

GUIDE TO FORMING A CLUSTER

REGIONAL INTEGRATION CAPACITY
BUILDING (RICB) PROJECT

This report was undertaken on behalf of the International Trade Centre (ITC) under the "Regional Integration Capacity Building (RICB) Project" of the Government of Zambia

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INTRODUCTION

The objective of this programme aims at leveraging Zambia's comparative advantage in cotton to benefit the farmers and their communities involved in the cultivation of cotton.

The Cotton Association of Zambia, a key proponent of this idea, believes that extending the value chain to weaving and beyond is necessary to leverage this potential for the benefit of the farmers and their communities. They had set to achieve this objective with the assistance of ITC, Geneva, which has advocated a cluster approach to extending and building the value chain right up to production of final products.

The initiative therefore starts with the premise that Zambia has the right comparative advantages in the area of cotton production to make the country self-reliant in clothing and home furnishing, generating in the process, new employment opportunities and higher earnings for the people of Zambia.

The message, "from the cotton fields of Zambia to the Fashion ramps of the world" captures the essential elements of this objective quite succinctly for this initiative to focus on.

The Training

The training sessions¹ that were held in Lusaka between 7 and 24 November 2016, should be seen as the concluding part of the "yearlong" effort by ITC to set the stage for Zambia to establish its first textile cluster leveraging its potential in cotton. This year long initiative, after passing through a sequence of well-orchestrated and well-defined programmes comprising several training and study tours in textiles, ended quite successfully, demonstrating on the one hand, the opportunity that exists for Zambia to tap into its talent to build its first textile cluster ever, and on the other, the value the entire project was able to deliver to the key stakeholders, namely the Ministry of Commerce, Trade and Industry and Cotton Association of Zambia. The November training programme, addressed the final two technical areas listed below, to complete the skill and knowledge mix for the textile value chain so that it became sufficiently geared to produce a product that is 100% Zambia.

- Fashion and Apparel Technology
- Textile Designing and Technical standards

ITC's project design, took the process a step further by devising a separate module on Cluster Administration, Entrepreneurship and Marketing. Though the purpose behind this module was to identify potential candidates for a role in cluster administration and its development, none from the textile designing sessions showed any interest to attend the sessions, save a couple of them, after they realized the importance of the training being imparted under this module. However, the response from the fashion team was more pronounced, but in their case too, the realization was a bit late in the coming. These late realisations did come as a blessing in disguise as there were enough technical and non-technical issues and challenges to deal with so that the programme stayed its course. Though 11 students attended the sessions none except three or four showed any sign of latent potential that could be tapped into. Even those that exhibited some serious potential cannot be termed as ideally suited for taking higher responsibilities and decision making in the management of the cluster. It is therefore important that the members of the cluster be unanimous in installing a team of professionals in place to run the show.

The syllabus that were considered by ITC for both the technical sessions provided the scope for the trainees to acquire skills in assembling a set of apparel using fabrics that were available in the market. The final results would have been even better in carrying the message of a "Made in Zambia" slogan had the weavers been successful in providing the fabrics to qualify for such a tag. Be that as it may, the programme demonstrated the talent the country has to take a shot at building its own value chain with a fashion mindset and the fashion students with a mere 18 day exposure to fashion and apparel technology, put this across beyond any shadow of doubt by organizing a fashion show to present their collections walking the ramp to the delight of the audience. The show was attended by important officials and policy makers with the Acting Permanent Secretary gracing the occasion as the Guest of Honour at the event. The trainee students presented their collections with a level of sophistication that only trained models can leaving the audience spell bound. A word of praise is in order for the Director of Financial Times, Ms. Lillian Bwalya for her support that made this event possible.

¹ Totally 35 trainees participated in the training programme, with 24 of them signing up for the fashion sessions and the balance 11 for the Textile designing and quality assurance sessions. Out of the 11 trainees who attended the Textile Designing sessions some were master trainers who had been involved with the ITC initiative from the very beginning.

SECTION 1 - FRAMEWORK

1. The Developmental Framework

This section revisits the 9 modules² and the attendant templates that were listed in the development framework shared earlier. The Development framework provides a comprehensive approach to building a cluster ground up. The 9 modules with descriptive templates looks deeply into the elements that have a direct bearing on a cluster.

Though there are 9 modules to work with, the sequence in which they need to be applied need not necessarily be in the order shown in one of the documents submitted earlier. The sequence changes according to the objectives and in the case of this project, the objective dwells on leveraging the cotton potential of Zambia to build a strong textile value chain so that the farmers and their families benefit. In this final document on cluster, the sequence has been rearranged to suit the requirements of the objective stated. The key elements have also been redefined to suit the requirements of Zambia and its current objective.

9 MODULES	
1	COMPARITIVE ADVANTAGE
2	FOCUS MARKET SEGMENTS
3	BUILDING VALUE
4	CLUSTER DEVELOPMENT POLICY
5	CLUSTER MODEL AND FORMATS
6	CLUSTER FORMATION PROCESS
7	CLUSTER LOCATION
8	THE THREE INFRASTRUCTURE
9	TRIPLE M – MICRO, MESO AND MACRO

² The templates used would assist the implementing team in fleshing out the details needed for building the textile cluster and the value chain that moves into it. The sequencing of the template, even if not done in a logical way, would still assist the implementing team from identifying the key elements that have an important bearing on the cluster. This mapping and fleshing out of the key elements can be done either at a peripheral level or at a detailed level depending on what is being attempted. The 9 templates with examples illustrate the significance and context of the elements that play a key role in the building of a cluster to support the textile value chain.

SECTION 2 – COMPARATIVE ADVANTAGE

2. Comparative Advantage

2.1. The Cotton Potential

Zambia's comparative advantage in becoming a textile major in the region has to be evaluated in terms of available human resource competent from a technical and experience point of views, available core material and resources such as cotton, power, water and land and finally machine technologies and systems that are advanced enough to produce products of the highest quality **for both domestic and global markets.**

	3 M COMPARATIVE ADVANTAGE	DESCRIPTION OF COMPARATIVE ADVANTAGE
	MAN POWER Zambia has very limited HR capital with expertise and knowledge in Textile.	
	MATERIAL Zambia is rich in cotton. It has land and water in plentiful and the power situation is very stable and reasonably priced	
	MACHINERY Zambia is poor in textile technologies. There is nothing on the ground to provide Zambia with a comparative advantage in this area. Even looms have to be imported at this point in time. This is a key element that will have to be addressed on a priority basis	

The Cotton Association of Zambia on behalf of Mumbwa's Ginner's Cooperative should fill in the following details to enable the technical team that will be involved in constructing the value chain to identify the optimum point where the end use of the yarns justify the quality and grade of the fibre produced. In the initial stages, it may perhaps be not possible to secure an optimum point on account of various market and resource related realities, but starting with an understanding of this point is essential to constructing a value chain that is geared to do justice to the quality of fibres produced in Zambia.

	Grade of Cotton being produced	Technical Specifications	Quantum Produced in Metric Tons	% to be used for Handloom Cluster
1				
2				
3				
4				

SECTION 3 – FOCUS MARKET SEGMENT

3. Focus Market Segment

The market segments chosen should address products that are reasonably matched to the quality and grade of fibres produced by the Mumbwa region.

3.1. Market Study

A dipstick study of the Lusaka market was done to understand the market preferences in Clothing and home textiles. It was a dip stick study to understand visually current trends in these two segments and the implications they have for the proposed textile cluster in Zambia.

The study was done to understand the retail channels relating to apparel and home furnishing, presence of local brands and products in these two segments and the type of clothing the young, the middle aged and the older people wore in their day to day lives

The observations made points to several key factors that have a direct bearing on the product categories that will have to be decided for the Handloom Cluster.

