

Cotton Sector Policies and Performance in Sub-Saharan Africa:

Lessons Behind the Numbers in Mozambique and Zambia

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Challenges

- Support strong varietal research
- Ensure varietal maintenance
- Ensure timely and appropriate use of inputs
 - Treated seed
 - Pesticides (avoid pesticide treadmill)
 - Fertilizer (if profitable ...)

Challenges (2)

- Maintain and improve lint quality
- Pay farmers a remunerative price
- Meeting input provision challenges with poorly functioning input and credit markets ...
 - Interlocked transactions (Pearce's product market credit)
- So final challenge is to recover credit

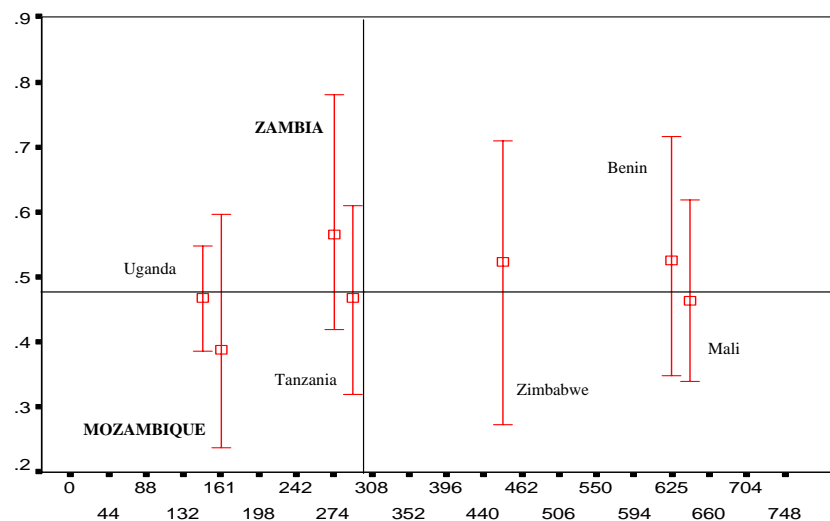
Major long- and short-run coordination challenges

Mean cotton export value/ha against mean and range of producer price share for seven countries of SSA, harvest years 1995 – 2002

Prodr price share of mean export value(%)

"High" producer price share

"Low" producer price share



"Low" productivity and quality

"High" productivity and quality

Mean export value per ha (US\$)

Selected Characteristics of “Subsector Environment”

	Zambia	Mozambique
Initial Conditions	Declining but functional state monopoly	Collapsed
Regulation of competition	None	Geographical monopolies, poorly enforced
Price setting	No government role	Pan-seasonal, pan territorial price
Market structure	Concentrated: two dominant firms which compete	Less concentrated: 4-5 major firms, 3-4 others

Zambia stands out for virtual absence of direct government involvement or financial support

Selected Performance Characteristics

	Zambia	Mozambique
Current yield (trend)	600 kg/ha (rising)	350-400 kg/ha (stagnant)
Varietal rsch & maintenance	Two varieties 10-14 yrs old, well maintained. Experimentation with RSA variety	Varieties 20+ yrs old, poorly maintained Unsuccessful attempts at new development
Input use	Treated seed Well labeled pesticides Foliar feed (micronut.) Basal fert for cash sale	Untreated seed Frequently unlabeled None None
Credit recovery	85-90%? Improving	Highly variable temporally and spatially



Conclusions

- Clear conclusions linking policy to performance are difficult
 - Complex long- and short-run coordination challenges
 - History, path-dependency
 - Optimal path will be specific to country



Conclusions (2)

- Zambia seems to have struck effective balance between competition and coordination
 - Avoided “debilitating competition” of Tanzania and Uganda
 - Enough competition to spur private institutional innovation
 - Dunavant Distributor System



Conclusions (3)

- Mozambique's concession system has provided few incentives for private institutional innovation
 - Need regular evaluation and re-awarding
 - But can public sector handle this?
- Will new entrants (Dunavant, Cottco) bring new ideas and practices?



Conclusions (4)

- Need for more effective interaction between public and private sectors to grapple with long-run challenges
 - Zambia needs more, may be moving in this direction
 - Mozambique needs a different kind, but no indication it is moving in that direction