is the primary step in adding value to raw cotton fibre. Egypt has the third-largest number of spindles among cotton-producing countries and is the fourth-largest producer of yarn in the world. One of the major drawbacks of small-sized spinning units is the lack of modern and sophisticated technology, so that locally produced yarn has a thread count of 40-50, while there is higher demand for a finer count yarn (60-120 thread count). Most local manufacturers therefore import 60 thread-count yarn and above to meet international market demands. On the other hand, large textile units having in-house spinning facilities produce higher-count yarn for further processing. The low-end units of the cotton value chain (cotton yarn and spinning) are more export-oriented than upper-end units such as garment manufacturing, which comparatively have a greater value.

As a result, Pakistan's textile exports are skewed towards low and medium value-added products such as cotton yarn and textile made-ups (towels, bed sheets, blankets, and so on). This reduces the value addition that Egypt can earn by going further up the value chain. South-East Asian countries, including Hong Kong (China), Indonesia, Japan and the Republic of Korea (all major markets for Egypt's cotton yarn export), earn the value addition on Egypt's cotton yarn by re-exporting it after significant value addition.

In 2016/17, local spinning mills were the main consumers of Egyptian cotton, accounting for about half of all use. Demand from local spinners for cotton has increased, as they have been receiving higher returns on exports since the devaluation of the Egyptian pound and the growing demand for Egyptian cotton. Recent increases in domestic cotton production are expected to lower prices and create more domestic demand from the textile industry. The top five global buyers of Egypt's high-content cotton yarns (85 per cent cotton or over) are Italy (36 per cent), Turkey (20 per cent), Portugal (6 per cent), Germany (6 per cent) and France (5 per cent), while almost all Egypt's low cotton-content yarns (below 85 per cent cotton) go to Turkey (96 per cent).

The textile production industry: Yarn to fabric – weaving, knitting, made-ups

Egypt has a large domestic textile production industry, with 25 state-owned enterprises producing approximately a third (35 per cent) of Egypt's textile production and employing 65,000 people. The Government is currently modernizing and partially privatizing these state-owned firms. An additional 2,500–3,500 private companies also produce textiles, but only an estimated 150–250 of all textile companies engage in exporting.

The Egyptian textile and apparel industry has been in decline for the last 30 years, with many businesses, particularly the state-owned ones, using out-dated equipment. Investments in spinning, weaving, knitting and dyeing have been very limited, which is why the subsector is characterized by various bottlenecks and the industry lacks vertical integration. The major upstream bottlenecks concern man-made fibre, cotton yarns, woven fabrics (in particular narrow woven fabrics), denim from non-Egyptian cotton, and light-weight cotton fabrics used as input in the local apparel sector, man-made fibre knitted fabrics and very fine Egyptian cotton fabrics, such as those used for fine underwear and polo shirts. Another problem is in the quality and supply of dyeing, finishing and printing for woven and knitted fabrics. With these bottlenecks, the textile sector has become negatively affected:

- It is highly dependent on imports, a situation that emerged particularly after the deregulation in the 2000s and the growing orientation toward export. Most domestic textile production uses imported short and medium-staple cotton varieties, which are often imported at higher costs compared to spinners, due to non-tariff barriers and smaller orders. Common Egyptian products using short staple are denim items and T-shirts.
- It has also become dependent on imports of manmade fibres due to the limited local production. Egyptian cotton is usually used for home textiles and high-end clothing.



Apparel

Egypt is an important apparel producer in the Middle East and North Africa region. The industry is relatively diverse in terms of products, export market, size of firms, ownership of companies, and use of inputs. For example, some Egyptian apparel companies focus on exporting premium garments produced from high-quality Egyptian cotton. Other companies produce low-end garments based on cheaper fabric imports. The industry is also divided in terms of final markets. In addition to the domestic market, the other two main markets for Egypt are Europe and the United States; Egypt enjoys preferential access to these markets through various trade agreements. While some companies export to both, it is more common for them to specialize in one of these two markets due to different buyer requirements. Exporters to the United States tend to focus on large standardized orders, while exporters to Europe focus on smaller and more flexible production. These differences tend to be reflected not only in the size of exporting companies but also in the organization and skills of their workers. Overall, an estimated 700 apparel companies in Egypt export.

In terms of ownership, Egyptian-owned companies form a substantial part of the industry, but foreign investment is also common. Asian companies owned by investors from China, India and Taiwan (China), and also Turkish companies that usually use Turkish fabrics to export to Europe, are all present in Egypt. Previous attempts to increase vertical integration in the Egyptian apparel industry have not always been successful, as some apparel companies resist using Egyptian fabrics and inputs citing issues related to cost and quality.

In 2018, Egyptian apparel exports amounted to US\$1.9 billion, representing 7.4 per cent of total Egyptian exports. In most years, there is a slightly larger volume of than knitted products. The key products exported include: men's and women's suits, jackets and blazers, trousers and shorts, accounting for 35 per cent; jerseys and pullovers at 12 per cent, and T-shirts at 12 per cent. The largest export market is by far the United States with 46 per cent of all Egyptian apparel exports. Germany and Spain take 8 per cent, Turkey 7 per cent, France 6 per cent, the United Kingdom 5 per cent and Italy 4 per cent. Overall, the European Union imported 35 per cent of all Egyptian apparel exports in 2018.

Following a rapid increase in the 2000s, Egyptian exports of apparel have fluctuated in recent years, reflecting a number of internal and external dynamics. Externally, demand from Egypt's key European markets declined as a result of the global economic crisis. Competition in the European market from a number of Asian producers and across market segments and products has also increased. Internally, the political instability in Egypt following the Arab Spring in 2011 contributed to uncertainty and hesitation among some European buyers about sourcing from Egypt. Overall, these dynamics contributed to a substantial decline in Egyptian exports. In 2016, in an attempt to restore competitiveness, Egypt floated its currency resulting in a major devaluation of the Egyptian pound, leading to an increase in exports. The devaluation, however, also increased the cost of imported fabrics and inputs for some apparel companies.

A weak linkage between the upstream cotton industry and the downstream textile industry results in low quality and high production costs. In order to promote inclusive growth across the value chain, enhancements such as skills and knowledge exchange, private sector investment in agricultural technology, innovation sharing, and an enabling business environment (such as the relaxation of duty on the import of agricultural machinery) would promote intra-value chain competitiveness.

Supporting markets

Transport and credit are major supporting industries for the cotton value chain in Egypt. The Agriculture Bank of Egypt is the largest provider of agricultural loans to farmers. It provides short-term (six months), medium-term (up to five years) and long-term (up to eight years) loans for farm inputs (for example, tractor, fertilizer, seed), poultry and orchids, among others. It also offers short-to-medium-term loans for women for framing, textiles and clothing, among others. While landholding is a requirement for these schemes, small and medium farmers are mostly reluctant to take these loans due to limited financial capacity to pay interest. In the case of transport, vulnerable links are quite unclear at this stage.

Associated industries

Other secondary industries associated with the cotton value chain include banana oil, cardboard, firewood, soap and seedcake. Cotton waste is supplied to these industries as well as used for domestic use in the form of firewood. These industries are highly dependent on cotton, and any adverse climate impact on the crop



is likely to affect performance. In-depth analysis should be conducted at later stages in order to better understand these industries and their role, their vulnerabilities and their adaptation strategies.



Annex 2. Social development organizations in Egyptian villages

Type	Objective	Organization	Role
Economic agricultural organization	To provide seasonal and term loans to farmers with cooperative support	Village bank	• A financial unit that represents the Agriculture Bank of Egypt to provide financing services flexibly and independently in its village(s). It contributes to improving the socio-economic development of farmers in particular and of the Egyptian community in general. Law No. 117/1976, Article 4 defines seven roles for the village bank: 1. Providing loans to the agricultural cooperatives in order to achieve their productive purposes and activities. 2. Providing loans to projects which participate in agricultural development. 3. Providing loans to farmers including members of the agricultural cooperatives. 4. Conducting financial activities that serve the purposes of cooperatives and their members. 5. Accepting deposits and savings from farmers and the members of agricultural cooperatives in order to invest in different development projects. 6. Participating in marketing agricultural products to help farmers economically and socially. 7. Creating and spreading local savings awareness for local development. Serves agricultural activities of farmers through finance and loans. • Introduces modern methods to agricultural processes, providing loans for farmers to mechanize agricultural processes, improving soil and financing new projects (e.g. animal wealth, preparing, canning, packaging, freezing and marketing vegetables and fruits).



Type	Objective	Organization	Role
Social organization	To provide members with social services to help enhance their way of living and develop their rural community	Rural social unit	The main unit in establishing governmental social work. It aims at: • Developing the local community and bringing about social changes in light of public concepts and principles. • Providing the services and activities approved and determined by various social legislation such as the social security law. • Implementing the developmental programmes set up by the Ministry of Social Affairs. • Promoting and developing the rural economy and infrastructure. • Studying the environment from the point of view of identifying and developing its socio-economic needs and resources. • Stimulating social awareness and participation in rural development projects in villages. • Disseminating the principles of democracy in rural areas. • Implementing development projects. • Supporting an increase in family income through spreading, supporting, providing and developing environmental and domestic industries. • Providing the various services of the Ministry of Social Affairs such as pensions, social security, aids and professional rehabilitation. • Providing direct services such as social insurance, pensions, aid for families of militants, aid for emigrants and families, public service for university graduates, and social research that tackles critical problems in the community; and Indirect services through the cooperatives for social care and social development, which are located in the local environment. These social services include childcare, professional training centres, women's organizations and literacy classes. In addition, the social unit provides its services to the other authorities located in the local environment in order to help to achieve their activities in the fields of learning, education, health and agriculture.



Type	Objective	Organization	Role
		Rural social development association	According to Law No. 32 /1964, a social development association is identified as an organized group formed for a certain or uncertain period of time as an NGO. It consists of not less than 10 citizens aiming at a purpose other than acquiring monetary profit. Each association has a board elected from local community leaders. It is considered the most important part of the citizens' public activity, as its goals represent members' desire to meet social and environmental needs. The Ministry of Social Affairs encourages the establishment of rural social development associations and helps them technically and financially. They participate positively in developing the Egyptian rural areas seeking to achieve several goals: • Studying village problems and cultural, social and economic needs. • Organizing public efforts as well as identifying self-solutions for the problems that the village faces through making use of the available capacities and resources in the village. • Improving the public status of the village through utility maintenance, potable water provision, keeping it clean and tree planting. • Establishing recreational institutions. • Providing the necessary social care programmes. • Participating in putting an end to the problem of illiteracy through opening literacy classes. • Increasing rural family income through agricultural projects and exploiting the animal wealth and projects of the producing families. • Informing farmers and ensuring they are aware of patriotic, national and international issues and events. • Caring for childhood and motherhood through setting up nurseries.



		Rural local unit	According to Article1 of the local Law No. 43/1979, and Law No.145 /1988, a rural local unit is a governmental administrative unit at the village level charged with bringing about vital changes in the functions and structures of the village social systems in coordination with governmental and non-governmental economic, social and political activities in the Egyptian rural villages. The unit is to assume the establishment and management of all public infrastructures located in its geographic area, supervised by the village local public council and executive administrative authority. According to Article 66 of Law No. 43/1979, Law No. 50/1981, and Law 145/1988, each rural local unit should have a local public council consisting of 20 members to be elected from public leaders in the village served by the unit . This council has the following roles: • Suggesting the plan of economic, social and rural development of the village. • Suggesting the public budget plan and approving the final statement. • Suggesting methods for public participation. • Suggesting the establishment of public infrastructure in the villages. • Spreading agricultural awareness to achieve improvements in the diversification of agricultural production. • Exerting efforts to put an end to illiteracy and encourage family planning, care for youth and promote religious and moral values (Ministry of Local Rule, 1979, 1981, 1988). The executive council of villages is formed from the heads of each village's local unit and all the heads of the executive authorities within a village. They represent the Ministries of the Interior, Education, Social Affairs, Health, Agriculture, Housing and the village bank. This executive council of villages takes responsibility for the following tasks: • Supporting the heads of the rural local units in setting the administrative and financial plans related to village affairs. • Implementing the decisions and recommendations of the local public council. • Monitoring and collecting the financial resources including taxes on farmlands and all returns from the different activities that are managed by the rural local unit. • Supporting other local authorities in solving the problems that they face. • Discussing the village needs for infrastructure, services and necessary
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Type	Objective	Organization	Role
			projects for economic, social and rural development In addition, the rural local units have other tasks related to agricultural activity and production: • Planning and organizing agricultural and veterinary services. • Executing anti-blight and pest control programmes. • Providing the agricultural cooperatives with agricultural devices. • Establishing agricultural extension and coordination with the technical departments in the Ministry of Agriculture. • Collecting statistical data on the animal and agricultural activities. • Implementing and supervising animal and poultry projects (Law of the local management system and its executive bill, 1989, pp.138–139). • Establishing infrastructure projects in the village that include delivering potable water, electricity, sewage and road pavement, and transportation within the village. • Establishing schools, farmers' houses, veterinary units, post and telephone offices • Establishing small agricultural projects such as honey production and poultry rearing.



Type	Objective	Organization	Role
		Rural youth centre/ village club	An educational organization within a village that aims at promoting a generation of physical and mentally farmers. It has socio-cultural goals: • Preparing regular plans and programmes for the promotion of physical, spiritual, cultural and socio-economic programmes. • Training youth to assume responsibility and develop a cooperative and democratic spirit. • Organizing and investing in youths' spare time through programmes that develop them . • Training youth, providing them with necessary skills, and developing their leadership skills. • Organizing sport, religious, cultural and social competitions as well as encouraging them to participate in national ceremonies and programmes . • Promoting youth participation in community projects, especially literacy, family planning, combatting addictions, developing health awareness, and protecting the environment. • Developing the innovative skills of youth. • Developing the spirit of independence of youth through income-generating activities and youth centre activities.
		Child nursery school	Provides care for children while their mothers are working in fields or factories until they reach the age of six years. Includes: • Preparing a suitable environment for child rearing. • Developing the abilities and skills of children. • Improving child health, both physical and mental. • Preparing children for their first formal educational stage, so that mothers will be able to perform work in the village comfortably that, in turn, leads to increased productivity.