1. There is a very visible branded segment for apparel
2. The branded apparel, almost 90% of them found in the leading malls have South African origin
3. The branded apparel are largely western in style and orientation
4. There is very limited presence of branded ethnic styles in contemporary interpretations
5. In branded wear with western orientation, some of the surface prints on the branded wears in western orientation carry African motifs
6. Most of the people seen wearing ethnic clothing belong to the lower income group
7. There appears to be a major preference for styles in western orientation right from the younger generation. In the older category, the style remains western but more subdued and traditional
8. The branded products on display are produced out of Zambia
9. The branded ones sell anywhere from 100 kwacha to 550 Kwacha
10. There is very little presence of stand-alone retail shops
11. There were just a couple of retail shops producing and selling clothing that are 100% ethnic in their orientation. These are local brands selling only ethnic wear that are retailed at 500 Plus Kwacha
12. The fabrics are sourced locally from a trader who imports fabrics in African motifs from countries like China and India and they are sold at some exorbitant prices. This is one of the reasons for the ethnic products that are locally produced at some exotic retail price points.
13. There is very little retail presence of home furnishing. Even the branded category looks rather thin
14. There are retail shops selling second hand clothing imported from various European countries
15. The product category also appears predominantly skewed towards apparel with no visible presence of home furnishings in the market places that were surveyed

3.2. Product Categories

Handloom is not built for speed; therefore it has to consider focusing on high end segments that put a premium on value. Any attempt to produce products that cater to the price sensitive segments will therefore be a disaster for the entities that enter the handloom sector. Handloom is versatile enough to look beyond the usual conventional segments that textile industry is so accustomed to. Produced below is a comprehensive list of market segments that the cluster can easily tap into in a phased manner.

	SEGMENTS	PRODUCTS
	NEW SEGMENTS	
	Wedding	Gifts, decorative items, wedding accessories, wall hangings, wedding gown
	Tourism	Souvenir, display articles, printed apparel, bags, traditional attire
	Outdoor	Caps, hold all, backpack, tents, chair pads, towels
	Toys & Play items	Soft toys, wall hangings, canopy for cradle, bedroll, towels, Gift boxes
	Pets	Jackets, beds

	Sports	Caps, promotional flags, banners,
	APPAREL & ACCESSORIES	
	Apparel – Men	
	Apparel – Women	
	Apparel – Kids	
	Accessories –Men & Women	Head band, scarves, shawls, jackets, purses
	HOME FURNISHINGS	
	Kitchen	Kitchen Coordinates, mittens, apron, gloves, tea towels,
	Dining	Dining coordinates, table cloth, chair pad, napkins, placemats, bread basket
	Bedroom	Bed linen, quilts, curtains, shams, pillows, cushions
	Bathroom	Towels, robes, bath mat, face towel
	Floor	Floor mat, carpets,
	CONTRACT	
	Hotel	Slip-on, robe, bedroom coordinates, curtains, bath towels
	Restaurants	Dining coordinates, table cloth, chair pad, napkins, placemats, bread basket
	Automobile	Seat covers

3.3. Selection Parameters

	PROCESS COMPLEXITIES	TECHNOLOGIES	PERFORMANCE STANDARDS	INTRODUCTION PHASE
NEW SEGMENTS	High	High to Medium	High- Medium	
APPAREL & ACCESSORIES	High	High to Medium	High	
HOME FURNISHING	Medium – Low	Medium to Low	High- Medium	
CONTRACT	Medium to Low	Medium to Low	Very High	

The segments need not be selected sequentially for a launch. The selection of products should be based on the level of complexity, technologies and performance standards involved. For instance, hotels and restaurants expect some very high performance standards as products undergo several washes more than products that are used at home. Such performance standards cannot be met by Handlooms in the early stages.

The assembly lines being versatile as they are, the selection of products should be on the basis of the cluster's level of readiness to meet the parameters listed above. For instance, if the cluster is not ready yet to handle complex processes, then it should not attempt to produce any product even if the technologies are in place

Apparel production is more complex and time consuming than made ups. Apparel require complex technologies and skills to put products together that meet the standards customers are accustomed to. The current practice of weavers doubling up as product developers should be steadily done away with by moving the product development activities to the fashion designers and apparel technologists. Nothing stops the weavers from producing their final products but the point being made is, fashion should become

an integral part of the product development culture and the job of designing and developing the product should therefore be left to the fashion systems in the industry.

Mumbwa with its limited resources and skills at this point in time, is therefore well suited to producing fabrics that are ideally suited for producing home furnishings and made ups. To this, accessories may also be added.

In the apparel segment, woven products generate more profits and revenues than knitted products. Though the initial focus will be on home furnishings, Mumbwa should prepare plans for servicing the apparel segment that is likely to turn lively as the system begins to produce more fashion designers and apparel technologists.

3.4. Consumer Segments

High end segments will have to be accessed to sell high end products and they will have to be reached through the right channels of distribution and retailing. The retail channels as they exist today belong to branded retail chains that do not buy and sell any private labels other than their own. Stand-alone retail shops being very few and far between in Zambia, the cluster would face an uphill task in connecting with its target audience to reach its products. It is therefore suggested that the cluster opts for a mix of channels to maximize its reach. In terms of segment focus, the cluster should consider looking at both the consumer and contract or institutional segments and in terms of geographical scope it should limit its reach to major towns and cities in Zambia. In any case the initial volumes are likely to be way too low even to consider a national coverage.

3.5. Retail Channel Strategy

The two dominant market segments are the consumer segment made up of retail consumers and the contract segment made of institutional buyers. The purchasing processes of these two segments are vastly different and the channels used are also distinctly different. The cluster should put more focus on tapping the consumer segment as contract segments are, by and large, very price sensitive. There is however an opportunity for the cluster to address the luxury market such as resorts where budgets for bedroom and dining coordinates are likely to be fairly generous.

		CONSUMER MARKET				CONTRACT
		STAND ALONE	ONLINE	CLUSTER EMPORIUM	EXHIBITIONS, FAIRS & WEEKLY MARKET	DIRECT REACH
1	NEW SEGMENTS					
2	APPAREL					
	Women Apparel					
	Men Apparel					
	Kidswear					
	Accessories					
3	HOME FURNISHING					
	Kitchen & Dining					
	Bed & Bath					
	Floor Coverings					
4	CONTRACT					
	Kitchen & Dining					Hotels, Restaurants, Resorts

	Bed & Bath					
	Floor Coverings					

The challenge of reaching the customers may not impact the marketing and sales effort of the clusters as the volumes in the initial stages are likely to be very limited in scale, any gaps in the retail channel may thus not pose much of a threat to the business financials of the members. However, as members begin to add new capacities the question of retail access will begin to assume significance from an inventory turnover and cash flow perspective.

The cluster should therefore come up with a retail channel strategy as outlined above. The table recommends that the cluster comes up with a plan to have a limited sales force that is trained to connect with all the leading stand-alone retail shops, especially the boutiques in major towns and cities. Even a network of 50 plus standalone retail shops should be good enough for a start.

The Cluster should also endeavour to establish its own ecommerce platform to tap into the online market. The target audience is likely to view this as a pioneering effort on the part of the Handloom cluster to reach exclusively designed handmade products directly to the customers via its online platform. This would require tying up with logistics partners to connect the cluster with the customers across the country. However, success of online channel depends on how well the eco system in the country has evolved to support E-Commerce.

The third option revolves around coming up with exclusive emporiums or showrooms under the name of the cluster. These emporiums should wear a standard look with a distinct brand identity.

The model of participating in fairs and exhibitions for spot sales may prove to be useful when the volumes produced are very limited in scale. However, as production gets more continuous, a steady and repetitive sales cycle would become a must to keep the cash and inventory cycles pretty steady and robust for the company to function. It is therefore necessary to understand that fairs and exhibitions should be treated as promotional efforts to find new markets and new buyers to expand their sales.

3.6. Capacity

Marketing and Production capacity go hand in hand. There has to be a precise understanding of the initial volumes that the cluster will be in a position to produce. It is suggested that the fabrics are split into sub categories as they have a direct bearing on the width and type of looms and the yarn counts to be produced. A simple format like the one below should be used by the cluster to firm up the numbers involved.

