

# Case Study: Kwale Cotton

## OVERVIEW

Base Titanium started operations in Kwale Kenya in 2013, and it is committed to working with communities to improve living standards and livelihood opportunities. Base engaged Business for Development to design a community development program that will outlast the life of the mine. Business for Development worked to find an off-take partner, in this case Cotton On (an Australian multinational clothing company), to pilot a program to off-take cotton sourced directly from farmers near Bases' mine in Kwale.

Working directly with local farmers, the project has supported the management of crops, provided education on best practice and equipped farmers with the resources they need to produce a successful harvest. The program is yielding strong results with the first cotton crops successfully harvested. In FY15/16 over 103 households are participating and 500 farmers in FY17/18. Kwale Cotton is integral to meeting Cotton On Group's strategic objective to having 100% sustainable cotton in their supply chain by 2023. To meet this demand, the program is set to exponentially grow and impact 10,000 farmers.

Opportunities to expand the initiative and incorporate other crops are currently being explored, allowing more farmers to become involved and stronger income throughout the year.

## WHY ARE WE DOING THIS?

Resource industries contribute favourably to economic growth in many developing countries. The entrance of companies, such as Base, into resource-rich areas like Kwale, can generate high expectations by the local population of increased employment and investment in local economies.

This new economic investment can sometimes not dissipate across the whole population. It is important, as part of a community development strategy, to find ways to design and implement programs aimed at promoting economic and employment opportunities, to allow the productive inclusion of the poorest. Base, as part of its raft of community development programs, is achieving this through investing in an inclusive business program that is targeted to adding smallholder farmers into the value chain.

## HOW IS THIS ACHIEVED?

Business for Development's experience with companies and farmers led the organisation to develop a unique business model to streamline the establishment of mutually beneficial businesses. The LINC™ model (Long Term Inclusive Commercial Enterprise) mediates the interests of smallholder farmers and buyers while finding appropriate supporters, like Base, who are seeking livelihood programs that have sustainable, with long-term broad impact.

The LINC™ methodology:

- Looks to address community ambitions for higher incomes;
- Has broad reach in areas with high numbers of farmers;
- Continues to have an impact after mine project closure;
- Builds non-project economies; reducing pressure on the project to provide employment;
- Demonstrates to government a serious intent to deliver long-term change.



## Population

649,931 (2009) with age distribution: 14 years 47.2%, 15-64 years 49.4% and 65+ years 3.4%.

## Capital

Kwale town

## Area

It covers an area of 8,270.2 Km<sup>2</sup>.

## Economy

The main economic activity is agriculture which includes fruits, livestock and mixed farming. The county is criss-crossed by rivers and streams and though some are seasonal, the county has enough water resources giving it huge agricultural potential. Other economic activities are fishing, mining and commercial businesses. The county has rich titanium deposits with extraction in the initial stages.

## Climate

The average temperature is 24.2°C and rainfall ranges between 400mm and 1,680mm per annum. Kwale is characterised by hot and dry weather between January and April and cool weather between June and August.

## Financial services

All the major commercial banks have branches in all the major towns of Kiambu, Thika and Limuru. There are thriving Micro Finance Institutions in the County.

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The process that Business for Development works through when brokering an inclusive business partnership is outlined in diagram 1. After undertaking initial analysis near Base's mine, it was clear the inclusive business program not only involves cotton production, but also sorghum, soybean, poultry and potato. Market linkages were created thanks to securing an off-take partnership with Cotton On.

As a result, an integrated agricultural production system was developed with cotton at the top, however, several other agricultural opportunities are in the rotation. For example, the cotton lint represents more than half of the potential value of the plant. If you process cotton seeds you can extract an oil which has good health characteristics and is used in food production, such as snacks. Currently there are discussions with potential off-take partners for the oil.

Another bi-product of cotton is cotton seed cake which can be used in feeding poultry and cattle and is one of the most efficient resources for putting weight on cattle. Current discussions are being had with Sydney & Adelaide University on how to use the cake and other products to create a stock feed industry in Kwale which will further support the livelihood programs.

## HOW ARE SMALLHOLDER FARMERS ENGAGED?

The Kwale Cotton program is designed to encourage a step change in thinking amongst the farmers on how they prepare their land, the crop options available to them, and provide an understanding of farming inputs to drive a greater focus on yields and the preparing of soil so they can increase planting density. As a result and in the long-term, these farmers have the potential to go from growing sufficient corn to meet their daily food needs to providing a commercial crop, cotton, to an international market and thus create income earning potential.

For food security purposes, the whole farm is not dedicated to cotton, but it's encouraged that a field is used and then rotated. This also ensures there is not too much dependence on the cotton for income, and other parts of the land are able to be used for "food to table" cropping.

## IMPACT AND OUTCOMES

In terms of life-cycle, this partnership has proven to work and is now scaling-up for cotton production. Further research has been undertaken to consider other agricultural opportunities, for example, potato off-take partner for snack manufacturing.

As a result, Base and the many other partners – NGOs, donors, private sector companies – are forming collaborative partnerships to undertake truly transformative work with farmers. In a time frame of five years, this program is seeking to be self-sustaining. This means, with appropriate structure, a livelihood micro-economy has been established which will out-last the mine and seeks to have ongoing impact for thousands of members of the Kwale community for decades to come.

Diagram 1: Process to broker



## Meet Charity a Kwale Farmer

Charity is a farmer and a widow from Kwale, Kenya. She began farming after her husband's death to support her three children, but she lacked the skills and supplies to be successful beyond subsistence farming.

Before growing cotton she was planting maize, beans and sorghum. Charity enrolled into the Kwale Cotton project and received quality seed, fertiliser and agricultural trainings. As a result, she has doubled her income and grows cotton and maize.

She plans to use next year's harvest pay for improvement in her home and invest in a cow and possibly a goat. Charity no longer worries about the realities of daily hunger and can instead plan for her family's future.

[Watch film](#)