Type	Objective	Organization	Role
Educational organization	Provide formal education to farmers and their children	Primary, preparatory and secondary schools including agricultural technical schools	The rural school is the most important educational organization in rural areas. It aims at educating farmers and their children as well as assuming responsibility for formal education in villages. It also mobilizes students to participate in educational, religious, cultural and sporting activities, environmental projects (such as public cleaning, tree planting), building mosques, promoting adult education, combatting illiteracy, and organizing awareness campaigns for the rural population. Schools were formerly used also to mobilize students to participate in agricultural processes such as cotton cultivating and compacting insects manually, but this is no longer the case..
Health organization	Provide health services and support in the rural community	Rural healthcare unit	The basis for all health support within a village, including campaigns to control tuberculosis, bilharzia and malaria and to encourage family planning. Its goals include: • Improving the health of the rural community. • Improving the health of farmers, positively reflected in an increase of production in Egyptian rural society. • Therapeutic services throughout clinics and pharmacies as well as preparing health files on community members. • Protection from infectious diseases and providing anti-infectious disease vaccines. • Providing services for motherhood and childhood care. • Extension of health awareness as well as assuming a leading role in the field of health education for the rural community. The rural healthcare unit provides important services in: • Combatting epidemic diseases (bilharzia and malaria). • Supporting national campaigns against diseases such as cerebrospinal meningitis, and promoting the vaccination of students. • Improving the quality of potable water through continual analysis of water samples. • Supporting campaigns for health awareness such as family planning and public cleaning. • Health monitoring of the local environment. • Registering births and deaths. • Medical scanning and conducting surgical operations. • Arranging and implementing first aid training programmes for youth. • Periodical medical check-ups for students.





Annex 3. Agricultural cooperatives: Structures, objectives and services

Cooperatives	Structure	Objectives and services
The Central Agriculture Cooperative Union (CACU) (the apex organization)	• CACU is the umbrella organization to which all cooperatives belong. It is comprised of all general and central cooperatives. • Currently, CACU has 118 board members. Among them are four elected from each of the 15 general cooperatives (60), one from each central cooperative (53) and five assigned by the Minister of Agriculture. The president of the board is elected by it during its first meeting. The Government nominates two agricultural engineers to serve as the manager of the cooperative; the board elects one of them.	• Planning cooperative strategies in Egypt. • Directing training programmes that are carried out by central cooperatives. • Proposing new cooperative laws. • Building external relationships: ◦ – inside Egypt between agricultural and other cooperatives; ◦ – with other agricultural cooperatives worldwide. • Managing funds available internally or supplied by cooperatives worldwide (such as funds for weak cooperatives and agriculture workers).
General cooperatives (GC)	• 15 general cooperatives operate at a national level. They are composed of: ◦ – 1 non-specialized credit cooperative ◦ – 1 reclamation cooperative ◦ – 1 reclaimed land cooperative ◦ – 12 specialized credit cooperatives • At least one board member of a general cooperative should be a member of CACU's board. • Board members should not exceed 29 in number.	The general cooperatives provide the highest number of value-added services to farmers: • 3 multipurpose: mainly supply of fertilizers, seeds and insecticides; • 11 specialized (marketing): market and export crops and animal production of farmers; • 1 specialized (mechanization): imports and provides machines and equipment for farmers.
Central cooperatives (CC) (governorate level)	• 53 central non-specialized cooperatives: ◦ – 22 central non-specialized agricultural credit cooperatives ◦ – 18 central agricultural reform cooperatives ◦ – 13 central reclaimed land cooperatives • 78 central specialized agriculture credit cooperatives. • Board members should not exceed 15 in number.	• Marketing the crop and animal production of local cooperatives through the 78 specialized cooperatives, which also supply machinery and machinery services.



Cooperatives	Structure	Objectives and services
Joint cooperatives (JC) (district level)	• The board of a joint cooperative is regulated by the Executive Regulations (Executive Decree 1 in 1981) which state that board members should not exceed 13 in number. • Law No. 122/1980 does not mandate the existence of a joint cooperative at the district level. • Joint cooperatives are members of CACU, general cooperatives and central cooperatives • Members of the specialized joint cooperatives include local cooperatives and farmers • Members of the non-specialized joint cooperatives (credit, reclaimed land, or agrarian reform) cannot be farmers. • There are no joint specialized agricultural credit cooperatives.	• Services provided by the joint cooperatives are the same as for local cooperatives: marketing, supplies and machines.



Cooperatives	Structure	Objectives and services
Local cooperatives (LC) (village level)	• There are 6,280 local cooperatives in total: ◦ – 4,250 non-specialized agricultural credit cooperatives; ◦ – 753 specialized agricultural credit cooperatives; ◦ – 688 non-specialized agrarian reform cooperatives; and ◦ – 589 non-specialized reclaimed land cooperatives. • Each local cooperative should have at most 11 members on its board of directors. • The board meets at least once a month. The meetings are only considered official if a majority of board members attend. • Decisions made by the board must be approved by an absolute majority of members. If votes are equal, the Chairman has a deciding vote. • The maximum compensation that board members receive should not exceed EGP 20,000 per year (this includes travel allowances and bonuses). • Theoretically, elections should be held to form the board. However, in reality there are so few candidates presenting themselves for election that those who do are automatically appointed. • The Government nominates two agricultural engineers to serve as the manager of the cooperative; the board selects one of them. • An Ideal operating structure includes the manager and workers (tractor driver, mechanics and others)	• The non-specialized local cooperatives act as the distribution channel for the general, central, and joint cooperatives, often distributing necessary supplies such as fertilizers and seeds. • Some cooperatives lease machines to farmers to work their lands.



Cooperatives	Structure	Objectives and services
Specialized cooperatives (SC)	● Nine specialized cooperatives cover the following commodities: (1) potatoes; (2) sugar cane; (3) onions and garlic; (4) rice; (5) oil crops such as peanuts, sesame, flax, cotton seed; (6) vegetables and fruits; (7) flowers, nursery and aromatic plants; (8) cotton and linen products; and (9) livestock and its products. ● Most are organized at the national level but some, like the General Specialized Cooperative for Potato Producers, have branches at the governorate level. ● The typical specialized cooperative is composed of a board of directors, executive committee, project implementation committee, general manager, and units for planning, accounting and sales. ● No more than one specialized cooperative is set up in a governorate, and the decision to allow a specialized cooperative is made by the Governor. If the working area of the cooperative includes more than one governorate, its authority is determined by the Ministry of Agriculture. ● Unlike multi-purpose, agrarian reform or land reclamation cooperatives, specialized cooperatives are managed by managers appointed by the cooperative, not by government appointees. ● Farmers can voluntarily join specialized cooperatives. While farmers must patronize the multi-purpose cooperative to which they belong in order to obtain inputs and to market controlled products, they may or may not use specialized cooperatives. This fact alone means that a specialized cooperative must function well if it is to maintain its membership.	● Marketing of farm products is the main activity. ● Other major services include: ○ input supplier (credit) seeds, insecticides, sacks, miscellaneous equipment and other supplies; ○ processing and storage: storage is supplied for vegetable seed including potatoes and some other vegetables until sold. Some processing facilities are provided for vegetables and fruits; ○ product sales: determination of conformity with standards, operation of collection station, transportation from collection station to processing centres and to both domestic and export markets; ○ technical assistance: specialized skills and resources to combat climate and biological problems and to advise on sales and marketing; ○ some also provide machines to farmers and supplies that are specific to certain crops.





Annex 4. Self-assessment of the Cotton Research Institute

Capacity area	Criteria	Justifications	Our needs
Leadership	Leadership capacity to respond to emergencies, policy relations, advocacy	• Multidisciplinary approach of the CRI departments • Well-qualified research staff	• Capacity building in: – project management – monitoring and evaluation – risk management – soft skills • Fast test instrument • used in cotton fields • Preparing and equipping training halls • Providing means of transportation: cars, vans ...
Relationships	Partnerships and alliance development and nurturing	The CRI has succeeded in cooperating with most entities working in the field of cotton: • Locally – Sekem company – Textile Consolidation Fund (TCF) – Cotton Arbitration and Testing General Organization (CATGO). – Council of Cotton Fibre and Oil – Alexandria Cotton Exporters' Association (ALCOTEXA) – Textile council – Textile Export Council (TEC) • Internationally – Euro-Mediterranean Arab Association – UNIDO Better Cotton Initiative – African francophone countries	• Sustainability of cooperation • Support networking • Cooperation and partnership management – leadership – communication skills • Institute advisory support services to cotton-related business
	Local community presence and stakeholder involvement		



Capacity area	Criteria	Justifications	Our needs
		– African Chamber of Commerce – Bangladesh Handloom Board, and Ministry of Jute and Textile	
Processes systems, and procedures	Planning, organizing, leading and controlling methods used in internal communication, performance assessment, human resource development, financial management, learning, monitoring and evaluation, ensuring accountability to different stakeholders and the range of approaches used to deliver extension and advisory support	High caliber but we need capacity building	• Training in: – planning , strategy formalities and management skills – project identification – database to support efficient work
Human resources	Ability to provide adequate number of staff and access to experts in other organizations to complement and supplement its extension expertise	Adequate number of staff, but functional hierarchy is inverted	• Some specialists and technical workers • Communication skills
Financial resources	Funding model Ability to provide adequate budget for staff salaries, other operational expenses and investments and to develop and implement programmes benefiting smallholders; or a sustainable business model that keeps the organization in business	Governmental financial support with some limited financial resources from activities related to providing services to the industrial sector	• Income-generating activities
New programme development	Assessment of local needs		• Training • New programme developments • Management and evaluation
	Knowledge		



Capacity area	Criteria	Justifications	Our needs
Knowledge and information resources	management including relationship management to access skills and knowledge, to deal with new challenges and opportunities		Database and networking with other stations over the country
Infrastructure	Ability to support: - Initiating joint activities and collaboration between organizations in the AIS and the actors in the agricultural sector - Organization of workshops, seminars, joint research, commissioned studies, and joint evaluation - Organizing coordination mechanisms and multi-stakeholder working groups to develop and manage relationships among multiple actors	Infrastructure needs updating	- Some infrastructure updates: – experimental mills and testing labs – establishing a delisting unit – establishing a printing unit for advisory and extension materials – seed sifting and grading unit



Annex 5. Capacity needs assessment tool (OCA)

This tool has been designed to provide cooperatives with a set of criteria to assess their current management capacity to implement quality services and to identify key areas that need strengthening, in order to ensure a holistic understanding of the organization's strengths and challenges. The assessment is guided by the consultant/ facilitator.

Goal

To assist cooperatives in assessing the essential elements for effective organizational management, and in identifying those areas that need strengthening or further development with respect to eliminating child labour in the cotton value chain through cooperative development.

Purpose

To identify and analyse skill gaps and specific training needs for cooperatives, other producer organizations and cooperative support organizations.

Focus group meetings

The focus group presents the targeted cooperatives' perceptions and examines their views, perspectives and vision.

Using the tool

The OCA tool is designed to enable cooperative learning, foster team sharing, and encourage reflective self-assessment within cooperatives. It will result in concrete action plans submitted to the ILO with a clear capacity needs assessment and identification of new areas in need of strengthening for cooperatives in the targeted governorates.

The OCA is an interactive participatory self-assessment process that should bring together board members, management and staff from all cooperative departments at all levels for a two- to three-day assessment. The value of the OCA is in its collaborative self-assessment process. Participants will reflect on their current status in comparison with recognized best practices in lively discussions that will provide an opportunity for them to learn how each functions, strengthening the team and reinforcing the inter-relatedness of the OCA components. The tool includes 11 capacity areas:

1. Governance	• Governing board • Board governance and leadership • Board involvement and support • Use and development of organizational processes
11. Leadership	• Leadership capacity • Leadership effectiveness • Personal and interpersonal effectiveness of leadership • Analytical and strategic thinking • Financial judgement • Management team and staff – dependence on chairman • Manager (and senior team)



12. Service provision	• Cooperative services that add value to members and community ◦ training ◦ collective equipment use and storage ◦ transport ◦ financial services ◦ advocacy, other • Service provision to members related to cotton • Service provision to community • Partnerships to provide services to members and/or community (sustainable/not regular) • Service/project identification • Service/project management capacity
13. Financial viability	• Ability to generate revenue and secure funding
14. Membership support in times of need	• Social and health assistance to members in times of need (illness, hospitalization, funeral...)
15. Support/promotion of decent work	• Promotion of decent work and its four pillars (employment creation, social protection, rights at work and social dialogue) and particularly as related to recruitment, use of child labour, and working conditions
16. Member access to information related to cotton	• How production information (productivity, post-harvest, harvesting and storage, grading and quality standards, ...) is shared through the member base
17. Market access	• Market response • Bargaining power
18. Financial management	• Financial planning and budgeting
19. Infrastructure	• Physical infrastructure – buildings and office space • Technological infrastructure – telephone/fax, internet, other
20. Adaptive capacity	• Use of child labour in cotton farms • Community support to address child labour • Monitoring of child labour and remediation system • Local community presence and stakeholder involvement • Ability to motivate and mobilize members • Assessment of external environment and community needs • Influence on policymaking • Partnerships and alliances • Organizing advocacy work and campaigns

A range of examples of services available is provided along a continuum, from 1-4:

1. Need for increased capacity
21. Basic level of capacity
22. Moderate level of capacity
23. High level of capacity

The facilitated self-assessment encourages active participation. The facilitator and participants meet and discuss each area to determine where the cooperative sits along the continuum. Facilitators use the information from the scoring and rationale sheets to define the capacity needs, as in table A5.1.



Facilitators ask open-ended, probing questions to encourage group discussion, and take notes on participant responses. Guiding questions which might help the facilitator to probe further into the content areas are presented in table A5.2. The scores arrived at are designed to set priorities for actions and are not used to judge performance.

Annex 6 provides the results of the OCA as used in the five target governorates.