Table 1. Template for Spinning

	Grade & Quality of Yarn needed	Requirement in Kgs	Type of Spindles needed	No of Spindles needed
	Yarn (Grade & Quality)			
	Yarn (Grade & Quality)			

Table 2. Template for Weaving

	Fabrics in Different Weight, Width and Construction	Production in metres	TYPE OF LOOM (width especially)	Number of looms
	FABRICS for WOMEN'S APPAREL			
	Top Weight			
	Bottom Weight			
	FABRICS FOR ACCESSORIES			
	Shawls, scarves, head band			

	FABRICS FOR HOME FURNISHINGS			
	Bed linen-King size, single			
	Made ups- Cushions			
	Table cloth, napkins, & Placemats			
	Floor coverings			

Table 3. Template for Wet Processing

	Dyeing and Finishing	Requirement in Kgs/ pieces/ metres	Type of dyeing (hank, piece and fabric)	Dyeing capacity
	Yarn			
	Piece			
	Fabric			

Table 4. Template for Pre Weaving Processes

	Pre Weaving	Requirement in Kgs	Type of warping & Sizing machine	capacity
	Warping		Sectional	
	Sizing		Cone to cone with 4 heads to start with	

3.7. Mapping Production Lines

Production lines are likely to evolve on the basis of the decisions members would be taking to enter the business. The production lines will be determined by the product selections each of the members may eventually opt for. Under a confederated cluster model, it is even possible to regulate the selection of machines to have a well-balanced mix of machinery that complement well with each other rather than competing with each other for business.

To produce optimal mix of resources in machinery and skills, the cluster may set up a technical advisory department to advise the members on the selection of machines by checking the collective machine capacity of the cluster. This would prevent the capacities skewing in one direction producing excess capacities leading to price wars and poorer realizations.

In the following page, a template has been furnished to give the cluster an idea of how to advance and implement this idea. The template, lists the products on one side and the machines that are needed to assemble on the other side. The thumb rule parameters are:

- How versatile is the machine – or rather how many products it can produce
- The volumes generated by the machines
- The Value of output generated by the machine
- How complex are they and how long does it take to skill an operator
- How much they cost
- What is their shelf life – Short or long

Table 5. Machine Selection Template

PRODUCT LISTING	Single Needle	SN-Heavy duty	Double Needle	Placket	Overlock	Button Sewing	Button Stitching	FOA	Pleating	Quilting
Gifts										
Decorative										

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PRODUCT LISTING	Single Needle	SN-Heavy duty	Double Needle	Placket	Overlock	Button Sewing	Button Stitching	FOA	Pleating	Quilting
items										
Purses										
Bags										
Caps										
Hold all										
Back pack										
Shirts										
Trousers										
Shorts										
Skirts										
Jackets										
Wedding gowns										
Night suits										
Night gowns										
Shawls										
Scarves										
Aprons										
Glove and mittens										
Table cloth										
Napkins										
Place mats										
Bread baskets										
Curtains										
Cushions										
Chair pads										
Bed linen										
Shams and pillows										
Quilts										
Duvet covers										
Runners										
Bath towel										
Face towel										
Tea towel										
Robe										
Floor mat										
Bath mat										
Floor Coverings										
Carpets										

SECTION 3 – BUILDING VALUES

4. Building Values

This process of building value is critical to the success of the Handloom Cluster. Handloom products manufactured by the cluster will have to focus on embedding values that would result in the products securing higher realizations from the customers.

The technical team that the cluster puts in place should run workshops and training sessions to sensitize the members of the cluster to the commercial significance of building values by using a strategic approach. The strategic approach advocates using a template that would guide the members identify the values that are in demand.

The sum total of the values thus embedded should result in the products acquiring an identity that is high in Pedigree, Proprietary and People's Skill. Even if there isn't much in the handloom history of Zambia, new ones should be considered to build the triple P values in the products produced by the cluster

The task of building values can be made easier by using the template produced below

Table 6. Nine value Dimensions

NO	DIMENSIONS	DESCRIPTION OF VALUES
1	Materials	Materials that are used in the production of product should be of high value, such as high value yarn, natural dyes,
2	Textile Design	Textile Designs used should be unique in construction requiring high levels of skill
3	Quality Standards	The Quality standards & finish followed should prompt the user to retain the product like a heirloom
4	Textures & Finish	Use exciting textures and finish to support unique concepts and applications
5	Style & Pattern	Embed great deal of fashion in contemporary styles, patterns and designs
6	Surface Work	Use limited surface work, by placing the focus more on textile designs, textures and finish, however where necessary, use motifs and materials that are high in value
7	Performance & Durability	The durability of the product should place it in the longevity category. It should be distinguish itself from the use and throw categories
8	Human Story	Find a human story that connects with the segment the cluster proposes to serve
9	End Product	Select end products that commands high value in the market

The sum total of the above values should increase the Pedigree, Proprietary and People value quotient in the products produced by the members of the cluster. The 9 dimensions are to be applied wherever they are found to be relevant in the value chain.

While the above template focuses on the product related aspects, a template similar to the above should be constructed for building business related values such as ESG credentials, Lead Time, Precision levels in delivery commitments, integrity, to name a few.

SECTION 4 – CLUSTER DEVELOPMENT POLICY

5. Policy Backing

Cluster under a PPP model would require the support of Government Policy. It is therefore important that the key stakeholders involved in the development of the clusters should form a task force to take up this matter with the Government. A policy has to fall in place for the project to take off the ground.

5.1. Cluster Policy and Scheme

To keep the process simple and achievable with a short time frame, the following areas may be addressed for the Government to consider

- Adoption of a Special Purpose Vehicle mechanism to establish clusters as a legal entity incorporated under the Companies Act of Zambia
- Spelling out the criteria to be met by the promoters of SPV
- Identify the components that will have to be supported under the Cluster Development Scheme
- Set in place a developmental mechanism that is vested with the powers to plan, approve, oversee, execute and complete the project within the allotted time and budget
- Launch a cluster development scheme articulating the components and eligibility criteria for availing the grants under the scheme. The scheme should explain the quantum and release of funds and the commitments that will have to be met by the promoters
- Install an implementation mechanism, comprising Project Management and Approval Committee – PMAC, Project Management Consultants – PMC, and Technical Agencies – TA to manage projects at various locations according to norms set by the Ministry
- The Ministry may propose to launch few other schemes that could effectively be dovetailed into the master scheme for clusters. For instance, an MDA grant - market development assistance, can be included to strengthen the market linkage activities that cluster may have to undertake at some stage.

5.2. Cluster Components

Outlining the components that are eligible for grants should come out clearly to prevent misuse and misapplication of funds. This definition will have to be need based aligned to the ground realities faced by the sector.

A. CORE INFRASTRUCTURE

like Road connectivity, Power Supply, Water supply, Water Reservoir with water harvesting facility, Drainage & Sewage line, Streetlights, Secured compound wall & wire fence, Solid waste disposal plant/Effluent Treatment Plan, Transportation facility and Parking bay. Cost of Civic Amenities shall not be included in the project cost

B. HR DEVELOPMENT

H R Development Facilities & Training Centre like Recruitment Centre, Workflow Training Centre, Classroom Project (For Classroom Training), Library; Recreation Centre, Workers' Hostel, Faculty Room, Creche & Canteen, Labour Restroom and Management Consultancy Centre.

