

Add Introductory/Greetings remarks...

The Mozambican Government is currently formulating its next Five Year Development Plan (*Plano Quinquenal do Governo* – PQG) for the period 2020 -2024. At the same time, the current agrarian sector strategy (PEDSA, 2010-2019) and the agrarian national agricultural sector investment plan (PNISA, 2013 – 2017, extended to 2019) are in their final year of implementation. Accordingly, there is an urgent requirement to formulate the PEDSA II (2020-2029) and PNISA II (2020 – 2024), in order to be properly synchronized with the emerging new PQG, currently under preparation by the Ministry of Planning and Finance. This is the perfect timing to discuss about cotton by-products because important information can be added to the next Agricultural Sector Development Plan (PEDSA II), and the next National Agricultural Investment Plan (PNISA II).

Agriculture is the second largest sector in the economy of Mozambique, contributing to 25% of the GDP and employing over 80% of the active workforce. In addition, about 99% of the country's 3.9 million farming households are smallholder farmers. They depend on agriculture for their primary livelihoods, cultivating about 95% of all the agricultural land and producing about 95% of the country's agricultural output in 2015. More than two thirds of the people in the country are either directly or indirectly employed in the agriculture sector and 90% are women.

In 2018/2019 there were about 214 thousand cotton growers in the country, working with 11 companies in a concession system, which creates more than 20,000 direct jobs. Cotton is one of the priority crops identified in PEDSA and PNISA. Worth noting is that the number of cotton growers changes considerably annually, depending on the price of cotton in the previous season. Minimum prices are set by the government based on parity criterion whereby farmers receive 50%-55% of the international market. Because cotton is mainly grown for its fiber, small price variations in the international markets are

transmitted to the domestic markets, and farmers tend to substitute cotton for other crops.

Through these benefits, value addition including through cotton by-products can contribute to poverty