► **Table A5.1. Capacity needs assessment tool, criteria for each level**

Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
1. Governance	Governing board	Board does not scrutinize budgets or audits; does not set performance targets and hold manager accountable, or does not operate according to formal procedures; Executive, treasury, and board functions unclear.	Roles of legal board, advisory board and management are clear; board functions according to by-laws, reviews budgets, and occasionally sets organizational direction and targets, but does not regularly review manager performance, monitor potential conflicts of interest, scrutinize auditors, or review IRS and state filings.	Roles of legal board, advisory board, and managers are clear and function well; board reviews budgets, audits, IRS and state filings; size of board is set for maximum effectiveness with rigorous nomination process; board co-defines performance targets and actively encourages manager to meet targets; annual review of manager's performance, but board is not prepared to hire or fire manager.	Legal board, advisory board and managers work well together with clear roles; board fully understands and fulfils fiduciary duties; size of board is set for maximum effectiveness with rigorous nomination process; and actively defines performance targets and holds manager fully accountable; is empowered and prepared to hire or fire manager if necessary; and is periodically evaluated.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Board governance & leadership	No clear governance and leadership practice.	Board practises basic governance but leadership is vague.	Board practises some governance & leadership.	Board has clear governance & leadership practice: • Members of the board understand their purpose and tasks with regard to the cooperative. • Roles and responsibilities are clearly defined. • Board members have sufficient access to the information they need to carry out their duties. • They take action to ensure that the cooperative's objectives are met and that performance is satisfactory. • There is sufficient and clear communication between the board and the cooperative management and staff. • Members of the board support the management and staff in the implementation of action plans, if available. • Board members respond to members' needs.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Board involvement & support	Board provides little direction, support, and accountability to leadership; and is Not fully informed about material and other major organizational matters: largely “feel-good” support	Board provides occasional direction, support and accountability to leadership; is generally informed about all material matters in a timely manner; input and responses are often solicited.	Board provides direction, support, and accountability to leadership; is fully informed about all material matters; input and responses are actively sought and valued; there is full participation in major decisions.	Board provides strong direction, support, and accountability to leadership and is engaged as a strategic resource; communication between board and leadership reflects mutual respect, appreciation for roles and responsibilities, shared commitment, and valuing of collective wisdom.
	Use and development of organizational processes	Limited set of processes (e.g. decision-making, planning, reviews) for ensuring effective functioning of the organization; use of processes is variable, or processes are seen as ad hoc requirements (“paperwork exercises”); no monitoring or assessment of processes.	Basic set of processes in core areas for ensuring efficient functioning of organization; processes known, used, and truly accepted by only a portion of staff; limited monitoring and assessment of processes, with few improvements made in consequence.	Solid, well-designed set of processes in place in core areas to ensure smooth, effective functioning of organization; processes known and accepted by many, often used and contribute to increased impact; occasional monitoring and assessment of processes, with some improvements made.	Robust, lean, and well-designed set of processes (e.g. decision-making, planning, reviews) in place in all areas to ensure effective and efficient functioning of organization; processes are widely known, used and accepted, and are key to ensuring full impact of the organization; continual monitoring and assessment of processes, and systematic improvements made.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
2. Leadership	Leadership capacity	Management does not have leadership capacity.	Management has limited leadership capacity.	Management has some leadership capacity.	Management has high leadership capacity: • Members of management have a clear understanding of their respective roles and responsibilities and share a common vision of the cooperative. • Members of management function as a team. • Their behaviour reflects their vision of the cooperative. • They possess the necessary skills to fulfil their responsibilities as leaders of the cooperative. • They share critical information sufficiently and in a timely manner with other members of the cooperative. • Their behaviour encourages participation and involvement from other members of the cooperative. • They are transparent in their decision-making.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Leadership effectiveness	Management has difficulty building trust and rapport with others; micromanages projects; shares little of own experiences as developmental/coaching tool.	Management is responsive to opportunities from others to work together; expresses confidence in others' ability to be successful; shares own experience and expertise.	Management actively and easily builds rapport and trust with others; effectively encourages others to succeed; gives others freedom to work their own way; gives people freedom to try out ideas and grow.	Management is constantly establishing successful, win-win relationships with others, both within and outside the organization; delivers consistent, positive and reinforcing messages to motivate people; is able to let others make decisions and take charge; finds or creates special opportunities to promote people's development.
	Personal & interpersonal effectiveness of leadership	Fails to show respect for others consistently, may be openly judgemental or critical; has difficulty influencing without using power, limited charisma or influence; limited curiosity about new ideas and experiences.	Earns respect of others, takes time to build relationships; has presence, is able to influence and build support using limited communication style; accepts learning and personal development opportunities that arise.	Is respected and sought out by others for advice and counsel; has strong presence and charisma; uses multiple approaches to get buy-in; appreciates the impact of his/her words or actions; seeks new learning and personal development opportunities.	Is viewed as outstanding "people person"; uses diversity of communication styles, including exceptional charisma, to inspire others and achieve impact; is continually self-aware, actively works to better him/herself; outstanding track record of learning and personal development.
	Analytical and strategic thinking	Uncomfortable with new thinking and does whatever possible to reduce or avoid it; relies mainly on intuition rather than strategic analysis.	Is able to cope with some new ideas; able to analyse strategies but does not yet generate strategies.	Quickly assimilates new information and is able to distil it into core issues; comfortable dealing with the unknown; develops robust strategies.	Has keen and exceptional ability to synthesize complexity; can make informed decisions in ambiguous situations; develops strategic alternatives and identifies associated rewards, risks, and actions to lower risks.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Financial judgement	Experiences difficulty in considering financial implications of decisions.	Draws appropriate conclusions after studying all the facts; understands basic financial concepts and drives for financial impact of major decisions.	Has sound financial judgement; consistently considers financial implications of decisions.	Has exceptional financial judgement; has keen, almost intuitive sense for financial implications of decisions.
	Management team and staff – dependence on chairman	Very strong dependence on chairman; organization would cease to exist without his/her presence.	High dependence on chairman; organization would continue to exist without his/her presence, but likely in a very different form.	Limited dependence on chairman; organization would continue in a similar way without his/her presence but areas such as fund-raising or operations would likely suffer significantly during a transition period; no member of management team could potentially take on chairman role.	Reliance but not dependence on chairman; smooth transition to new leader could be expected; fund-raising and operations likely to continue without major problems; senior management team can fill in during transition; several members of management team could potentially take on chairman role.
	Manager (& senior team)	Manager (& senior Team) has no or very limited experience in coop management; limited track record of learning and personal development; mostly energetic and committed	Manager (& senior Team) has some experience in coop management; Some relevant capabilities and track record from other fields; good track record of learning and personal development; energetic and committed	Team has significant experience in non-profit or for-profit management; Manager (& senior Team) represents most constituencies (non-profit, academia, corporate, government, etc.); significant relevant capabilities and track record from other fields; good track record of learning and personal development; highly energetic and committed	Manager (& senior Team) highly experienced in coop management; drawn from full spectrum of constituencies (non-profit, academia, corporate, government, etc.); outstanding capabilities and track record from other fields; outstanding track record of learning and personal development; contagiously energetic and committed



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
3. Service provision	Cooperative services that add value to members • training • collective equipment use and storage • transport • financial services • advocacy, other	No service to members nor to the community/village.	Limited service (1-2 services) to members & community/village.	Various services (3-5) to members & 3-5 services to community.	Wide range of services to members & community including, supporting employment creation for males/females; access to finance for small businesses, income-generating activities, access to social protection schemes.
	Service provision to members related to cotton	No service.	Limited service: labour, labour & seeds (up to two).	Various services (3-5): labour credit & seeds.	Wide range of services: extension, tractor, credit & seeds, collection point.
	Service provision to community	No service to community.	Limited service to community.	Various services (3-5) to community.	Wide range of services to community.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Partnerships to provide services to members and/or community (sustainable/not regular)	No partnerships supporting cooperatives in service provision.	Irregular or no partnerships supporting cooperatives in service provision.	Irregular partnerships supporting cooperatives in service provision.	Sustainable partnerships supporting cooperatives in service provision.
	Service/project identification	Services vaguely defined and lack clear alignment with mission and goals; projects seem scattered and largely unrelated to each other.	Services & projects well defined and can be solidly linked with mission and goals; project offerings may be somewhat scattered and not fully integrated into clear strategy.	Core services & projects well defined and aligned with mission and goals; project offerings fit together well as part of clear strategy.	All services & projects well defined and fully aligned with mission and goals; project offerings are clearly linked to one another and to overall strategy; synergies across projects are captured.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Service/project management capacity	No project management skills.	Limited project management skills.	Some project management skills.	Good project management skills: • Services/projects developed according to a predetermined plan (e.g. project proposal) • Adequate capacity (enough people and time) and expertise to undertake the projects that it is involved in. • Service/project managers have enough skills in handling teams. • Teams function effectively. • Necessary support is available for the execution of services (e.g. administrative, support, legal advice, access to information, computer systems, etc.). • An effective project system that provides up-to-date information about the current status or progress of services/projects, their cost, etc. • Projects continuously reviewed to determine their progress and cost-effectiveness and are adjusted according to these reviews. • Adequate capacity to design projects, pre- and post-evaluations and adaptation of projects.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
4. Financial viability	Ability to generate revenue & secure funding	Not financially viable.	Not clear.	Partial viability.	Financially viable: • Ability to generate revenues to respond to the needs of members. • Ability to create surplus. • Continued and sustained support from existing funding sources. • Ability to consistently obtain new funding sources. • Ability to depend on more than one single source of funding. • Can consistently have more revenue than expenses. • Can sustain itself within a competitive environment. • Assets greater than liabilities. • A reasonable surplus of money is kept to use during difficult times. • Ability to monitor its finances on a regular basis. • Ability to monitor capital assets and depreciation.
5. Membership support in times of need	Social & health assistance to members in times of need (illness, hospitalization, funeral...)	No social or health support.	A committee exists which formally organizes members to contribute money or labour to assist members in need.	Structures and processes in place to assist members in need with cash grants, which do not need to be repaid.	Structures and processes in place to assist members in need with cash loans, to be repaid with or without interest.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
6. Cooperative support to decent work	Promotion of decent work as related to recruitment, use of child labour & working conditions	No support for decent work.	Not clear.	Partial support for decent work	Fully active in supporting decent work: • Discourages recruitment and use of child labour. • Supports decent working conditions. • Promotes safer technology for small-scale farmers. • Supports socially responsible agricultural production for small producers seeking to reduce child labour. • Supports government efforts and Ministry of Agriculture (MoA) involvement in preventing and eliminating child labour by tackling its root causes (e.g. poverty, lack of education) and providing livelihood alternatives to poor households. • Supports representation of the rural poor, especially women and youth, in social and policy dialogue through their organizations. • Supports participation of rural poor in local decision-making and governance mechanisms and particularly the empowerment of women and youth.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
7. Member access to information	How production information (productivity, post-harvest, harvesting and storage, grading and quality standards ...) is shared through the member base	Information not shared with members.	Information shared through meetings organized by members.	Information shared through lead farmers, workshops, and/or farmer field days.	Information shared through lead farmers, workshops, and/or farmer field days as well as farm or production extension agents who inspect member fields and provide technical assistance.
8. Market access	Market response	No collective marketing; unable to adapt to changing market conditions, hopes for the best; returns aggregated commodity back to members if buyer backs out of transaction.	Reacts by relying on partners to find alternative markets.	Leaders (such as executive committee, or marketing sub-committee) react by finding alternative buyers.	Proactively develops alternative, implementable marketing strategies in anticipation of market changes.
	Bargaining power	No bargaining power.	Limited bargaining power.	Some occasional use of negotiation.	Active in negotiation with buyers, setting prices, setting standards & getting premiums.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
9. Financial management	Financial planning & budgeting	No formal accounting & financial system & reporting; no or very limited financial planning; only one budget for entire central organization; performance against budget loosely or not monitored.	Basic financial system, but incomplete and/or not compliant with accounting standards; limited financial plans, ad hoc update; budget utilized as operational tool to guide/assess financial activities; some attempt to isolate divisional (programme or geographical) budgets within central budget; performance-to-budget monitored periodically.	Good financial system with most or all required components; functioning accounting system; old financial plans, regularly updated; budget integrated into operations; system reflects organizational needs; solid efforts made to isolate divisional (programme or geographical) budgets within central budget; performance-to-budget monitored regularly.	Properly functioning accounting system with rules & regulations; very solid financial plans, continuously updated; budget integrated into full operations; as strategic tool, budget develops from process that incorporates and reflects organizational needs and objectives; well understood divisional (programme or geographical) budgets within overall central budget; performance-to-budget closely and regularly monitored.
10. Infrastructure	Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g. unfavourable locations for clients and employees, insufficient workspace for individuals, no space for teamwork).	Physical infrastructure can work well enough to suit most important and immediate needs; improvements could greatly help increase effectiveness and efficiency (e.g. no good office space for teamwork, no possibility of holding confidential discussions).	Fully adequate physical infrastructure for current needs; infrastructure does not impede effectiveness and efficiency (e.g. favourable locations for clients and employees, sufficient individual and team office space, possibility for confidential discussions).	Physical infrastructure well-tailored to current and anticipated future needs; well-designed and thought out to enhance efficiency and effectiveness (e.g., especially favourable locations for clients and employees, plentiful team office space encouraging teamwork, layout that increases critical interactions among staff).



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Technological infrastructure – telephone/fax, internet, other	Lack of sophistication, or limited number of telephone and fax facilities impeding day-to-day effectiveness and efficiency; availability of internet connection	Adequate basic telephone and fax facilities accessible to most staff; may be moderately reliable or user-friendly, or may lack certain features that would increase effectiveness and efficiency (e.g. individual voicemail), or may not be easily accessible to some staff (e.g. front-line deliverers).	• Solid basic telephone and fax facilities accessible to entire staff (in office and at front line); caters to day-to-day communication needs with essentially no problems; includes additional features contributing to increased effectiveness and efficiency (e.g. individual, remotely accessible voicemail).	• Sophisticated and reliable telephone and fax facilities accessible by all staff (in office and at frontline); includes around-the-clock, individual voicemail
11. Adaptive capacity	Use of child labour in cotton farms	Trend of members using child labour in cotton production	No use of child labour in cotton farms	Moderate discouragement of child labour	Increasing discouragement of child labour.
	Community support to address child labour	No community support to address child labour.	Not clear.	Moderate support.	Increasing support.
	Monitoring of child labour& remediation system	No child labour monitoring or remediation system in place.	Rare use of child labour monitoring & remediation system.	Occasional use of child labour monitoring & remediation system by cooperative and/or community.	Child labour monitoring & remediation system in place and used by both cooperative& community.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Local community presence and stakeholder involvement	Presence of cooperative either not recognized or generally not regarded as positive; few members of local community (e.g. academics, other non-profit leaders) constructively involved.	Presence of cooperative somewhat recognized, and generally regarded as positive within the community; some members of larger community constructively engaged.	Cooperative reasonably well known within community, and perceived as open and responsive to community needs; members of larger community (including a few prominent ones) constructively involved.	Cooperative is widely known within larger community, and perceived as actively engaged with and extremely responsive to it; many members of the larger community (including many prominent members) actively and constructively involved (e.g. board, fund-raising).
	Ability to motivate & mobilize members	Those with potential to be most affected by cooperative's work have limited knowledge of it; meetings are sporadic and poorly attended; difficulty in motivating members into action.	Those with potential to be most affected by cooperative's work have some knowledge of it; meetings held regularly, but attendance varies widely; cooperative has ability to motivate a small core group of community members into action.	Those with potential to be most affected by cooperative's work are knowledgeable and likely to be engaged with it; meetings held regularly and are generally well-attended; cooperative has ability to motivate a segment of community members into action.	Those with potential to be most affected by cooperative's work see it as inspiring and motivating and are excited to be involved; meetings held regularly and are routinely well-attended; cooperative has ability to motivate a broad range of community members into action



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Assessment of external environment & community needs	Planning not supported by systematically collected information about community needs or external opportunities and threats; very few connections to community members and opinion leaders that can provide information about evolving community needs.	Information about community needs or external opportunities and threats used to inform planning, although collection is haphazard; few connections to community members and opinion leaders that can provide information about evolving community needs.	Information about community needs and external opportunities and threats used to inform planning; many connections to community members and opinion leaders and communication about evolving community needs.	Clear, established systems regularly used to assess community needs and external opportunities and threats; information systematically collected and used to support and improve planning efforts; numerous connections to community members and opinion leaders and regular communication about evolving community needs.
	Influence on policy making	No ability or awareness of possibilities to influence policymaking; never called on to participate in substantive policy discussions.	Aware of possibilities to influence policymaking; some readiness and skill in participating but rarely invited to substantive policy discussions.	Fully aware of possibilities to influence policymaking; one of several organizations active in policy discussions at the local, state, and/or national level (as relevant and appropriate).	Proactively influences policymaking in a highly effective manner at the local, state, and/or national level (as relevant and appropriate); always ready for and often called on to participate in substantive policy discussions.
	Partnerships & alliances	No partnerships or alliances with other for-profit, non-profit, or public sector entities.	Early stages of building relationships and collaborating with other for-profit, non-profit, or public sector entities; where relations exist, some may be precarious or not “win-win”.	Some key relationships with a few types of relevant entities (e.g. for-profit, non-profit, public sector) built and leveraged; action around common goals is generally short term.	Strong, high-impact, relationships with variety of relevant entities (local, state and federal government as well as for-profit, other non-profit, and community agencies) built, leveraged, and maintained; anchored in stable, long-term, mutually beneficial collaboration.