C. COMMON FACILITIES

for Industrial Section like Communication Network(including broadband service), Administrative Building, Bank, Health Centre, Fire Fighting Station, Post Office and Primary School

D. R &D INFRA

like Product Design & Development Support Centre Testing Laboratory, Quality Benchmark Centre [following TQM Technique],Material Research, Basic Product Technology Research, Collaborative Research and Market Research

E. MARKETING & COMMERCIALS

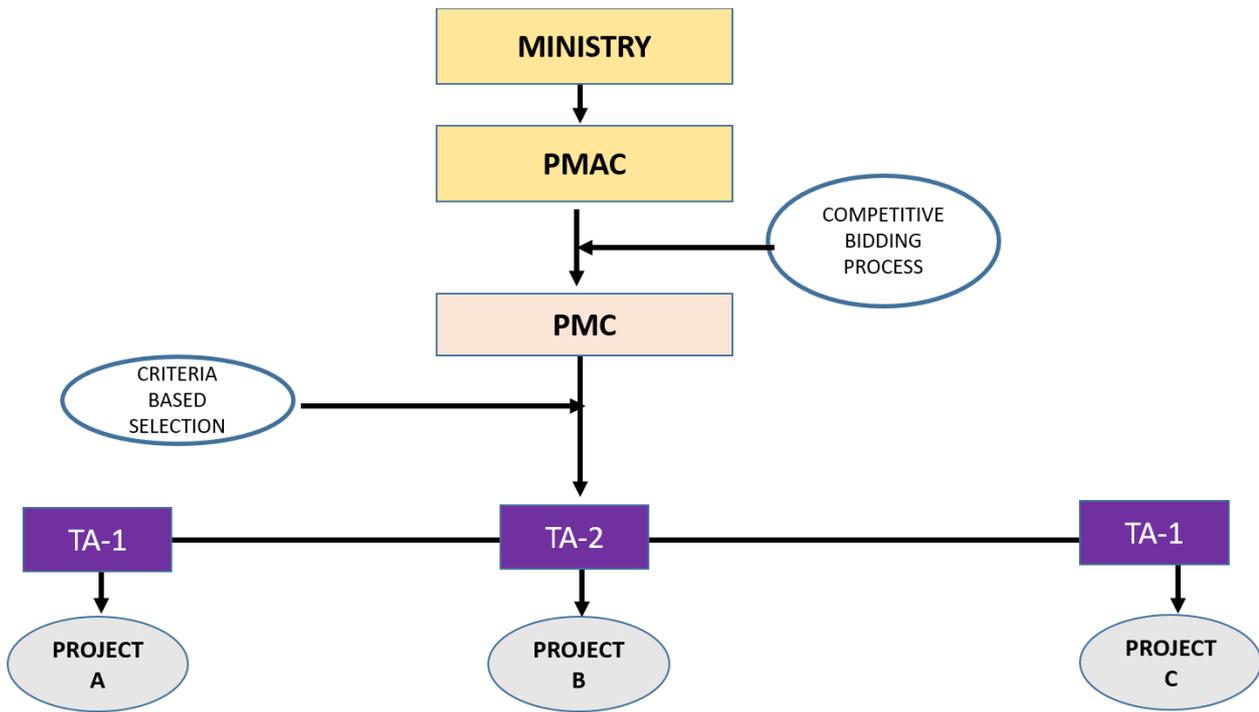
like Clearing Agents, Custom's, Office, Export related service, like DGFT Liaison, Registration with different, EPCs and Export Marketing Consultant.

5.3. Implementation Mechanism

The implementation mechanism should comprise

- Project Management and Approval Committee – PMAC which is vested with the responsibility of approving projects that are placed for its scrutiny. Ideally the PMAC should comprise senior bureaucrats or departmental heads from some of the key ministries that are linked to the project. For instance, finance, trade development authorities, agriculture ministry, Energy and Water to name a few
- Project Management Consultants –PMC. The PMCs should be enrolled using a competitive bid and a set of selection parameters. PMCs will be largely involved in providing the following support
 - Conducting diagnostic study
 - Preparing DPR – Detailed Project Report
 - Sensitizing and mobilizing the stakeholders to be part of the proposed project
 - Establishment and structuring of the SPV
 - Assisting the Ministry / SPV in releasing / mobilizing funds for the project. Such mobilization would involve preparation of proposals under relevant schemes of the Government apart from tying up loans from the banks.
 - Assisting the SPV in obtaining requisite statutory approvals / clearances
 - Assisting the SPV in identification and engagement of service providers / consultants for various services related to specific technology, processing, designing, skill development, marketing, financing etc, for implementation
 - Execution of the interventions outlined in the Detailed Project Report
 - Providing interfacing support and linkages between the SPV and various other stakeholders, particularly the Government organizations, buyers and financial institutions
 - Conducting periodical audits to ensure compliance as per norms announced in the scheme.
 - Providing periodical progress reports to the Ministry of Textiles/ Ministry of Commerce & Trade, with respect to achievements of the stated outcomes
- The Technical agency, hired by the Project Management Consultants as per government norms, will be responsible for the building of the entire structure meeting all statutory norms set by the government in building public institutions for industrial purposes.

5.4. Implementation Mechanism – Relationship Chart



PMAC PROJECT MANAGEMENT AND APPROVAL COMMITTEE
PMC PROJECT MANAGEMENT CONSULTANTS
TA TECHNICAL AGENCY

SECTION 5 – CLUSTER MODEL AND FORMATS

6. Cluster Models and Formats

Installing private clusters does not need much of analysis and thinking for private equity will be the risk taker deciding the model they want to go for. Government role and intervention is limited to seeking regulatory compliances and offering any sops that may already be in place to invite investments in specific areas and region.

The clusters that Cotton Association of Zambia proposes to promote will have to go for a PPP model, if it wants to find success on the ground. The textile industry itself is on a start-up mode, so therefore finding the funds to put the infrastructures in place may prove to be a daunting task.

The moment one begins to speak of a PPP model, intervention of the Government becomes inevitable. However, for PPP models to become legally tenable, there has to be a policy in place to support PPP models in select sectors, such as textiles.

There should also be in place a framework that sets the guidelines for formation of Clusters under PPP model. Broadly speaking, there are two formats to choose from.

The “infra service” format and the “Confederation format”.

6.1. Infra Service Format

Under this format, private and public partners come together as a Special Purpose Vehicle (SPV), registered as a company under the law of the land, to create a common facility having the infra needed to service the manufacturing, business and ESG components of the sector. The Special Purpose Vehicle will function like a service provider and their revenues are made by selling the three infra services to the members attached to the cluster.

6.2. Confederation Format

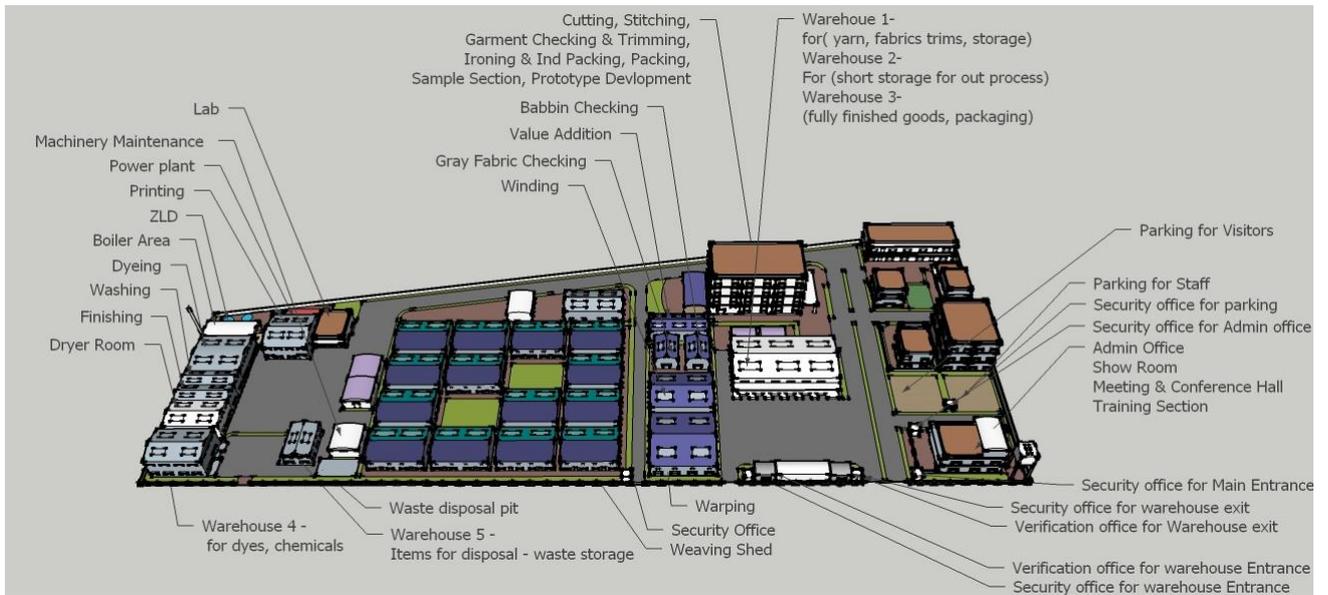
Under this format, the members themselves form their own Special Purpose Vehicle, registered as a separate company, as per the law of the land, to offer the infra the members would need to manage their manufacturing, business and ESG related activities. In this case, the SPV of the confederation and Member’s companies are two different entities. The SPV is the service provider with their own revenue streams and the members are the service receivers paying for the infra services rendered by the SPV. The confederation model here is limited to formation of SPV for creation of Infrastructure. Confederation at a business level between the participating members, may take time and should be allowed to evolve on its own with support and facilitation on the ground.