Capacity area	Criteria	Need for increased capacity (1)	Basic level of capacity (2)	Moderate level of capacity (3)	High level of capacity (4)
	Organizing advocacy work and campaigns	Advocacy work focused only on short-term achievements; long-term strategy non-existent; campaign targets sometimes vague; organizing tactics may not be those best suited to members.	Some understanding of the need to grow capacity and social capital to tackle issues/problems; advocacy work generally promotes short-term gains rather than long-term capacity building; organizing tactics are engaged in without a detailed plan of how they will lead to long-term change.	Broad understanding of the need to grow constituent capacity and social capital to tackle issues/problems; advocacy work is directed toward that end, but could be better aligned; a strategy for long-term change exists, with appropriate campaign targets and organizing tactics.	Primary focus is on growing constituent capacity and social capital to tackle issues/problems; advocacy work is aligned with that focus; a carefully developed strategy for long-term change exists, with appropriate campaign targets and organizing tactics.



► **Table
A5.2.
Guiding
questions**

Capacity area	Criteria	Questions
1. Governance	Governing board	• Does the cooperative have a board with a well-defined and written mandate? • Do they have the necessary knowledge, ability and commitment to fulfil their responsibilities? • Do they understand the objectives and strategies of the cooperative? • Does the board provide the organization with oversight and accountability, and policy definition? • Does the board regularly keep business records? • Are the board functions clear: scrutinizing budgets or audits, setting performance targets, holding manager accountable) • Does the cooperative have a written mission statement? • Do mechanisms and structures exist for ensuring participatory management by the top management?
	Board governance & leadership	• Do the members of the board understand their purpose and tasks with regard to the cooperative? Are roles and responsibilities clearly defined? • Do the board members have sufficient access to the information they need to carry out their duties? • Are they prepared to take action to ensure that the cooperative's objectives are met and that performance is satisfactory? • Is there sufficient and clear communication between the board and the cooperative management and staff? • Do the members of the board support management and staff in the implementation of action plans, if available?
	Board involvement & support	• To what extent does the board provide direction, support, and accountability to the manager? • Is the board fully informed about material and other major organizational matters?
	Use and development of organizational processes	• Does the cooperative have an effective set of processes (e.g., decision-making, planning, reviews) for ensuring effective functioning of the organization? • Is the use of processes variable, or seen as ad hoc requirements? • Is there monitoring or assessment of processes (the general assembly with for instance the level of participation/attendance of members)? •



Capacity area	Criteria	Questions
2. Leadership	Leadership capacity	• Do the members of management have a clear understanding of their respective roles and responsibilities and do they share a common vision of the cooperative? • Do the members of management function as a team? • Does their behaviour reflect their vision of the cooperative? • Do the members of management possess the necessary skills to fulfil their responsibilities as leaders of the cooperative? • Do they share critical information sufficiently and in a timely manner with other members of the cooperative? • Does management's behaviour encourage participation and involvement from other members of the cooperative? • Is management transparent in decision-making?
	Leadership effectiveness	• To what extent does the cooperative have win-win relationships with others, both within and outside the organization? • Does the management deliver consistent, positive and reinforcing messages to motivate people? • Are they able to let others make decisions and take charge? • Do they find or create special opportunities to promote people's development?
	Personal & interpersonal effectiveness of leadership	• To what extent is the chairman viewed as an outstanding "people person"; use diversity of communication styles, including exceptional charisma, to inspire others and achieve impact; and have a track record of learning and personal development?
	Analytical and strategic thinking	• Can the chairman make informed decisions in ambiguous situations; develop strategic alternatives and identify associated rewards, risks, and actions to lower risks?
	Financial judgement	• To what extent is there exceptional financial judgment, with a keen, almost intuitive sense for financial implications of decisions?
	Management team and staff – dependence on chairman	• To what extent do the management team and staff rely/depend on the chairman for critical decisions? • Is it possible that a member of the management team could potentially take on the chairman role?
	Manager (& senior team)	• Are the manager and senior team experienced in cooperative management? • Do they have outstanding capabilities and track record from other fields? • Do they have an outstanding track record of learning and personal development? • Are they contagiously energetic and committed?



Capacity area	Criteria	Questions
3. Service provision	Cooperative services that add value to the member	- Does the cooperative provide/execute services/projects that add value to members (training, collective equipment use, storage, transport, financial services, advocacy, other? Please mention. - What services are provided to support employment creation for males, access to finance for small businesses, income-generating activities for women, access to social protection schemes?
	Service provision to members related to cotton	What services are provided to support member cotton producers?
	Service/project identification	- Are services identified clearly or vaguely? - Do existing services meet members' needs? - Are services aligned with the mission and goal of the cooperative, if existing? - Are services linked to a specific cooperative strategy?
	Service/project management capacity	- Are services/projects developed according to a predetermined plan (e.g. project proposal)? - Does the cooperative have the capacity (enough people and time) and expertise to undertake the projects that it is involved in? - How skilled are the cooperative service/project managers in handling teams? - How effectively do the teams function? - Is the necessary support available for the execution of services (e.g. administration, legal advice, access to information, computer systems, etc.)? - Does the cooperative have an effective project system that provides up-to-date information about the current status or progress of services/projects, their cost, etc.? - Are projects continuously reviewed to determine their progress and cost-effectiveness and are they adjusted according to these reviews? - Who are involved in the design of projects, pre- and post-evaluations and the adaptation of projects?



Capacity area	Criteria	Questions
4.Financial viability	Ability to generate revenue & secure funding	• Is the cooperative able to generate sustainable revenues from existing services to respond to the needs of member farmers? • Is the cooperative able to generate a surplus? • Is there continued and sustained support from existing funding sources? • Is there ability to consistently obtain new funding sources? Please mention. • Is there ability to depend on a single source of funding? • Can the cooperative consistently have more revenue than expenses? • Are cooperative assets greater than its liabilities? • Can the cooperative keep a reasonable surplus of money to use during difficult times? • Is the cooperative able to monitor its finances on a regular basis? • Is the cooperative able to monitor capital assets and depreciation? • Does the cooperative have access to multiple types of funding (government or others? Please mention. • Does the cooperative have fund raising-activities or strategies?
5.Membership support	Social & health assistance to members in times of need (illness, hospitalization, funeral ...)	• Does the cooperative have structures and processes to assist members in need with cash loans, to be repaid, with or without interest? Please elaborate.



Capacity area	Criteria	Questions
6.Support/promotion of decent work		• With regard to decent work, to what extent does the cooperative: • Support the formulation and implementation of gender-sensitive employment-enhancing agricultural rural development (ARD) policies, strategies and programmes? • Support small-scale cotton producers in accessing markets and cotton value chains? • Support employment-enhancing livelihood diversification as a strategy for coping with risk in emergency prevention and post-crisis recovery? • Promote productivity-enhancing social protection schemes and development-oriented public employment programmes in rural areas? • Support policies and strategies to extend social protection coverage to member small producers? • Support the adoption of occupational health and safety (OSH) standards for the rural workforce, including small cotton producers and informal agricultural wage workers (e.g. related to pesticide use, etc.)? • Promote safer technology for small-scale and commercial agriculture in extension support programmes? • Support socially responsible agricultural production for small producers seeking to reduce child labour? • Support government efforts and Ministry of Agriculture (MoA) involvement in preventing and eliminating child labour by tackling its root causes (e.g. poverty, lack of education.) and providing livelihood alternatives to poor households in the community of the cooperative? • Support the representation of the rural poor, especially women and youth, in social and policy dialogue through their organizations? • Support the participation of rural poor members in local decision-making and governance mechanisms, and particularly the empowerment of women and youth?
7.Member access to information related to cotton		• How is production information (productivity, post-harvest , harvesting and storage, grading and quality standards ...) shared through the member base– for instance, through lead farmers, workshops, and/or farmer field days as well as farm or production extension agents who inspect member fields and provide technical assistance?
8.Market access		• Is the cooperative active in collective marketing? • Is it able to adapt to changing market conditions and does it just hope for the best? • Does it return aggregated commodities back to members if the buyer backs out of a transaction? Please detail the cooperative role.



Capacity area	Criteria	Questions
9.Financial management		- Does the cooperative have a properly functioning accounting system? - Are the financial accounts audited annually? - Does the cooperative have a formal annual budget? - Is the implementation of the budget monitored on a regular basis (e.g. by means of monthly financial reports)? - Is the cooperative able to control income and expenditure effectively? - Does the cooperative have an effective system for determining the various cost elements (i.e. measuring the costs of its operations, for instance overhead costs, time, equipment, etc.)? - Does the cooperative have clear accounting and financial regulations?
10.Infrastructure	Physical infrastructure – buildings and office space	- Is physical infrastructure well tailored to the cooperative's current and anticipated future needs? Please elaborate. - Is the design thought out to enhance efficiency and effectiveness (e.g. especially favourable locations for clients and employees, plentiful team office space encouraging teamwork, layout increasing critical interactions among staff)?
	Technological infrastructure – telephone/fax, internet, other	- Are reliable telephone, computer and fax facilities accessible by all staff? - Are they supplemented by additional facilities (e.g. pagers, cell phones) for selected staff?
11.Adaptive capacity	Use of child labour in cotton farms	Please describe the trend of members using child labour in cotton production: use, no use, constant.
	Community support to address child labour	Please describe the community support to address the use of child labour in cotton production.
	Local community presence and stakeholder involvement	Does the cooperative or its members have a presence or stakeholder engagement in the local community or at the governorate level?
	Ability to motivate & mobilize constituents	Is the cooperative seen by members and stakeholders as inspiring, and are they motivated to be involved in its events and activities?
	Assessment of external environment & community needs	Has the cooperative used a system to assess community needs, develop a SWOT analysis to improve planning involving community members and opinion leaders to address community needs?
	Influence on policymaking	Does the cooperative have the ability/awareness of possibility to influence policymaking?
	Partnerships & alliances	Does the cooperative have/maintain partnerships to build relationships and collaboration with other cooperatives or public sector entities for stable, long-term and mutually beneficial collaboration?



Capacity area	Criteria	Questions
	Organizing advocacy work and campaigns	• Please describe the cooperative's capacity and experience with regard to advocacy efforts with appropriate campaign targets and organizing tactics.



Annex 6. Cooperative capacity needs assessment and gap analysis, by governorate

A5.1 Al-Sharqiagovernorate

Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
1. Governance	Governing board	• Roles of the board and manager are clear. • Board functions according to by-laws and occasionally sets organizational direction without target setting. • Board does not regularly review manager performance, regularly monitor potential conflicts of interest, scrutinize auditors	Moderate	• Experienced chairman	• Poor awareness of cooperative principles • Limited board capacity • Highly dependent on chairman • Leadership and	• Cooperative principles • Cooperative board governance • Develop guides and manuals for chairman, board members, cooperative managers



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board governance & leadership	• Board practices governance & leadership. • Members of the board do not fully understand their purpose and tasks with regard to the cooperative as roles and responsibilities are not clearly defined. • Board members have sufficient access to the information they need to carry out their duties. • There is sufficient and clear communication between the board and the cooperative management and staff. • No documented action plans available.	Moderate		management rely on intuition rather than strategic analysis	



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board involvement and support	• Board provides direction, support, and accountability to leadership. • Board is fully informed about all material matters. • Input and responses are actively sought and valued. • Full participation in major decisions.	Moderate			
	Use and development of organizational processes	• Limited set of processes designed in core areas for ensuring functioning of the cooperative in planning, performance reviews, monitoring or assessment of performance.	Basic			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
2. Leadership	Leadership capacity	- Management has strong leadership capacity, with clear understanding of their respective roles and responsibilities, and moderate leadership skills. - Facilitating members' involvement is limited, with moderate support to encourage participation and transparency in decision-making.	Moderate	The central cooperative team is experienced but with little incentive to learn.	- Weak leadership & management capacity to support participation & transparency in decision-making - No performance assessment - No processes in planning, performance reviews, monitoring of performance	- Leadership skills - Management skills - Communication skills - Supervisory skills
	Leadership effectiveness	- Management is highly responsive to opportunities from others to work together. - Expresses confidence in others' ability to be successful. - Shares own experience and expertise.	Moderate			
	Personal & interpersonal effectiveness of leadership	- Leadership has presence and is able to influence and build support using limited communication style. - Accepts learning and personal development opportunities that arise.	High			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Analytical and strategic thinking	- Management is uncomfortable with new thinking and does whatever possible to reduce or avoid it. - Relies mainly on intuition rather than strategic analysis.	Low – needs improved capacity			
	Financial judgement	Has sound financial judgment and considers financial implications of decisions.	Moderate			
	Management team and staff – dependence on chairman	- High dependence on chairman but with strong managerial role.	Moderate			
	Manager (&senior team)	- Team has significant experience in cooperative management. - Manager has a limited track record of learning and personal development.	Basic			
3. Service provision	Cooperative services that add value to members & community	No member or community training.	Low – need for increased capacity	Experienced in managing cooperative services and projects	Cooperative structures provide internal pro-	Support the central cooperative training



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Service provision to members related to cotton	● Provide service to members related to cotton. ● Coordinate with CRI cotton campaign. ● Seed provision and pest control in collaboration with the Specialized Cooperative for Cotton Producers.	Low – need for increased capacity		forma training activities, delivered by unprofessional staff internally selected and results in poor improvement in performance.	● function to provide training to staff, member farmers & community.
	Service provision to community	● No service to community	Low – need for increased capacity		● The central cooperative training function is not effective in providing training to their governorate-level cooperatives (Joint and local cooperatives)	● Project / cooperative service management & marketing skills.
	Partnerships to provide services to members and/or community (sustainable/not regular)	● No partnerships supporting cooperatives in community service provision.	Low – need for increased capacity			● Community needs assessment. ● Project planning, identification and monitoring capacity.
	Service/project Identification	● Services clearly defined but lack clear alignment with mission and goals. ● Programmes seem scattered and largely unrelated to each other (e.g mixed member value-added related services with productive projects that compete with member farmer enterprises).	Moderate		● No member farmer training.	



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Service/project management capacity	- Cooperatives at all levels have experience in managing cooperative mechanization projects (28 coops), fodder (9 coops) & vet pharmacy (5 coops). - Investment cost is EGP 27,629,676 for productive investments, while bakery, household items, gas bottle trading total is EGP 2,423,992 (21 coops).	Moderate		- Inputs supply relies heavily on government-administered seed and other input supply. - Revenue generation activities do not provide value to improve cotton production and harvesting directly, or contribute to eliminating child labour.	
4. Financial viability	Ability to generate revenue & secure funding	High ability to generate revenues but needs to focus on responding to the needs of its members.	Moderate	High ability to generate revenues	Limited focus on responding to member needs that add value.	Members' need assessment



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
5. Membership support in times of need	Social & health assistance to members in times of need (illness, hospitalization, funeral ...)	No social or health support.	Low – need for increased capacity		No social or health support.	Support for linking agricultural cooperative to social development associations.
6. Cooperative attitude to recruitment of children	Promotion of decent work as related to recruitment, use of child labour and working conditions	Not active in recruitment of child labour	High	Not active in recruitment of child labour		Awareness to eliminate child labor
7. Member access to information related to cotton	How production information (productivity, post-harvest , harvesting and storage, grading and quality standards ...) is shared through the member base	- Information shared through CRI cotton-related extension (field days/ schools. - No extension specialist to provide support.	Moderate	Information shared through CRI cotton-related extension (field days / schools.		Strengthen linkages to CRI
8. Market access	Market response	No collective marketing, reacts by relying on partners(Specialized Cooperative for Cotton Producers and government marketing mechanism) to find alternative markets,	Basic		- Limited collective marketing - Limited contract farming	Support for collective marketing & contract farming



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Bargaining power	- Limited use of negotiation with buyers, setting prices, setting standards & getting premiums. - No bargaining power related to cotton.	Basic			
9. Financial management	Financial planning & budgeting	- Functioning accounting system in place. - No financial plans, regularly updated. - Budget is not integrated into operations. - No performance-to-budget monitored regularly.	Low – need for increased capacity		- Limited financial planning & budgeting. - No regular performance-to budget monitoring.	Financial planning, budgeting & performance -to-budget monitoring capacity.
10. Infrastructure	Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g. insufficient workspace for individuals, no space for teamwork).	Low – need for increased capacity		- Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency. - Limited capacity to use ICT.	- Work environment improvement. - ICT capacity building.
	Technological infrastructure – telephone/fax, internet, other	- Lack of sophistication, limited telephone and fax facilities or computers are an impediment to day-to-day effectiveness and efficiency, - High use of What'sApp.	Low – need for increased capacity			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
11. Adaptive capacity	Use of child labour in cotton farms	Trend of members using child labour in cotton production.	High		Trend of members using child labour in cotton production.	Measures to eliminate child labour.
	Community support to address child labour	No community support to address child labour.	Low – need for increased capacity		No community support to address child labour.	Community support to address child labour.
	Monitoring of child labour & remediation system	No child labour monitoring or remediation system in place.	Low – need for increased capacity		No child labour monitoring or remediation system in place.	Implement child labour monitoring & remediation system.
	Local community presence and stakeholder involvement	- Cooperative presence - somewhat recognized, and generally regarded as positive within the community, with some members of the larger community constructively engaged with organization.	High	Presence of cooperatives is recognized within the community & regarded as positive.		



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Ability to motivate & mobilize members	- Those with potential to be most affected by cooperatives' work have limited knowledge of them. - Organization of meetings are sporadic and poorly attended. - Difficulty in motivating members into action.	Low – need for increased capacity		Difficulty in motivating members into action.	Improve capacity to increase member engagement.
	Assessment of external environment & community needs	- No planning or systematic collection of information about community needs. - Very few connections to community members and opinion leaders who can provide information about evolving community needs.	Low – need for increased capacity		No skills in community needs assessment.	Community needs assessment skills.
	Influence on policy making	- No ability or awareness of possibilities to influence policymaking. - Never called on to participate in substantive policy discussions.	Low – need for increased capacity		Limited advocacy skills.	Advocacy capacity.
	Partnerships & alliances	Partnerships with CRI to implement annual cotton campaign.	High	Coordinate s actively with CRI.		



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Organizing advocacy work and campaigns	• Advocacy work only at apex and is focused only on short-term achievements locally. • Long-term strategy does not exist. • Campaign targets are sometimes vague. • Organizing tactics may not be those best suited to the members.	Low – need for increased capacity		• Advocacy work limited to apex.	• Advocacy capacity.



A5.2 Alexandria governorate

Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
1. Governance	Governing board	• Roles of the board and manager are clear. • Board functions according to by-laws and occasionally sets organizational direction without target setting. • Board does not regularly review manager performance, regularly monitor potential conflicts of interest, or scrutinize auditors.	Moderate	• Experienced chairman	• Poor awareness of cooperative principles. • Limited board capacity. • Highly dependent on chairman • Leadership and management rely on intuition rather than strategic analysis.	• Cooperative principles. • Cooperative board governance. • Develop guides and manuals for chairman, board members, cooperative managers.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board governance & leadership	• Board practices governance & leadership. • Members of the board do not fully understand their purpose and tasks with regard to the cooperative as roles and responsibilities are not clearly defined. • Board members have sufficient access to the information they need to carry out their duties. • There is sufficient and clear communication between the board and the cooperative management and staff. • No documented action plans available.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board involvement & support	• Board provides direction, support, and accountability to leadership. • Board is fully informed about all material matters. • Input and responses are actively sought and valued. • Full participation in major decisions.	Moderate			
	Use and development of organizational processes	• Limited set of processes designed in core areas for ensuring functioning of the cooperative in planning, performance reviews, monitoring or assessment of performance.	Basic			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
2. Leadership	Leadership capacity	• Management has strong leadership capacity, with clear understanding of their respective roles and responsibilities, moderate leadership skills. • Facilitating members' involvement is limited. • Moderate support to encourage participation & transparency in decision-making	Moderate	• The central cooperative team is experienced but with little incentive to learn.	• Weak leadership & management capacity to support participation & transparency in decision-making. • No performance assessment. • No processes in planning, performance reviews, or monitoring of performance.	• Leadership skills. • Management skills. • Communication skills. • Supervisory skills.
	Leadership effectiveness	• Management is highly responsive to opportunities from others to work together. • Management expresses confidence in others' ability to be successful. • Management shares own experience and expertise.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Personal & interpersonal effectiveness of leadership	• Leadership has presence and is able to influence and build support using limited communication style. • Accepts learning and personal development opportunities that arise.	High			
	Analytical and strategic thinking	• Management is uncomfortable with new thinking and does whatever possible to reduce or avoid it. • Relies mainly on intuition rather than strategic analysis.	Low – needs improved capacity			
	Financial judgement	• Sound financial judgment. • Considers financial implications of decisions.	Moderate			
	Management team and staff – dependence on chairman	• High dependence on chairman but with strong managerial role.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Manager (&senior team)	- Team has significant experience of cooperative management. - Manager has limited track record of learning and personal development.	Basic			
3. Service provision	Cooperative services that add value to members and community	No member or community training.	Low – need for increased capacity	Experienced in managing cooperative services and projects.	- Cooperative structures provide internal pro-forma training activities, delivered by unprofessional staff internally selected, and results in poor improvement in performance. - The central cooperatives' training function is not effective in providing training to their governorate-level cooperatives (joint and local cooperatives).	- Support the central cooperative training function to provide training to staff, member farmers & community. - Project / cooperative service management & marketing skills.
	Service provision to members related to cotton	- Provides services to members related to cotton. - Coordinates with CRI cotton campaign. - Seed provision and pest control in collaboration with the Specialized Cooperative for Cotton Producers.	Low – need for increased capacity			
	Service provision to community	No cooperative service to community.	Low – need for increased capacity			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Partnerships to provide services to members and/or community (sustainable/not regular)	No partnerships supporting cooperatives in community service provision	Low – need for increased capacity		- No farmer member training. - Inputs supply relies heavily on government-administered seed and other input supply. - Revenue generation activities do not provide value to improve cotton production and harvesting directly, nor contribute to eliminating child labour.	- Community needs assessment. - Project planning, identification and monitoring capacity.
	Service/project Identification	- Services clearly defined but lack clear alignment with mission and goals. - Programmes seem scattered and largely unrelated to each other (e.g mixed member value-added related services with productive projects that compete with member farmer enterprises).	Moderate			
	Service/project management capacity	Cooperatives at all levels have no service projects or cooperative service/project management skills.	Moderate			
4. Financial viability	Ability to generate revenue & secure funding	High ability to generate revenues but need to focus on responding to the needs of its members.	Low – need for increased capacity	High ability to generate revenues.	Limited focus on responding to members' needs that add value.	Members needs assessment.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
5. Membership support in times of need	Social & health assistance to members in times of need (illness, hospitalization, funeral ...)	No social or health support.	Low – need for increased capacity		No social or health support.	Support linking agricultural cooperative to social development associations.
6. Cooperative attitude to recruitment of children	Promotion of decent work as related to recruitment, use of child labour & working conditions	Not active in recruitment of child labour.	High	Not active in recruitment of child labour.		Awareness to eliminate child labour.
7. Member access to information related to cotton	How production information (productivity, post-harvest, harvesting and storage, grading and quality standards ...) is shared through the member base	- Information shared through CRI cotton-related extension (field days / schools). - No extension specialist to provide support.	Moderate	Information shared through CRI cotton-related extension (field days / schools).		Strengthen linkages to CRI.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
8. Market access	Market response	No collective marketing, reacts by relying on partners (Specialized Coop for Cotton Producers & government marketing mechanism) to find alternative markets	Basic		- Limited collective marketing. - Limited contract farming.	Support collective marketing & contract farming.
	Bargaining power	- Limited use of negotiation with buyers, setting prices, setting standards & getting premiums. - No bargaining power related to cotton.	Basic			
9. Financial management	Financial planning & budgeting	- Functioning accounting system. - No financial plans, regularly updated. - Budget is not integrated into operations. - No performance-to-budget monitored regularly.	Low – need for increased capacity		- Limited financial planning & budgeting. - No regular performance-to-budget monitoring.	Financial planning, budgeting & performance-to-budget monitoring capacity.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
10 Infrastructure	Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g., insufficient workspace for individuals, no space for teamwork).	Low – need for increased capacity		- Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency. - Limited capacity to use ICT.	- Work environment improvement . - ICT capacity building.
	Technological infrastructure – telephone/fax , internet, other	- Lack of sophistication, limited telephone and fax facilities or computers are an impediment to day-to-day effectiveness and efficiency. - High use of WhatsApp.	Low – need for increased capacity			
11. Adaptive capacity	Use of child labour in cotton farms	Trend of members using child labour in cotton production.	High		Trend of members using child labour in cotton production.	Measures to eliminate child labour.
	Community support to address child labour	No community support to address child labour.	Low – need for increased capacity		No community support to address child labour.	Community support to address child labour.
	Monitoring of child labour& remediation system	No child labour monitoring or remediation system in place.	Low – need for increased capacity		No child labour monitoring or remediation system in place.	Implement child labour monitoring & remediation system.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Local community presence and stakeholder involvement	- Cooperative presence - somewhat recognized, and generally regarded as positive within the community, with - some members of the larger community constructively engaged.	High	Presence of cooperatives is recognized within the community & regarded as positive.		
	Ability to motivate & mobilize members	- Those with potential to be most affected by cooperatives' work have limited knowledge of it. - Organization of meetings sporadic and poorly attended. - Organization has difficulty in motivating members into action.	Low – need for increased capacity		Difficulty in motivating members into action.	Improve capacity to increase member engagement.
	Assessment of external environment & community needs	- No planning or systematic collection of information about community needs. - Very few connections to community members and opinion leaders who can provide information about evolving community needs.	Low – need for increased capacity		No skills in community needs assessment.	Community needs assessment skills.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Influence on policy making	- No ability or awareness of possibilities to influence policymaking. - Never called on to participate in substantive policy discussions.	Low – need for increased capacity		Limited advocacy skills.	Advocacy capacity.
	Partnerships & alliances	Partnerships with CRI to implement annual cotton campaign.	High	Coordinate s actively with CRI.		
	Organizing advocacy work and campaigns	- Advocacy work only at apex & is focused only on short-term achievements locally. - Long-term strategy does not exist. - Campaign targets are sometimes vague. - Organizing tactics may not be those best suited to members.	Low – need for increased capacity		Advocacy work limited to apex.	Advocacy capacity.