6.3. Virtual and Gated Facility

Ideally speaking, it would work quite well, if the members are located within a gated cluster. While this may largely be possible for those living closer to the clusters, for those living farther away, moving into the gated facility may not seem like a workable option. In such cases a virtual engagement is the only way to get connected. The utility of virtual engagements is far lesser than those located within the gated confines of a cluster. For instance, a dyeing unit located outside the Mumbwa cluster may not benefit from the ETP –Effluent Treatment plant located inside the cluster. In certain cases, such as using the facilities offered by the Design Studio may just work as the requirement here is limited to using the technologies by the design team of a member.

6.4. Illustration of Custom Built Gated Cluster

Figure 1. Example of a gated cluster for the textile sector



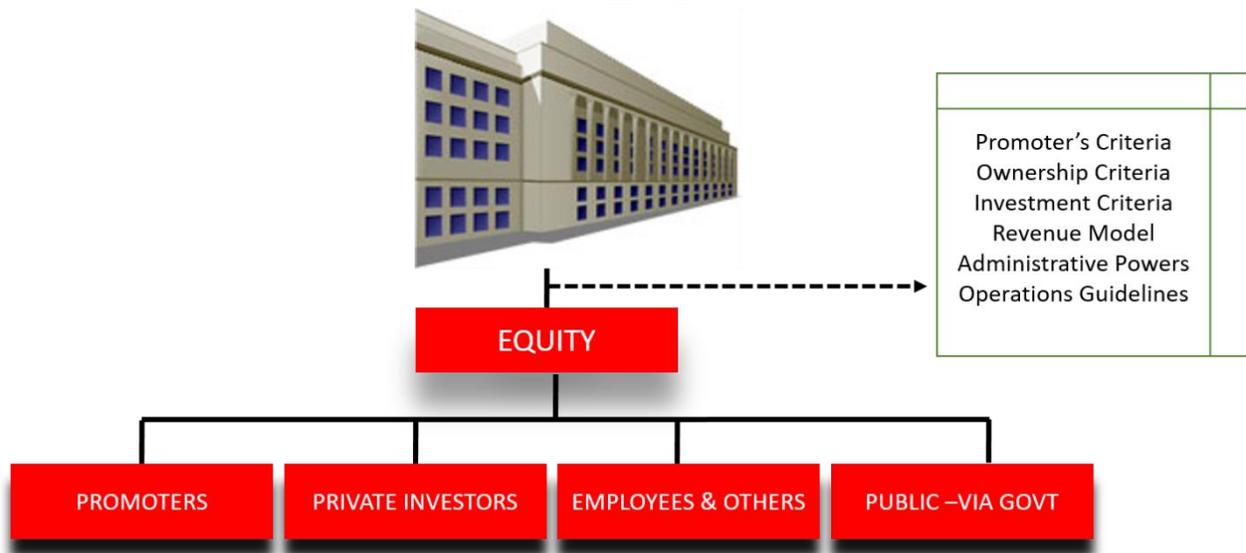
SECTION 6 – THE FORMATION PROCESS

7. Formation Process

7.1. Special Purpose Vehicle

The formal process starts with the formation of a Special Purpose Vehicle' which acquires its legal validity from the Government scheme on cluster development. The scheme backed by Government policy becomes an essential backdrop for the project to adopt a PPP Model. The creation of SPV is again based on several key criteria being met by the promoters of the cluster. The criteria will ensure that the promoters carry the right background and are well placed with the right intention to promote a cluster that is designed to meet several developmental objectives for the people, the sector and the nation.

Figure 2. Special Purpose Vehicle



7.2. Sustainability of SPV

SPV is an independent entity that should be able to stand on its own economic legs. In other words, it should follow a cost and revenue model that would keep it sustainable. It should look for positive cash flows by offering a range of services that the members of the clusters would be needed to keep their operations productive.

7.2.1. SPV Services

SPV's Revenue model will allow it to offer a number of services that are common to all members - Power Supplies, Effluent Treatment, Sewage Treatment, Upkeep of Roads, IT infra on SAAS, Warehouse, training and administration, testing services and so forth.

7.2.2. Service Delivery Model

The SPV may choose to offer these services with in house resources, or by inviting third party firms to offer the same under an agreed rate or by procuring from third party those services under an agreement and supplying the same to cluster members

7.2.3. Revenue Model

The SPV may decide to adopt a payment model that has mix of options such as shared cost, use & pay, fixed subscriptions

The bottom line is that the SPV's cost and revenue model should ensure that it remains sustainable.

7.3. Cluster Enrolment

7.3.1. Public Announcement

The office of the SPV should release an advertisement providing the details of the textile clusters, calling for applications from interested parties. The selection criteria should give preference to existing units and distribute the rest on the basis of points secured.

7.3.2. Merit Based System

Being a PPP model, enough care should be exercised to ensure that assets created are not distributed to the wrong people with intentions to make personal gains. There has to be a merit based system that selects and approves an application on the basis of points scored and not on the basis of any subjective evaluations.

7.3.3. Guarantees and Undertaking

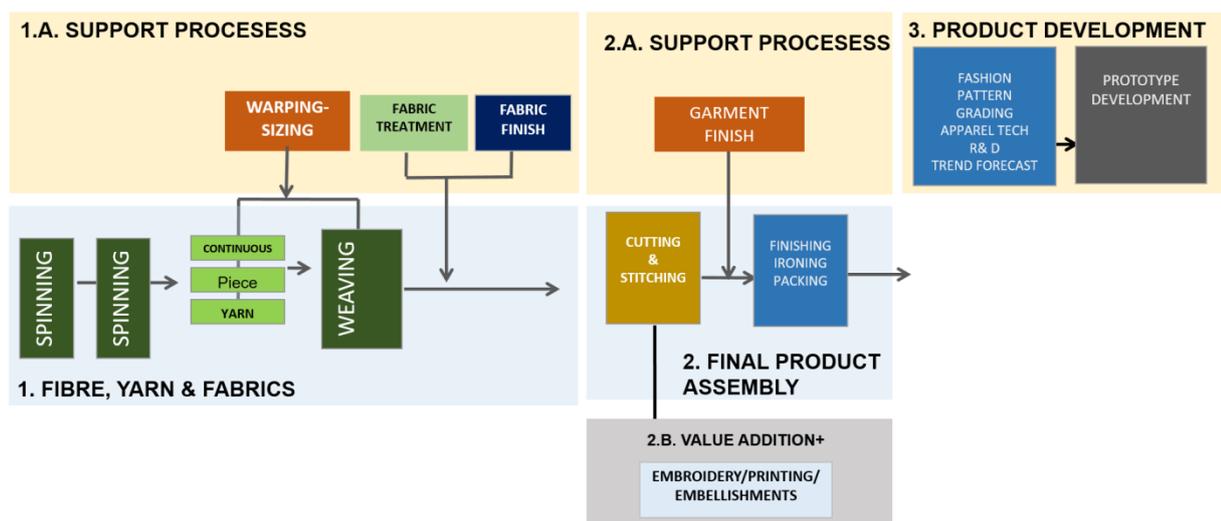
In a cluster environment, it is also important that the applicants agree to work under a common code of conduct along with guarantees that the assets placed at their disposal will never be misused.

SECTION 7 – CLUSTER LOCATION

8. Identification of Cluster Location

There is nothing whimsical about the choice of a location for establishing a cluster. The selection has to be determined on the basis of the geographical spread of the interest groups, access to resources and services and access to markets.

In the illustration that is produced below, the core production processes along with their support processes have been split into three components based on their production affinities. There is an option to house all the 3 components at one location or split and move them into two or more locations after studying the three interconnecting factors, namely, Interest Groups-resources & services – markets.



8.1. Spread of Interest Groups

The interest group represents HR in the form of potential employees who would like to work in the textile sector and entrepreneurs who are already in the business of textiles or those that are likely to enter the business of textiles. A heuristic approach has been taken to identify the spread of interest groups in terms of their current locations. Furnishing below is a table that explains how to map the interest groups in terms of processes they are likely to be associated with and their current locations

	INTEREST GROUP LIST	EMPLOYEES	ENTREPRENEURS	
		FUTURE PROSPECTS	NEW – LIKELY TO ENTER TEXTILES	EXISTING – ALREADY INVOLVED IN TEXTILES
1				
	Spinners	Only in Mumbwa	Only in Mumbwa	Only in Mumbwa
	Weavers	Mostly in Mumbwa	Mostly in Mumbwa	Mostly in Mumbwa but few in Lusaka
	Wet processing	Anywhere in Zambia	Mostly in Mumbwa	Not sure if there are many in Zambia
	Warping, & Sizing & Treatment	Mostly in Mumbwa	Mostly in Mumbwa	Mostly in Mumbwa, some in Lusaka
	Lab Technicians	Mostly in Lusaka	Mostly in Lusaka	Mostly in Lusaka
	Trainers	Mostly in Mumbwa	Mostly in Mumbwa	Mostly in Mumbwa
	Managers & Administrators	Mostly in Lusaka	Mostly from Lusaka	Available in Lusaka
2				
	Tailors, supervisors & QC	Mostly in Lusaka	Mostly in Lusaka	Only in Lusaka

	Cutting Master	Mostly in Lusaka	Mostly in Lusaka	Only in Lusaka
	Ironing, & packing	Mostly in Lusaka	Mostly in Lusaka	Only in Lusaka
	Printer, embroiderer	Mostly in Lusaka	Mostly in Lusaka	Only in Lusaka
3				
	Fashion Designer	Only in Lusaka	Only in Lusaka	Only in Lusaka
	Trend specialist	Only in Lusaka	Only in Lusaka	Only in Lusaka
	Pattern & Grading Master	Only in Lusaka	Only in Lusaka	Only in Lusaka
	Lab Technicians	Only in Lusaka	Only in Lusaka	Only in Lusaka
	Merchandiser	Only in Lusaka	Only in Lusaka	Only in Lusaka

In this analysis, the observations seem to suggest that ACTIVITIES UNDER 1 are located in Mumbwa and ACTIVITIES UNDER 2&3 are located in Lusaka. This is only an indicative list.

8.2. Availability of Core Material and Services

Textile industry is yet to evolve in Zambia, therefore the location of services that are specific to the industry will have to be determined after the location of the core activities are finalized. For instance, a loom repairs & maintenance services will do well to be located closer to where weaving is expected to be located, likewise laboratories that test fibre and yarn will do well to be located where ginning and spinning are expected to take place. Availability of core material is a key determinant when it comes to decisions relating to cluster location. Cotton production will have an influence on ginning and spinning activities as the cost of freight will work out to be quite high in transporting fibre to far away spinning locations.

	MATERIAL & SERVICES LIST	MATERIAL	SERVICES
1			
	Cotton cultivation	Only in Mumbwa	
	Availability of wood for looms	To be explored	
	Water for boilers	Should be available in Mumbwa	
	Wood or diesel for mini boilers	Should be available in Mumbwa	
	Wet process chemicals	Textile Chemicals not available	
	Laboratory services		Not available yet
	Factory Audit & Inspection		Mostly in Lusaka
2			
	Maintenance Oil	Mostly in Lusaka	
	Packaging material	Mostly in Lusaka	
	Printing Chemicals,	Mostly in Lusaka	
	Laboratory services		Not available yet
	Factory Audit & Inspection		Mostly in Lusaka
	Training services – Tailoring		Only in Lusaka
3			
	Paints & Stationery	Only in Lusaka	
	Fashion Publications	Only in Lusaka	
	Pattern sheet	Only in Lusaka	
	Training services - Fashion		Only in Lusaka

In this analysis, the observations seem to suggest that material and services relating to ACTIVITIES UNDER 1 are available or can be made available in Mumbwa and likewise, materials and services relating to ACTIVITIES UNDER 2&3 are either already available or could easily be made available in Lusaka. This is only an indicative list. This has to be expanded further to ensure that all materials and services are covered.

8.3. Availability of Machinery

Being a nascent industry, local technologies have not evolved sufficiently enough to make Zambia self-reliant in the manufacturing of textile tools and machinery. High end technologies will have to be imported and efforts should be made to manufacture locally those that are low in tech. The environment relating to machinery therefore may have very little influence on the location of the cluster

	MACHINERY LIST	LOCATLLY MANUFACTURED	IMPORTED
1			
	Loom & multi head Spindle manufacturing	To set up a tool room to manufacture in Mumbwa	Currently Imported
	Sectional Warping & Cone to Cone sizing		To be imported
	Mini Boilers and Steaming Container – (up to 90 kgs)		
	Tank dyeing, Cabinet Hank, Jigger	Natural dyeing unit in hanks to be installed at Mumbwa	Jigger, Cabinet to be imported
	Fabric Finishing technologies		To be imported
	Integrated water and effluent management		Zero Liquid Discharge, STP, Rainwater harvesting
2			
	Sewing & Special Purpose machine		Import at Lusaka
	Planning & Scheduling tools		Develop at Lusaka
	Repairs & Maintenance tools		Import at Lusaka
	Embroidery Machines		Import at Lusaka
3			
	Fashion Designing technologies		Import at Lusaka
	Trends & Forecast Tools		Import at Lusaka
	Pattern & Grading technologies		Import at Lusaka
	Lab Tools & technologies		Import at Lusaka
	Merchandising tools		Develop at Lusaka

Even though machineries, tools and technologies relating to ACTIVITIES UNDER 1 and ACTIVITIES UNDER 2&3 are largely absent, there is strong indication that some of the tools and technologies relating to these three components are splitting in the direction of the other two dimensions, Interest Group and Materials & Services

8.4. Twin Clusters: Core Activity Definition

The analysis points in the direction of splitting the 3 core components and moving them into two locations as shown in the table below:

MUMBWA CLUSTER	LUSAKA CLUSTER
CORE ACTIVITIES	CORE ACTIVITIES
Fibre production - Ginning	Parts Production
Yarn Production -Spinning	Assembly and Finishing
Pre- weaving process – Warping & Sizing	Post Finish Washing & Treatment
MUMBWA CLUSTER	LUSAKA CLUSTER
Fabric Production – Weaving, dyeing, finishing	Printing, Embroidery & embellishments
	Ironing & Packaging

SERVICES	SERVICES
Chemical & Physical standards testing services	Conceptual Designing, Trend Forecasting services
Factory layout, inspection and audit	Product & Prototype development services, product repurposing services- upcycling
Core production training	Central Procurement
Training Services	Quality Testing Services for colour fastness, performance standards
Repairs & Maintenance	Factory, layout, inspection & audit
Factory Safety Management Services	Warehousing, storage & distribution
	Training Services
	Repairs & Maintenance
	Factory Safety Management Services
	Common Marketing Services – Market Access to Acquisition: Cataloguing services
	ESG compliances, certifications & declarations – GRI report – Global Reporting Initiative

The cluster at Mumbwa could focus on producing fibre, yarn & fabrics and the cluster at Lusaka could focus on developing and assembling final products. The infrastructure and business services to support the two clusters will be determined by the activities proposed. Central procurement could be housed within the Lusaka cluster. Having the procurement centre at Lusaka might work better on account of its proximity to rail, road and air connections. While Mumbwa will have a warehouse to store fibre, yarn and fabrics, Lusaka will focus on storing inward materials and finished goods at its central warehouse. Repairs and maintenance will have to be split into two specific parts. Likewise HR development will have to be placed under two training centres equipped with tools and technologies relating to the core activities. The same applies to lab services as well, as the type of tests that will have to be conducted will vary for the activities listed under Mumbwa & Lusaka.