A5.3 Behera governorate

Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
1. Governance	Governing board	• Roles of the board and manager are clear. • Board functions according to by-laws and occasionally sets organizational direction without target setting. • Board does not regularly review manager performance, regularly monitor potential conflicts of interest, or scrutinize auditors.	Moderate	• Experienced chairman	• Poor awareness of cooperative principles. • Limited board capacity. • Highly dependent on chairman. • Leadership and management rely on intuition rather than strategic analysis.	• Cooperative principles. • Cooperative board governance. • Develop guides and manuals for chairman, board members, cooperative managers.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board governance & leadership	• Board practices governance & leadership. • Members of the board do not fully understand their purpose and tasks with regard to the cooperative as roles and responsibilities not clearly defined. • Board members have sufficient access to the information they need to carry out their duties. • There is sufficient and clear communication between the board and the cooperative management and staff. • No documented action plans available.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board involvement & support	• Board provides direction, support, and accountability to leadership. • Fully informed about all material matters. • Input and responses actively sought and valued. • Full participation in major decisions.	Moderate			
	Use and development of organizational processes	• Limited set of processes designed in core areas for ensuring functioning of the cooperative in planning, performance reviews, monitoring or assessment of performance.	Basic			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
2. Leadership	Leadership capacity	• Management has strong leadership capacity, with clear understanding of their respective roles and responsibilities, and moderate leadership skills. • Facilitating members' involvement is limited. • Moderate support to encourage participation & transparency in decision-making.	Moderate	• The central cooperative team is experienced but with little incentive to learn	• Weak leadership & management capacity to support participation & transparency in decision-making. • No performance assessment. • No processes in planning, performance reviews, monitoring of performance.	• Leadership skills. • Management skills. • Communication skills. • Supervisory skills.
	Leadership effectiveness	• Management Is highly responsive to opportunities from others to work together. • Expresses confidence in others' ability to be successful. • Shares own experience and expertise.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Personal & interpersonal effectiveness of leadership	• Leadership has presence and is able to influence and build support using limited communication style. • Accepts learning and personal development opportunities that arise.	High			
	Analytical and strategic thinking	• Management is uncomfortable with new thinking and does whatever possible to reduce or avoid it. • Relies mainly on intuition rather than strategic analysis.	Low – needs improved capacity			
	Financial judgement	• Sound financial judgement. • Considers financial implications of decisions.	Moderate			
	Management team and staff – dependence on chairman	• High dependence on chairman but with strong managerial role.	moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Manager (&senior team)	- Team has significant experience in cooperative management. - Manager has limited track record of learning and personal development.	Basic			
Service provision	Cooperative services that add value to members & community	No member or community training.	Low – need for increased capacity	Experienced in managing cooperative services and projects.	- Cooperative structures provide internal pro-forma training activities, delivered by unprofessional staff internally selected and results in poor improvement in performance. - The central cooperative training function is not effective in providing training to their governorate-level cooperatives (joint and local cooperatives).	- Support the central cooperative training function to provide training to staff, member farmers & community. - Project/ - cooperative service management & marketing skills.
	Service provision to members related to cotton	- Provides service to members related to cotton. - Coordinates with CRI cotton campaign. - Seed provision and pest control in collaboration with the Specialized Cooperative for Cotton Producers.	Low – need for increased capacity			
	Service provision to community	No service to community	Low – need for increased capacity			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Partnerships to provide services to members and/or community (sustainable/not regular)	No partnerships supporting cooperatives in community service provision.	Low – need for increased capacity		- No member farmer training. - Inputs supply relies heavily on government-administered seed and other input supply. - Revenue-generation activities do not provide value to improve cotton production and harvesting directly nor contribute to eliminating child labour.	- Community needs assessment. - Project planning, identification and monitoring capacity.
	Service/project Identification	- Services clearly defined but lack clear alignment with mission and goals. - Programmes seem scattered and largely unrelated to each other (e.g mixed member value-added related services with productive projects that compete with member farmer enterprises).	Moderate			
	Service/project management capacity	- Cooperatives at all levels have experience in managing cooperative mechanization projects (5 coops). - Investment cost is EGP 1,649,888 and productive investments total EGP 9,994,008 (207 coops)	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
Financial viability	Ability to generate revenue & secure funding	High ability to generate revenues but need to focus on responding to the needs of its members.	Moderate	High ability to generate revenues.	Limited focus on responding to members' needs that add value.	Members needs assessment
Membership support in times of need	Social & health assistance to members in times of need (illness, hospitalization, funeral ...)	No social or health support.	Low – need for increased capacity		No social or health support.	Support linking agricultural cooperative to social development associations
Cooperative attitude to recruitment of children	Promotion of decent work as related to recruitment, use of child labour& working conditions	Not active in recruitment of child labour.	High	Not active in recruitment of child labour.		Awareness to eliminate child labour.
Member access to information related to cotton	How production information (productivity, post-harvest , harvesting and storage, grading and quality standards...) is shared through the member base	- Information shared through CRI cotton-related extension (field days schools. - No extension specialist to provide support.	Moderate	Information shared through CRI cotton-related extension (field days / schools.		Strengthen linkages to CRI.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
Market access	Market response	No collective marketing, reacts by relying on partners(Specialized Cooperative for Cotton Producers and government marketing mechanism) to find alternative markets.	Basic		- Limited collective marketing. - Limited contract farming.	Support for collective marketing & contract farming.
	Bargaining power	- Limited use of negotiation with buyers, setting prices, setting standards & getting premiums. - No bargaining power related to cotton.	Basic			
Financial management	Financial planning & budgeting	- Functioning accounting system. - No financial plans, regularly updated. - Budget is not integrated into operations. - No performance-to-budget monitored regularly.	Low – need for increased capacity		- Limited financial planning & budgeting. - No regular performance-to-budget monitoring.	Financial planning, budgeting & performance-to-budget monitoring capacity.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
Infrastructure	Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g., insufficient workspace for individuals, no space for teamwork).	Low – need for increased capacity		- Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency. - Limited capacity to use ICT.	- Work environment improvement . - ICT capacity building.
	Technological infrastructure – telephone/fax, internet, other	- Lack of sophistication, limited telephone and fax facilities or computers are an impediment to day-to-day effectiveness and efficiency - High use of What'sApp	Low – need for increased capacity			
Adaptive capacity	Use of child labour in cotton farms	Trend of members using child labour in cotton production.	High		Trend of members using child labour in cotton production.	Measures to eliminate child labour.
	Community support to address child labour	No community support to address child labour.	Low – need for increased capacity		No community support to address child labour.	Community support to address child labour.
	Monitoring of child labour& remediation system	No child labour monitoring or remediation system in place.	Low – need for increased capacity		No child labour monitoring or remediation system in place.	Implement child labour monitoring & remediation system.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Local community presence and stakeholder involvement	- Cooperatives' presence - somewhat recognized, and generally regarded as positive within the community, with some members of the larger community constructively engaged with organization.	High	Presence of cooperatives is recognized within the community & regarded as positive.		
	Ability to motivate & mobilize members	- Those with potential to be most affected by cooperatives' work have limited knowledge of it. - Organization of meetings sporadic and poorly attended. - Cooperatives have difficulty in motivating members into action.	Low – need for increased capacity		Difficulty in motivating members into action.	Improve capacity to increase member engagement.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Assessment of external environment & community needs	- No planning or systematic collection of information about community needs. - Very few connections to community members and opinion leaders who can provide information about evolving community needs.	Low – need for increased capacity		No skills in community needs assessment.	Community needs assessment skills.
	Influence on policymaking	- No ability or awareness of possibilities to influence policymaking. - Never called on to participate in substantive policy discussions.	Low – need for increased capacity		Limited advocacy skills.	Advocacy capacity.
	Partnerships & alliances	Partnerships with CRI to implement annual cotton campaign.	High	Coordinate actively with CRI.		



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Organizing advocacy work and campaigns	• Advocacy work only at apex and is focused only on short-term achievements locally. • Long-term strategy does not exist. • Campaign targets are sometimes vague. • Organizing tactics may not be those best suited to members.	Low – need for increased capacity		Advocacy work limited to apex.	Advocacy capacity.



A5.4 Fayoum governorate

Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
1.Governance	Governing board	• Roles of the board and manager are clear. • Board functions according to by-laws and occasionally sets organizational direction without target setting. • Board does not regularly review manager performance, regularly monitor potential conflicts of interest, or scrutinize auditors.	Moderate	• Experienced chair man	• Poor awareness of cooperative principles. • Limited board capacity. • Highly dependent on chairman. • Leadership and management rely on intuition rather than strategic analysis.	• Cooperative principles. • Cooperative board governance. • Develop guides and manuals for chairman, board members, cooperative managers.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board governance & leadership	• Board practises governance & leadership. • Members of the board do not fully understand their purpose and tasks with regard to the cooperative as roles and responsibilities not clearly defined. • Board members have sufficient access to the information they need to carry out their duties. • There is sufficient and clear communication between the board and the cooperative management and staff. • No documented action plans available.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board involvement & support	• The board provides direction, support, and accountability to leadership. • The board is fully informed about all material matters. • Input and responses are actively sought and valued. • Full participation in major decisions.	Moderate			
	Use and development of organizational processes	• Limited set of processes designed in core areas for ensuring functioning of the cooperative in planning, performance reviews, monitoring or assessment of performance.	Basic			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
2. Leadership	Leadership capacity	- Management has strong leadership capacity with clear understanding of their respective roles and responsibilities, moderate leadership skills. - Facilitating members' involvement is limited, with moderate support to encourage participation & transparency in decision-making.	Moderate	The central cooperative team is experienced but with little incentive to learn.	- Weak leadership & management capacity to support participation & transparency in decision-making. - No performance assessment - No processes in planning, performance reviews, monitoring of performance.	- Leadership skills. - Management skills. - Communication skills. - Supervisory skills.
	Leadership effectiveness	- Management is highly responsive to opportunities from others to work together. - Expresses confidence in others' ability to be successful. - Shares own experience and expertise.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Personal & interpersonal effectiveness of leadership	- Leadership has presence and is able to influence and build support using limited communication style. - Accepts learning and personal development opportunities that arise.	High			
	Analytical and strategic thinking	- Management is uncomfortable with new thinking and does whatever possible to reduce or avoid it. - Relies mainly on intuition rather than strategic analysis.	Low – needs improved capacity			
	Financial judgement	- Sound financial judgment. - Considers financial implications of decisions.	Moderate			
	Management team and staff – dependence on chairman	High dependence on chairman but with strong managerial role	moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Manager (&senior team)	- Team has significant experience in cooperative management. - Manager has limited track record of learning and personal development.	Basic			
3. Service provision	Cooperative services that add value to members & community	No member or community training.	Low – need for increased capacity	Experienced in managing cooperative services and projects.	- Cooperative structures provide internal pro-forma training activities, delivered by unprofessional staff internally selected and results in poor improvement in performance. - The central cooperative training function is not effective in providing training to their governorate-level cooperatives (joint	- Support for the central cooperative training function to provide training to staff, member farmers & community. - Project/ - cooperative service management & marketing skills.
	Service provision to members related to cotton	- Provides service to members related to cotton. - Coordinates with CRI cotton campaign. - Seed provision and pest control in collaboration with the Specialized Cooperative for Cotton Producers.	Low – need for increased capacity			
	Service provision to community	No service to community.	Low – need for increased capacity			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Partnerships to provide services to members and/or community (sustainable/ not regular)	No partnerships supporting cooperatives in community service provision.	Low – need for increased capacity		- and local cooperatives). - No member farmer training. - Inputs supply relies heavily on government-administered seed and other input supply.	- Community needs assessment. - Project planning, identification and monitoring capacity.
	Service/project Identifier cation	- Services clearly defined but lack clear alignment with mission and goals. - Programmes seem scattered and largely unrelated to each other (e.g mixed member value-added related services with productive projects that compete with member farmer enterprises.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Service/project management capacity	- Cooperatives at all levels have no service projects or service/project management skills. - Joint cooperatives had previous 10 years of experience in renting lazer levelling service but failed to face private-sector competition.	Low – need for increased capacity			
4. Financial viability	Ability to generate revenue & secure funding	High ability to generate revenues but need to focus on responding to the needs of its members.	Low – need for increased capacity	High ability to generate revenues.	Limited focus on responding to members' needs that add value.	Members needs assessment.
5. Membership support in times of need	Social & health assistance to members in times of need (illness, hospitalization, funeral ...)	No social or health support.	Low – need for increased capacity		No social or health support.	Support linking agricultural cooperative to social development associations.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
6. Cooperative attitude to recruitment of children	Promotion of decent work as related to recruitment, use of child labour & working conditions	• Not active in recruitment of child labour.	High	• Not active in recruitment of child labour.		• Awareness to eliminate child labour.
7. Member access to information related to cotton	How production information (productivity, post-harvest, harvesting and storage, grading and quality standards ...) is shared through the member base	• Information shared through CRI cotton-related extension (field days / schools). • No extension specialist to provide support.	Moderate	• Information shared through CRI cotton related extension (field days / schools).		• Strengthen linkages to CRI.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
8. Market access	Market response	No collective marketing, reacts by relying on partners (Specialized Cooperative for Cotton Producers, and government marketing mechanism) to find alternative markets.	Basic		- Limited collective marketing. - Limited contract farming.	Support collective marketing & contract farming.
	Bargaining power	- Limited use of negotiation with buyers, setting prices, setting standards & getting premiums. - No bargaining power related to cotton.	Basic			
9. Financial management	Financial planning & budgeting	- Functioning accounting system. - No financial plans, regularly updated. - Budget is not integrated into operations. - No performance-to-budget monitored regularly.	Low – need for increased capacity		- Limited financial planning & budgeting. - No regular performance-to-budget monitoring.	Financial planning, budgeting & performance-to-budget monitoring capacity.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
10. Infrastructure	Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g. insufficient workspace for individuals, no space for teamwork).	Low – need for increased capacity		- Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency. - Limited capacity to use ICT.	- Work environment improvement . - ICT capacity building.
	Technological infrastructure – telephone/fax, internet, other	- Lack of sophistication, limited telephone and fax facilities or computers are an impediment to day-to-day effectiveness and efficiency. - High use of What'sApp	Low – need for increased capacity			
11.Adaptive capacity	Use of child labour in cotton farms	Trend of members using child labour in cotton production.	High		Trend of members using child labour in cotton production.	Measures to eliminate child labour.
	Community support to address child labour	No community support to address child labour.	Low – need for increased capacity		No community support to address child labour.	Community support to address child labour.
	Monitoring of child labour& remediation system	No child labour monitoring or remediation system in place.	Low – need for increased capacity		No child labour monitoring or remediation system in place.	Implement child labour monitoring & remediation system.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Local community presence and stakeholder involvement	- Cooperatives' presence - somewhat recognized, and generally regarded as positive within the community, with - some members of larger community constructively engaged with organization.	High	Presence of cooperatives is recognized within the community & regarded as positive.		
	Ability to motivate & mobilize members	- Those with potential to be most affected by cooperatives' work have limited knowledge of it. - Organization of meetings sporadic and poorly attended. - Organization has difficulty motivating members into action.	Low – need for increased capacity		Difficulty in motivating members into action.	Improve capacity to increase member engagement.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Assessment of external environment & community needs	• No planning or systematic collection of information about community needs. • Very few connections to community members and opinion leaders who can provide information about evolving community needs.	Low – need for increased capacity		• No skills in community needs assessment.	• Community needs assessment skills.
	Influence on policy making	• No ability or awareness of possibilities to influence policymaking. • Never called on to participate in substantive policy discussions.	Low – need for increased capacity		• Limited advocacy skills.	• Advocacy capacity.
	Partnerships & alliances	• Partnerships with CRI to implement annual cotton campaign.	High	• Coordinate actively with CRI.		