SECTION 8 – DETERMINING THE INFRA NEEDS OF THE CLUSTER

9. The Three Infra

9.1. Determining the Infra Needs of the Cluster

The recommended activities will decide the type of infra that the clusters will need to function efficiently. Here again, to have some clarity on the subject of infrastructure, a template has been provided to help the Cluster's Technical Team complete this process with ease and precision.

The technical team should understand first that the purpose of adopting a cluster model is to help SMEs overcome the challenge of having access to capital and skill intensive technologies on account of their limited scale of operation and availability of funds. Cluster creates a level playing field for the SMEs to acquire and apply these technologies across the value chain where needed to compete on an equal footing with their larger counterparts. Manufacturing real estate has acquired new dimensions and definitions with global ESG standards gaining momentum. For instance, no manufacturing real estate is complete without an Effluent Treatment Plant. Such plants require scale of operations that are beyond the means and size of SMEs. However, if SMEs can come together under a single platform such as a pre-enabled manufacturing real estate using a cluster model, then the entire challenge as it were, turns into an opportunity for all the SMEs. In other words, the Technical Team should look for solutions & components that create a level playing field for the SMEs to compete on an equal footing with larger firms wherever they are in the world. This capacity is important for the SMEs to become the growth engine of the industry as a whole.

The template recommends that we split the infrastructural requirement into three categories and they being

- Infrastructure needed for supporting Manufacturing activities
- Infrastructure needed for supporting business activities
- Infrastructure needed for meeting ESG – Environmental, Social and Governance standards as required under law

This would ensure that almost all critical points that will have to be considered under infrastructure will stand covered.

The cluster as a separate entity has the following options to choose to fund the installation of the listed infrastructure

- By using grants sanctioned by the ministry
- By inviting the members to form their infra companies with their investments
- By inviting private players to invest and offer that as a service
- By inviting existing infra players outside the cluster to offer that as a service wherever possible

9.2. Listing of the Three Infra

MUMBWA CLUSTER	LUSAKA CLUSTER
MANUFACTURING INFRA	MANUFACTURING INFRA
Uninterrupted Power Supplies – Power Grid	Uninterrupted Power Supplies – Power Grid
Water storage & Treatment Plant	Water Storage & Treatment Plant
ICT - Telecommunication, internet, wifi	ICT – Telecommunication, internet, wi-fi
BUSINESS INFRA	BUSINESS INFRA
Test Lab for fibre, yarn and fabric	Lab technologies for colour fastness, shrinkage, wear and tear, abrasion levels
Textile Design Studio	Fashion & Conceptual Design studio
Fabric Prototype Development technologies	Product & Prototype development centre
	Sub Contract Exchange, Advance Planning & Scheduling, CRM tools and technologies
	Social Media Marketing, CRM, Online Stores, Ecommerce Technologies, E-Cataloguing
	Central Procurement Technologies
Warehousing, storage & distribution, WMS technologies	Warehousing, storage & distribution, WMS technologies

HR Development Centre with learning tools, online learning technologies, library & HR Exchange	HR Development Centre with learning tools, online learning technologies, library & HR Exchange
ESG INFRASTRUCTURE	ESG INFRASTRUCTURE
HR Welfare Infra – Creche, Infirmary, Hostel, toilets, kitchen, dining,	HR Welfare Infra – Creche, Infirmary, Hostel, toilets, kitchen, dining
Effluent Treatment Plant	Effluent Treatment Plant
Sewage Treatment Plant	Sewage Treatment Plant
Rain harvest system	Rain harvest system
Waste Disposal Systems	Waste Disposal Systems
Factory Safeguards and Security technologies	Factory Safeguards and Security technologies
Statutory and Regulatory Notifications Display boards	Statutory and Regulatory Notifications Display boards

9.3. Align with Global Mandates

It is important that the goals, visions, technologies, processes and infrastructures are aligned to global mandates. Though the clusters may not be ready yet to go for these alignments, future directions will have to be kept in mind while investing in infrastructure, technologies, HR development and business process standardization and automation. The list below is at least 3 years away from exists at this point in time.

	EMERGING AREAS OF IMPORTANCE
AREAS TO BE SENSITIZED TO ALIGN WITH INTERNATIONAL FRAMEWORKS & POLICIES	Sensitize “women in trade” participation
AREAS TO BE SENSITIZED TO ALIGN WITH INTERNATIONAL FRAMEWORKS & POLICIES	SAFE Framework - Single Window System -WCO
	SAFE Framework – Risk Management –Sensitization Programme
	Trusted Partners – Sensitization Programme
	Authorized Economic Operator – Sensitization Programme
	Awareness Programme on Risk Management
ACTIVITIES & PROGRAMME TO BE CONSIDERED ACTIVITIES & PROGRAMME TO BE CONSIDERED	Customs Client Coordinator – Training and Integration
	Customs -Business Partnership -Consultative process
	Trade, Gender and Development Program
	Women & Trade Programme – International Trade Centre
	Responsible Entrepreneurs Achievement Programme - REAP
	implementation of Trade Facilitation- MERCATOR - WCO
	Technical Notes on Trade Facilitation Initiatives
	Sustainable Supplier Development Programme
COLLABORATIVE PARTNERSHIP ENGAGEMENTS	Harmonized Commodity Description and Coding System
COLLABORATIVE PARTNERSHIP ENGAGEMENTS	Business & Customs Collaboration in Designated TF areas <i>Export/ Import classification, value for duty purpose, anti-dumping, CVD, Safeguards</i>
	Sharing of Trade Intelligence by leveraging the Industry knowledge of the private sector
	Bi-Directional Education and Joint Training –Customs to Business, Business To Customs
	Internment of Private Sector and Secondment of Customs Officials: Joint Problem Solving and Learning Opportunities

SECTION 9 – INSTITUTIONAL MECHANISM

10. Triple M Institutions

There is hardly a trace of any 3 M institutional mechanism that is geared to support the growth of a textile sector. Though this is expected, efforts to establish a robust Triple M- Micro, Meso & Macro institutional system should be taken up with equal vigour.

Under the triple M system,

The Micro System should be geared to support the industry reach higher levels of 3 C (Compliance, Competitiveness, Compatibility) standards with resources that make a difference to the performance standards of individual units. These resources are supposed to be very capital and skill intensive and will therefore need the collective effort of the members to install such resources that would benefit them as a whole.

The MESO institutions should be geared to represent the collective interest of the industry with capital intensive investments that are very sector specific. For instance research and development requires massive capital infusion that can be managed only through institutional support. R&Ds in Textiles for instance addresses the entire sector as opposed to MICRO Systems that are very entity specific in their dispensation.

The MACRO systems comprise institutions that are involved in policy decisions setting the strategic direction for both the sector and entities that make the sector.

The support features should be geared to strengthen the 3 C standards of the entrepreneurs so that they acquire the capacity to compete with global companies.

10.1. Micro Institution List

1	MICRO – CLUSTER COLLECTIVE PARTICIPATION - COMMERCIAL INVESTMENTS
	<p>TRAINING CENTRES TO BUILD THE 3 C CAPACITY OF THE CLUSTER</p> <p>Spinning Mill Operations Technical Training Textile Mill Management Production Management Technical Standards & Calculation Operators Training Supervisors Development Programme Tailoring Printing & Embroidery Audit and Inspection Safety Training Pattern & Grading Fabric Cutting Merchandising ESG standards and meeting standards set</p> <p>Technical training in quality assurance, productivity, testing are needed to support the industrial activity</p> <p>Residential On Site Training</p> <p>Residential Onsite may become the need of the hour to overcome the gap in training resources and capacity. This option should be explored outside the country as Zambia has not textile related training centres at present</p>
	<p>TEXTILE RESEARCH AND DEVELOPMENT</p> <p>to focus on establishing as a leading cotton destination. The focus will primarily on new fibres, development of specialty yarns.</p>
	<p>DESIGN STUDIO</p> <p>Design is the soul of textiles. A fashion and design culture should begin to pervade the sector to create a fashion and style signature that is unique to Zambia. The fashion culture is lacking at present as it rides on a passive western orientation, absorbing whatever is offered to it. Some simple measures can be taken to give the sector a fashion focus by installing a well resourced Design Studio. In the initial stages, there should be a participatory model that allows overseas designers to play a role in the design and fashion culture of the country.</p>
	<p>PRODUCT RESEARCH & DEVELOPMENT CENTRE</p> <p>Micro spinning unit, desk looms, narrow width looms, sample dyeing units, sample printing, embroidery units.</p> <p>This centre should actively be involved in developing new raw materials, intermediary products and end application composites to help the industry have access to new materials</p>
	<p>TEST LABORATORIES</p> <p>For both product quality, product performance and environmental compliance related testing facility. It should be resourced with technologies to test the physical, chemical and performance characteristics of the material and products developed and used in the cluster.</p>

	Environmental compliance has become an important parameter in judging the standards of a company. The ESG credentials of a company has become an important parameter in engagements with global brands
	QUALITY ASSURANCE & COMPLIANCE For both product quality, product performance and environmental compliance related testing facility. It should be resourced with technologies to test the physical, chemical and performance characteristics of the material and products developed and used in the cluster

The components listed above, are already listed as resources and support systems that will have to be considered for clusters

10.2. Meso Institution List

2	MESO –NON PROFIT INVESTMENTS
	FORMAL EDUCATION Textile Chemistry, Textile Engineering, Fashion, Apparel Technology, Weaving & Knitting, Spinning Form This will take time to evolve, however, to support the immediate needs of the cluster, a vocational training centre should be considered
	FASHION COUNCIL Establish a fashion council with the help of leading corporate houses, to promote culture of fashion in Zambia. At present, it is predominantly borrowed fashion. There has to be an Ethnic presence in contemporary styles and interpretation. This is possible only through fashion related activities such as fashion weekends, fashion shows, fashion workshops and seminars.
	TRADE ASSOCIATION Set the framework for entrepreneurs to form their trade associations to represent their interest
	CENTRE OF EXCELLENCE This will fulfill the endeavour of the sector to achieve excellence in its work. A comprehensive document has been put in place to guide the Cluster Technical Tem in establishing a COE using local and imported knowledge and technologies. The recent visit to Ethiopia has given some useful insights to build a centre of excellence for the cluster to use

10.3. Macro Institution List

3	MACRO – POLICY, TRADE DEVELOPMENT, ADVOCACY AND DIALOGUE SYSTEMS
	SECTOR DEPARTMENT A dedicated Textile Department under the Ministry of Commerce, Trade and Industry Advisory board on Textile Policy formulation and development A technical desk for Cluster Development
	SECTOR SKILL COUNCIL A dedicated council to formulate curriculum, training programmes and courses for the core areas in textile VOCATION COURSES Primarily in the area of administration, house keeping, safety, soft skills and communications
	TRADE DEVELOPMENT & EXPORT PROMOTION COUNCIL This has to take centre stage with some proactive measures from the Government. The textile department should come up with Market Development Assistance for the Cluster to work on trade development measures. Zambia doesn't have a retail channel comprising stand-alone retailers for the textile entrepreneurs to benefit from. It is therefore important for the Trade Development Authorities to come up with an emporium / showrooms to showcase and sell the products manufactured by the clusters

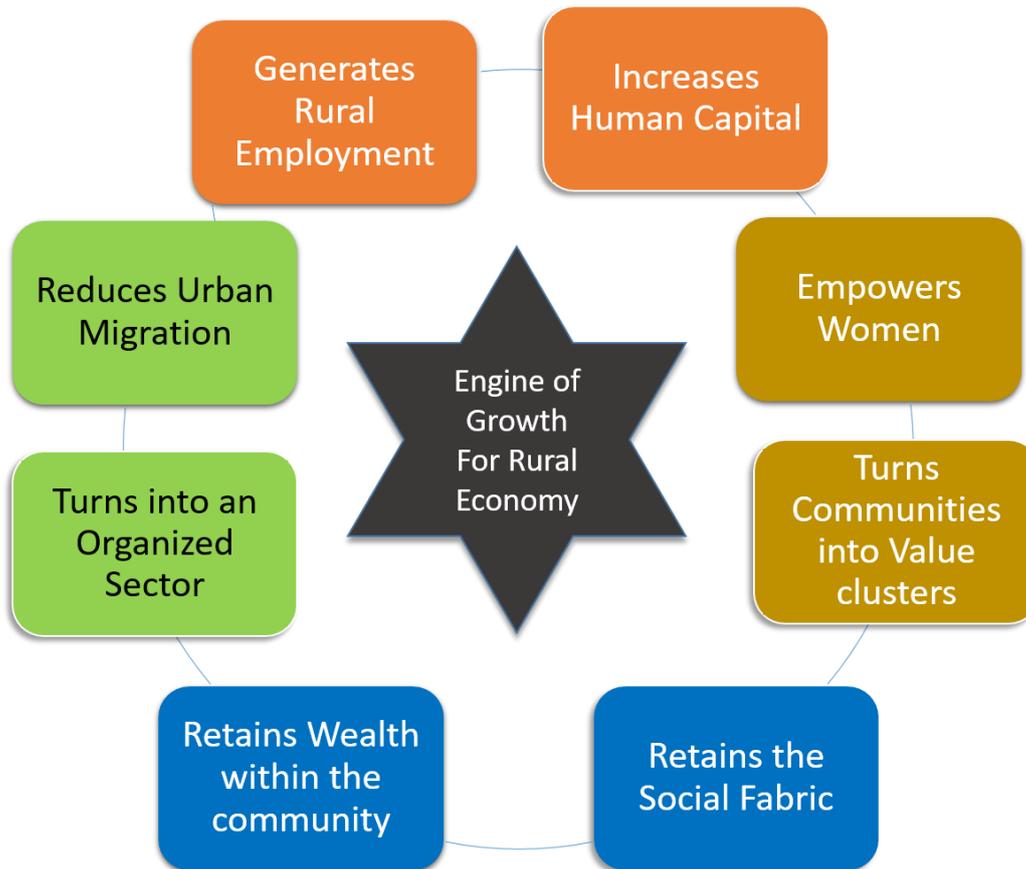
	Export Promotions may follow after the sector has gained a certain level of compliance, competence and compatibility to compete in international markets.
	<p>INTERNATIONAL ENGAGEMENTS</p> <p>Twinning programmes: Setting Framework, Identifying Programmes, Signing up Engagements and Operationalize Programmes. Some of the programmes that Zambia can look into to bridge the gap are Indian Technical and Economic Co-operation Plan (ITEC)/ Special Commonwealth African Assistance Plan(SCAAP)</p>
	<p>DIALOGUE & ADVOCACY CHANNEL</p> <p>There has to be formal mechanism comprising a consultative and representative group for the Government on one side and the industry on the other</p>
	<p>HR EXCHANGE</p> <p>Designed to recruit, train, deploy, upgrade and reskill workers. This should be linked to the training centres</p>

SECTION 10 – SOCIAL IMPACT

11. Social Impact

The objective is to leverage the cotton potential of Zambia to improve village economies. Cluster Development has been identified as one of the engines of growth for achieving this objective. The social impacts that are likely to be witnessed and gained is exhibited in the illustration produced below

Figure 3. Social Impacts



The results are bound to get better if these impacts can be quantified for the SPV of the cluster. Articulating the social impact should be part of the project report that is submitted for approval. The selection of social impacts should be relevant to the location and the sector as a whole. This is only an indicative idea for the SPVs to keep in mind while preparing the Detailed Project Report.



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