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Organizing advocacy work and campaigns	• Advocacy work only at apex and is focused only on short-term achievements locally. • Long-term strategy does not exist. • Campaign targets are sometimes vague. • Organizing tactics may not be those best suited to members.	Low – need for increased capacity		• Advocacy work limited to apex.	• Advocacy capacity



A5.5 Kafrel-Sheikh governorate

Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
1. Governance	Governing board	• Roles of the board and manager are clear. • The board functions according to by-laws and occasionally sets organizational direction without target setting. • The board does not regularly review manager performance, regularly monitor potential conflicts of interest, or scrutinize auditors.	Moderate	• Experienced chairman	• Poor awareness of cooperative principles. • Limited board capacity. • Highly dependent on chairman. • Leadership and management rely on intuition rather than strategic analysis.	• Cooperative principles. • Cooperative board governance. • Develop guides and manuals for chairman, board members, cooperative managers.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board governance & leadership	• The board practices governance & leadership. • Members of the board do not fully understand their purpose and tasks with regard to the cooperative, as roles and responsibilities not clearly defined. • Board members have sufficient access to the information they need to carry out their duties. • There is sufficient and clear communication between the board and the cooperative management and staff. • No documented action plans are available.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Board involvement & support	• The board provides direction, support, and accountability to leadership. • The board is fully informed about all material matters. • Input and responses are actively sought and valued. • Full participation in major decisions	Moderate			
	Use and development of organizational processes	• Limited set of processes designed in core areas for ensuring functioning of the cooperative in planning, performance reviews, monitoring or assessment of performance.	Basic			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
2. Leadership	Leadership capacity	• Management has strong leadership capacity, with clear understanding of their respective roles and responsibilities, and moderate leadership skills. • Facilitating members' involvement is limited. • Moderate support to encourage participation & transparency in decision-making.	Moderate	The central cooperative team is experienced but with little incentive to learn.	• Weak leadership & management capacity to support participation & transparency in decision-making. • No performance assessment. • No processes in planning, performance reviews, monitoring of performance.	• Leadership skills. • Management skills. • Communication skills. • Supervisory skills.
	Leadership effectiveness	• Management is highly responsive to opportunities from others to work together. • Expresses confidence in others' ability to be successful. • Shares own experience and expertise.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Personal & interpersonal effectiveness of leadership	• Leadership has presence and is able to influence and build support using limited communication style. • Accepts learning and personal development opportunities that arise.	High			
	Analytical and strategic thinking	• Management is uncomfortable with new thinking and does whatever possible to reduce or avoid it. • Relies mainly on intuition rather than strategic analysis.	Low – needs improved capacity			
	Financial judgement	• Sound financial judgement. • Considers financial implications of decisions.	Moderate			
	Management team and staff – dependence on chairman	• High dependence on chairman but with strong managerial role.	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Manager (&senior team)	- Team has significant experience in cooperative management. - Manager has limited track record of learning and personal development.	Basic			
3. Service provision	Cooperative services that add value to members & community	No member or community training.	Low – need for increased capacity	Experienced in managing cooperative services and projects.	- Cooperative structures provide internal pro-forma training activities, delivered by unprofessional staff internally selected and results in poor improvement in performance. - The central cooperatives' training function is not effective in providing training to their governorate-level cooperatives (joint	- Support for the central cooperative training function to provide training to staff, member farmers & community. - Project/ cooperative service management & marketing skills. - Community needs assessment.
	Service provision to members related to cotton	- Provide service to members related to cotton. - Coordinate with CRI cotton campaign. - Seed provision and pest control in collaboration with the Specialized Cooperative for Cotton Producers.	Low – need for increased capacity			
	Service provision to community	No service to community.	Low – need for increased capacity			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Partnerships to provide services to members and/or community (sustainable/not regular)	No partnerships supporting cooperatives in community service provision.	Low – need for increased capacity		and local cooperatives). - No member farmer training. - Inputs supply relies heavily on government-administered seed and other input supply. - Revenue-generation activities do not provide value to improve cotton production and harvesting directly, or contribute to eliminating child labour.	Project planning, identification and monitoring capacity.
	Service/project Identification	- Services clearly defined but lack clear alignment with mission and goals. - Programmes seem scattered and largely unrelated to each other (e.g mixed member value-added related services with productive projects that compete with member farmer enterprises).	Moderate			
	Service/project management capacity	Cooperatives at all levels have experience in managing cooperative projects (input supply, productive projects, bakery & mechanization (15 coops).	Moderate			



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
4. Financial viability	Ability to generate revenue & secure funding	High ability to generate revenues but need to focus on responding to the needs of its members.	Moderate	High ability to generate revenues.	Limited focus on responding to members' needs that add value.	Members needs assessment.
5. Membership support in times of need	Social & health assistance to members in times of need (illness, hospitalization, funeral ...)	No social or health support.	Low – need for increased capacity		No social or health support.	Support linking agricultural cooperative to social development associations.
6. Cooperative attitude to recruitment of children	Promotion of decent work as related to recruitment, use of child labour & working conditions	Not active in recruitment of child labour.	High	Not active in recruitment of child labour.		Awareness to eliminate child labour.
7. Member access to information related to cotton	How production information (productivity, post-harvest, harvesting and storage, grading and quality standards ...) is shared through the member base	- Information shared through CRI cotton-related extension (field days/schools). - No extension specialist to provide support.	Moderate	Information shared through CRI cotton-related extension (field days/schools).		Strengthen linkages to CRI.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
8. Market access	Market response	No collective marketing, reacts by relying on partners(Specialized Cooperative for Cotton Producers, and government marketing mechanism) to find alternative markets.	Basic		- Limited collective marketing. - Limited contract farming.	Support collective marketing & contract farming.
	Bargaining power	- Limited use of negotiation with buyers, setting prices, setting standards & getting premiums. - No bargaining power related to cotton.	Basic			
9. Financial management	Financial planning & budgeting	- Functioning accounting system. - No financial plans, regularly updated. - Budget is not integrated into operations. - No performance-to-budget monitored regularly.	Low – need for increased capacity		- Limited financial planning & budgeting. - No regular performance-to-budget monitoring.	Financial planning, budgeting & performance -to-budget monitoring capacity.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
10. Infrastructure	Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g. insufficient workspace for individuals, no space for teamwork).	Low – need for increased capacity		- Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency. - Limited capacity to use ICT.	- Work environment improvement. - ICT capacity building.
	Technological infrastructure – telephone/fax, internet, other	- Lack of sophistication, limited telephone and fax facilities or computers are an impediment to day-to-day effectiveness and efficiency. - High use of What'sApp	Low – need for increased capacity			
11. Adaptive capacity	Use of child labour in cotton farms	Trend of members using child labour in cotton production.	High		Trend of members using child labour in cotton production.	Measures to eliminate child labour.
	Community support to address child labour	No community support to address child labour.	Low – need for increased capacity		No community support to address child labour.	Community support to address child labour.
	Monitoring of child labour & remediation system	No child labour monitoring or remediation system in place.	Low – need for increased capacity		No child labour monitoring or remediation system in place.	Implement child labour monitoring & remediation system.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Local community presence and stakeholder involvement	- Cooperatives' presence - somewhat recognized, and generally regarded as positive within the community, with - some members of larger community constructively engaged with organization.	High	Presence of cooperatives is recognized within the community & regarded as positive.		
	Ability to motivate & mobilize members	- Those with potential to be most affected by cooperatives' work have limited knowledge of it. - Organization of meetings sporadic and poorly attended. - Difficulty in motivating members into action.	Low – need for increased capacity		Difficulty in motivating members into action.	Improve capacity to increase member engagement.
	Assessment of external environment & community needs	- No planning or systematic collection of information about community needs. - Very few connections to community members and opinion leaders who can provide information about evolving community needs.	Low – need for increased capacity		No skills in community needs assessment.	Community needs assessment skills.



Capacity area	Criteria	Assessment/Gap	Rating level	Strengths	Weaknesses	Areas for improvement
	Influence on policy making	- No ability or awareness of possibilities to influence policymaking. - Never called on to participate in substantive policy discussions.	Low – need for increased capacity		Limited advocacy skills.	Advocacy capacity.
	Partnerships & alliances	Partnerships with CRI to implement annual cotton campaign.	High	Coordinate actively with CRI.		
	Organizing advocacy work and campaigns	- Advocacy work only at apex and is focused only on short-term achievements locally. - Long-term strategy does not exist. - Campaign targets are sometimes vague. - Organizing tactics may not be those best suited to members.	Low – need for increased capacity		Advocacy work limited to apex.	Advocacy capacity.



Annex 7. Interviews and focus group discussions: Guiding questions

A7.1. In-depth interview – Director, Cotton Research Institute

1. Please explain the role of your institute in supporting cotton production in Egypt.
2. Can you explain the role that your organization plays in supporting the cotton industry during the production stages (cotton farm)?
3. Can you explain your role in supporting cooperatives in the cotton villages?
4. Can you explain the role that your organization plays in supporting the cotton industry during the spinning and marketing stages (domestic, export)?
5. Does your organization provide any extension services to cotton producers, buyers, manufacturers? If so, what services has your organization provided? In what locations of the country? How are they provided? Please give details.
6. Do you have regional, departmental or municipal level offices in cotton producing areas? Please explain their roles.
7. Do you have any activities supporting the elimination of child labour in the cotton value chain? Please give details.
8. Who else do you recommend that we talk to?
9. Please tell us who your institution collaborates with on activities related to cotton.

A7.2. In-depth interview – Chairperson, Central Agricultural Cooperative Union (CACU) (apex at the national level)

1. **Can you explain to us your organizational structure?**
2. Can you explain the role you are playing along the cotton value chain in Egypt (linking farmers with service providers, traders, buying, trading, processing, marketing, and exporting)? What services are provided?
3. Please detail what CACU needs to better service its member central and village cooperatives. What areas are you working in? What services does CACU provide to cooperatives in Egypt?
4. Do you have any activities supporting the elimination of child labour in the cotton value chain? Please give details.
5. Does your organization provide any training services or technical assistance to your member central cooperatives?
6. If so, what capacity-building services has CACU provided? How are they provided?
7. What are some of the challenges or limitations of working with your member cooperatives? What capacity building does CACU need?
8. Can you tell us some of the opportunities open to you, or where working with cooperatives has been beneficial to cotton production in Egypt?
9. What are your perceptions of opportunities and challenges for scaling up cotton production, processing, marketing opportunities or exporting options?
10. What does CACU need to provide better services to its primary cooperative members, including capacity building?
11. Who else do you recommend that we talk to?
12. Please tell us who your institution collaborates with on activities related to cotton.



13. Does your organization have any partnerships with manufacturers, exporters?
14. Are there any legal registration challenges for new cooperatives? If there are, please explain.

A7.3. In-depth Interview – Chairpersons and managers, central cooperatives (Apex at governorate level)

1. **Can you explain to us your organizational structure and role in supporting cooperatives in the governorate?**
2. Can you explain the role you are playing along the cotton value chain in the governorate (linking farmers with traders, buying, trading, processing, marketing, and exporting)?
3. What areas are you working in?
4. Does the central cooperative provide any education, extension services or technical assistance to cotton producers, buyers, others?
5. If so, what services has your organization provided? How are they provided?
6. What else the central cooperative provide to member cooperatives and/or the community?
7. Does the central cooperative partner with service providers (public/private)? Are any of such partnerships sustainable or not regular? How are they sustained?
8. Does the central cooperative participate in cotton marketing (the sale or purchase of cotton) on behalf of farmers? If so, please explain how you participate (negotiate with buyers, setting prices, setting standards, getting premiums).
9. What was the nature of the buyer (small trader, wholesaler, buying agent, producer organization ...)? Where did the transaction take place?
10. Do you offer any marketing opportunities or services to cotton producers? If so, which ones?
11. Do you collect domestic or international marketing information? If so, where do you get your information?
12. Do you maintain any databases on cotton production, farmers, organizations, marketing? Would you be willing to allow us access to those?
13. Do you work directly with cooperatives? Which ones?
14. What are some of the challenges or limitations of working with cooperatives?
15. Can you tell us some of the opportunities open to you, or where working with cooperatives has been beneficial to the central cooperative?
16. Does your organization provide any credit to farmers or financial support for improvements in their cotton production, or to manufacturers in small, medium or large businesses?
17. With regard to child labour in cotton production and along the cotton value chain, do you agree, disagree or are not sure about each of the following statements?
 - Children work in agricultural activities according to their ages.
 - Parents need to send children to work because they need their earned wages to cover needs.
 - Children's labour jeopardizes their health.
 - Sending young boys and girls to fields is dangerous.
 - Parents have to be cautious in letting children stay alone in fields with strangers.
 - Work in the fields is better for children than fooling around in the streets.
 - Working children leave home by dawn and return by sunset, which is not good for their health.
 - The wages children earn do not compensate for the dangers they might face.
 - Working children are exposed to adult strangers and this is not right.



- Maltreatment of children is more likely to happen if they are sent to work in the fields.
- Children's work in fields helps to build their personalities.
- The proper place for small children is in school only.
- A law that bans child labour in cotton fields must be strictly enforced.

18. Do you engage in recruitment practices? Do you consider fair remuneration and working times?
19. Do you monitor child labour? If yes; is there a monitoring/remediation system in place? Is the system at governorate, cooperative or community level?
20. Who else do you recommend that we talk to?
21. Please tell us who your institution collaborates with on activities related to cotton.
22. Does the central cooperative partner with manufacturers, exporters or NGOs or have any other private or public partnerships?



A7.4. Focus group discussions – Chairpersons and managers, selected village cooperatives

1. **Can you explain to us your role in supporting cooperatives in the governorate?**
2. Can you explain the role you are playing along the cotton value chain in the village (linking farmers with traders, buying, trading, processing, marketing, and exporting)?
3. What areas are you working in?
4. Does the cooperative provide any education, extension services or technical assistance to cotton producers, buyers, others?
5. If so, what services has your cooperative provided? How are they provided?
6. Does the extension specialist have a viable “message” to convey to farmers? Does it involve production methods, post-harvest practice, marketing practices, or other business practices?
 - Will adoption of the recommended practices raise yields? Increase farm income? Fit into the farming system without bumping into constraints? How long will it be before benefits from following recommendations are realized?
 - Are the farmers adopting extension recommendations? If not, why?
 - Are there some models of extension services that work, while others do not?
7. Does the cooperative participate in the sale or purchase of cotton? If so, please explain how you participate.
8. What was the nature of the buyer (small trader, wholesaler, buying agent, producer organization...)? Where did the transaction take place?
9. Do you offer any marketing opportunities or services to cotton producers? If so, which ones?
10. Do you work directly with other cooperatives, community development associations or others? Which ones?
11. What are some of the challenges or limitations of working with them?
12. Can you tell us some of the opportunities open to you or where working with other entities has been beneficial to your cooperative?
13. Does your cooperative provide any credit to farmers or financial support for improvements in their cotton production, or to manufacturers in small, medium or large businesses?
14. What are your perceptions of opportunities and challenges for scaling up cotton production, processing, marketing opportunities or exporting options?
15. With regard to child labour in cotton production and along the cotton value chain, do you agree, disagree or are not sure about each of the following statements?
 - Children work in agricultural activities according to their ages.
 - Parents need to send children to work because they need their earned wages to cover needs.
 - Children’s labour jeopardizes their health.
 - Sending young boys and girls to fields is dangerous.
 - Parents have to be cautious in letting children stay alone in fields with strangers.
 - Work in the fields is better for children than fooling around in the streets.
 - Working children leave home by dawn and return by sunset, which is not good for their health.
 - The wages children earn do not compensate for the dangers they might face.
 - Working children are exposed to adult strangers and this is not right.
 - Maltreatment of children is more likely to happen if they are sent to work in the fields.
 - Children’s work in the fields helps to build their personalities
 - The proper place for small children is in school only.



- A law that bans children labour in cotton fields must be strictly enforced.

16. Who else do you recommend that we talk to?

17. Please tell us who your cooperative collaborates with on activities related to cotton.

18. Does your cooperative partner with manufacturers, exporters, or NGOs, or have other private or public partnerships?

A7.5. Focus group discussions - Vulnerable cotton farmers using child labour

A random sample of vulnerable cotton farmers using child labour is selected to attend the cotton farmers' FGD. The selection takes place in three steps:

- Following the selection of three cooperatives in each district, lists of farmers cultivating cotton in each cooperative are prepared.
- A small random sample of cotton farmers (between 25–35 farmers) is made. The farmers are subjects of the interview schedule prepared to collect the field data.
- During the interview meeting, observation techniques are applied and in-depth interviews conducted when needed. Qualified field research assistants are extremely recommended.

Guiding questions

1. **Where do you produce cotton?**

2. How long have you been producing cotton?

3. How many feddans of cotton do you produce on?

4. What is your yield for this area?

5. Are you a member of a local cooperative? Which one?

6. What are some benefits from being in the cooperative?

7. Which cotton production operations require hired labour? Please explain what...how many, when, from where, etc.

8. Which cotton cultivation requires children (girls and boys)? (what...how many, when, from where, etc.)

9. Which cotton harvesting requires children (girls and boys)? (what...how many, when, from where, etc.)

10. Are there other cotton operations (such as worm control or others) that require child labour (girls and boys)? (what...how many, when, from where, etc.)

11. With regard to child labour in cotton production and along the cotton value chain, do you agree, disagree or are not sure about each of the following statements:

- Children work in agricultural activities according to their ages.
- Parents need to send children to work because they need their earned wages to cover needs.
- Children's labour jeopardizes their health.
- Sending young boys and girls to fields is dangerous.
- Parents have to be cautious in letting children stay alone in fields with strangers.
- Work in the fields is better for children than fooling around in the streets.
- Working children leave home by dawn and return by sunset, which is not good for their health.
- The wages children earn does not compensate for the dangers they might face.
- Working children are exposed to adult strangers and this is not right.
- Maltreatment of children is more likely to happen if they are sent to work in the fields.
- Children's work in the fields helps to build their personalities.



- The proper place for small children is in school only.
 - A law that bans child labour in cotton field must be strictly enforced.
12. Does the cooperative you belong to provide any credit to farmers or financial support for improvements in their cotton production, or to manufacturers?
 13. Do you participate in any extension programmes for producing cotton, processing cotton or marketing/selling your cotton? If so, which ones?
 14. What types of programmes have you participated in?
 15. Did the cooperative you belong to provide these services? Are there other organizations that have provided these activities?
 16. What activities have you undertaken in the last cotton season with your cooperative (e.g. visits to the cooperative, attending meetings at the cooperative, receiving training from the cooperative, participating in elections, nominating yourself in elections)?
 17. What services does your cooperative provide to cotton farmers (e.g. credit, input supply, marketing)? Please elaborate.
 18. Where do you get information on cotton cultivation (attending extension meetings, training by the extension service, attending field demonstrations, visiting extension centre (in village, nearby village), other? Please elaborate.
 19. Are you adopting the extension recommendations? If not, why?
 20. Are there some models of extension services that work, while others do not? If so, which ones seem to be better models for learning?
 21. Do you receive technical information or support on cotton production/processing/selling/marketing from a governmental or non-governmental organization? If so, which ones?
 22. What types of technical information support or information have you received in the past?
 23. How many times did you sell your cotton during the year?
 24. How do you sell your cotton?
 25. Who buys your cotton (small trader, wholesaler, buying agent, producer organization)? Where did the transaction take place?
 26. Did you receive premiums or discounts related to quality?
 27. Do you have other options to sell your cotton? To similar or different types of buyers? If you wished to sell to other buyers, would different quality restrictions apply?
 28. Would sale to other buyers require incurring additional costs such as transportation? How much?
 29. What are some of the challenges or limitations of working with your cooperative?
 30. Can you tell us some of the opportunities open to you or where working with these cooperatives has been beneficial to you as a producer?
 31. What are your perceptions of opportunities and challenges for scaling up cotton production, processing, marketing opportunities or exporting options?
 32. Who else do you recommend that we talk to?
 33. Please tell us who your local association collaborates with on activities related to cotton.



A7.6. In-depth Interview – Directors, government directorates (governorate level): agriculture, cooperatives, extension, education, social affairs)

1. **Can you explain the role that your organization plays in supporting the cotton industry during the production stages (cotton farm)?**
2. What services does your directorate provide to coops in Egypt?
3. Can you explain the role that your organization plays in supporting the cotton industry during the spinning and marketing stages (domestic, export)?
4. Does your organization provide any extension services to cooperatives, buyers, manufacturers? If so, what services has your organization provided? In what locations of the country? How are they provided?
 - Do the extension agents have a viable “message” to convey to farmers? Does it involve production method, post-harvest practice, marketing practices, and other business practices?
 - Will adoption of the recommended practices raise yields? Increase farm income? Fit into the farming system without bumping into constraints? How long will it be before benefits from following recommendations are realized?
 - Are the farmers adopting extension recommendations? If not, why?
 - Are there some models of extension services that work, while others do not?
5. Do you have regional, departmental or municipal level offices in cotton-producing areas?
6. Who else do you recommend that we talk to?
7. Please tell us who your institution collaborates with on activities related to cotton.
8. Does your organization provide any credit to farmers, cooperatives or financial support for improvements in their cotton production and harvesting, or to cotton manufacturers?

A7.7. In-depth interview– Chairpersons and managers, community development associations

1. **Can you explain the role you are playing along the cotton value chain in the governorate (linking farmers with traders, buying, trading, processing, marketing and exporting)?**
2. What areas are you working in?
3. Does your organization provide any extension services to cotton producers, buyers, manufacturers? If so, what services has your organization provided? In what locations of the country? How are they provided?
 - Do the extension agents have a viable “message” to convey to farmers? Does it involve production method, post-harvest practice, marketing practices, and other business practices?
 - Will adoption of the recommended practices raise yields? Increase farm income? Fit into the farming system without bumping into constraints? How long will it be before benefits from following recommendations are realized?
 - Are the farmers adopting extension recommendations? If not, why?
 - Are there some models of extension services that work, while others do not?
4. Do you offer any marketing opportunities or services to cotton producers? If so, which ones?
5. Does your organization provide any credit to farmers or financial support for improvements in their cotton farms, or to manufacturers in their small, medium or large businesses?
6. What are your perceptions of opportunities and challenges for scaling up cotton production, processing, marketing opportunities or exporting options?
7. Who else do you recommend that we talk to?



8. Please tell us who your institution collaborates with on activities related to cotton.

A7.8 In-depth interview– cotton manufacturer associations

1. **Can you explain to us the organizational structure of your association (number of members, paid employees)?**
2. Can you explain how your organization serves the members in your association (post-harvest processes with traders, buying, trading, processing, marketing, providing inputs at a lower cost, participation in governmental or non-governmental programmes)?
3. Does your organization provide any extension services or technical assistance to cotton producers, buyers or manufacturers?
 - If so, what services has your organization provided? How are they provided?
 - Do the extension educators have a viable “message” to convey to farmers? Does it involve production and harvesting practices, post-harvest practices, marketing practices, other business practices?
 - Will adoption of the recommended practices raise yields? Increase farm income? Fit into the farming system without bumping into constraints? How long will it be before benefits from following recommendations are realized?
 - Are the farmers adopting extension recommendations? If not, why?
 - Are there some models of extension services that work, while others do not? If so, which ones seem to be better models for teaching concepts?
4. Does your organization participate in the sale or purchase of cotton? If so, please explain how you participate.
5. Does your organization offer contracts to cotton farmers, whether informal or formal? What are the conditions of those contracts?
6. What is the nature of the buyer (small trader, wholesaler, buying agent, producer organization)? Where does the transaction take place?
7. Does the farmer have other options to sell the cotton? Similar or different types of buyers? If the farmer used other buyers, would different quality restrictions apply?
8. Do you offer any marketing opportunities or services to cotton producers? If so, which ones?
9. Do you collect domestic or international marketing information? If so, where do you get your information?
10. Do you maintain any databases on cotton production, farmers, organizations, marketing? Would you be willing to allow us access to those?
11. Do you work with cooperatives? If yes, what are some of the challenges or limitations?
12. Can you tell us some of the opportunities open to you or where working with cooperatives has been beneficial to your association?
13. Does your association provide any credit to farmers or financial support for improvements in their cotton production, or to manufacturers?
14. What are your perceptions of opportunities and challenges for scaling up cotton production, processing, marketing opportunities or exporting options?
15. Who else do you recommend that we talk to?
16. Please tell us who your institution collaborates with on activities related to cotton. Does your organization partner with manufacturers, exporters or NGOs, or have other private or public partnerships?



Annex 8. List of people and organizations interviewed

Date	Purpose	Location	Attendees
2–5 Aug. 2020	Orientation, data collection & inception report	Cairo	ILO staff
25 & 31 Aug.–6, 10, 24 & 27 Sept. 2020	In-depth Interview	Cairo	Dr Hisham Mossad, Director of the Cotton Research Institute (CRI)
			Dr Yasser Al-Mansi, CRI Undersecretary for Guidance and Training
			Dr. Abeer Samir, CRI Deputy for Research
26–27 Aug. 2020	Data collection & interview	Fayoum	Mr Mostafa Abdel-Zaher, Director of Extension, Fayoum Governorate
			DrHusseinRafaat,EU JRDP Project Manager
			Information Centre, Fayoum Governorate
8 Sept. 2020	Data collection	Cairo	Central Agency for Public Mobilization and Statistics (CAPMAS)
11 Sept. 2020	In-depth Interview	Cairo	Mr Walid Al-Saadani, Chairman, The General Specialized Association for Cotton Producers
			Mr Ahmed Hendawii, Manager, The General Specialized Association for Cotton Producers
4–7 Oct. 2020	Orientation meeting	Al-Sharqia	Mr Mohamed Lashine, Director, Al-Sharqia Agriculture Directorate
	Orientation meeting		Mr Gamal Ahmed Kamal,Extension Manager
	Interview		MrMahmoud Yassein, Cotton Coordinator -
	FGD		Mr Reda Shohata, Agriculture Manager, MinyaAl-Kamh
			Mr Mohamed Abdel Razek, Extension Manager
			MrAshraf Suliman, Extension Engineer
			MrAhmed Megahed, Extension Engineer
			Mr Mohamed AbdelZaher, Manager, Suheil Cooperative
	FGD		Mr Abdelhalim Abuelmagd, Manager, San-el-Hagar Agricultural Cooperative
			MrSaid El-Sheikh, Extension Manager
			Mr Abouelfoutouh Saiid, Extension Engineer
			Mr Saber Gad, Extension Engineer/ Cotton Specialist
	FGD		21 cotton farmers
	In-depth Interview		Mr Mohamed AbdelNabi, agriculturallabour recruiter
8 Oct. 2020	ILO consultants meeting	Cairo	Ms Nadine El-Shennawy
			Ms Dina Moussa
			Ms Dania Sherif
13–15 Oct. 2020	Visit to Al Hasaba Cooperative	Kafrel-Sheikh	MrAbdel NabiSalama, Manager Al Hasaba Cooperative
	FGD		Mr Mohamed Al-Sabagh, Extension Engineer
			Mr Ismail Mohamed, Extension Engineer
			Mr Omar Abdulla, Extension Engineer



Date	Purpose	Location	Attendees
	FGD		Nine cotton farmers, Al Hasa/District of Riaf
28 Oct. 2020	Introductory meeting	Cairo	Dr Mohamed Abdel Hafez, Head, Central Administration for Agricultural Cooperation (CAAC)
			Dr Rehab Muhammad Abdullah, Coordinator
			Mr Saleh Farghally, Technical Office Manager
8 Nov. 2020	Introductory meeting	Cairo	Dr Mohamed Youssef, General Director of Agricultural Directorates, Ministry of Agriculture
			Eng. Abu-Bakr Fouda, General Manager of Agricultural Affairs, Ministry of Agriculture
17–27 Jan. 2021	Interviews	Alexandria	Mr Youssef, Manager, The General Committee for Regulating Cotton Trade
			Mr Mohamed Khdr, Head, The General Authority for Cotton Arbitration & Testing
			Mr Antwan Adeeb, Testing Department Manager, The General Authority for Cotton Arbitration & Testing
			Mr Safwat Al-Shahawii, General Manager, The General Authority for Cotton Arbitration & Testing
			Ms Aza Rashwan, Chair, The Egyptian Cotton Exporters Association & Wadi Co. for Cotton Trading & Ginning
			Mr Mohamed Mashhour, Regional Manager, Rifi Microcredit Company
			Mr Mohamed Kaias, Alexandria Businessmen's Association



Fundamental Principles and Rights
at Work Branch (FUNDAMENTALS)

International Labour Office
4 route des Morillons
CH-1211 Geneva 22 – Switzerland
T: +41 (0) 22 799 61 11
E: childlabour@ilo.org
ilo.org/childlabour

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