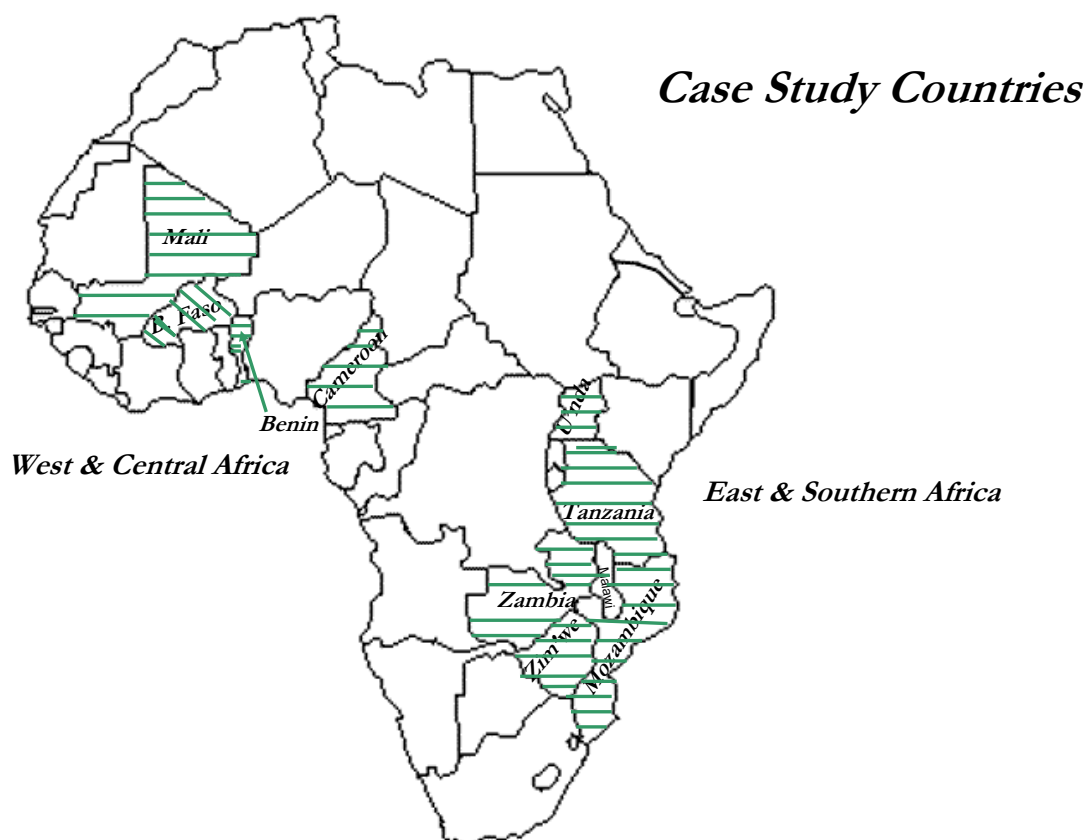


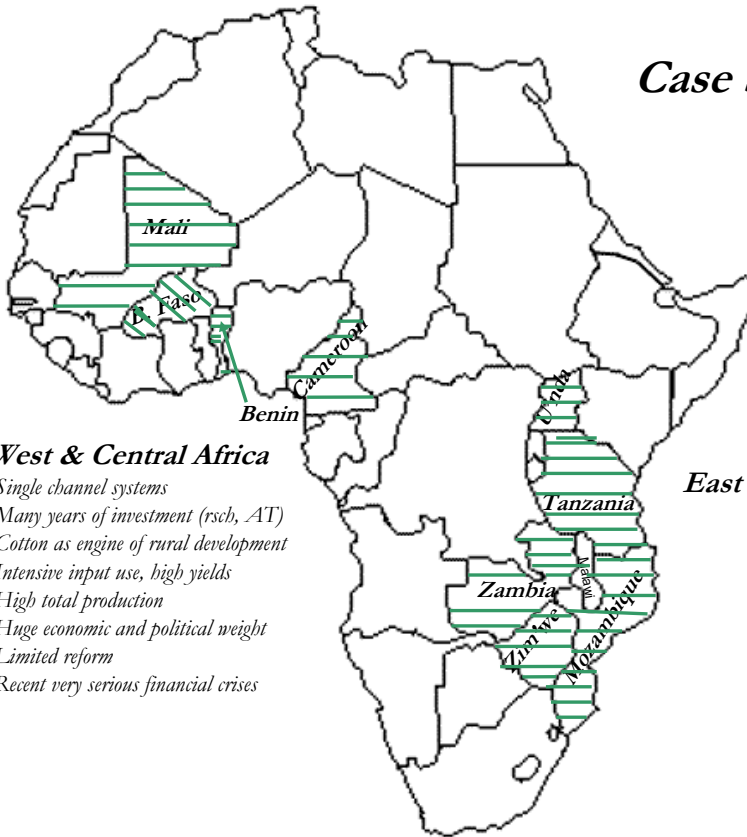
Institutional Diversity and Performance in African Cotton Systems: Learning from Experience in WCA and ESA

Presented by **David Tschirley** on behalf of research team
(Tschirley, Poulton, Gergely, Labaste, Baffes, Boughton, Estur)

International Conference on cotton
"Rationale and evolution of cotton policies"
Amphi Jacques Alliot, CIRAD, Montpellier, 13-17/05/2008



Case Study Countries

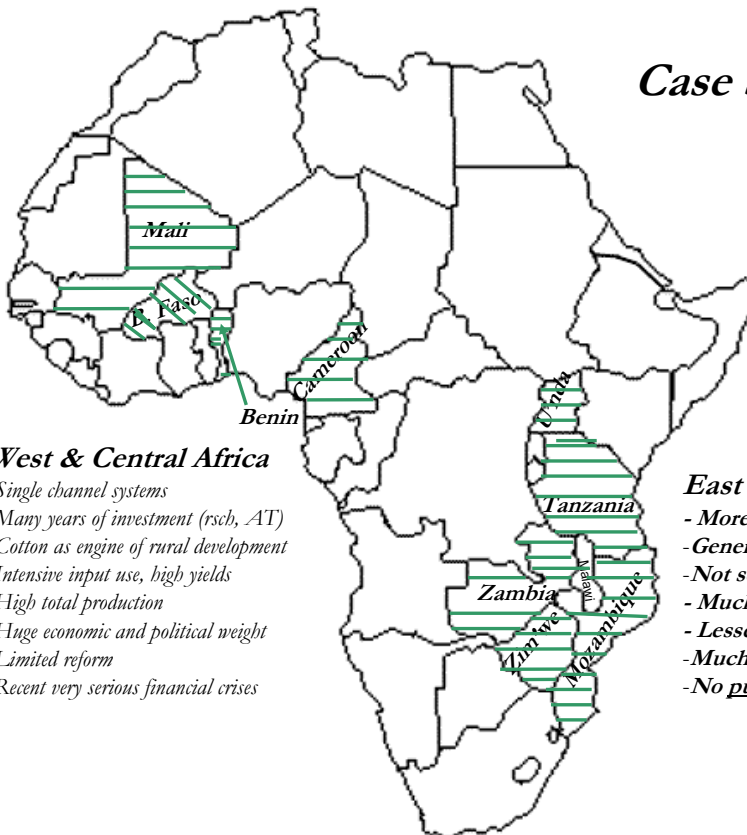


West & Central Africa

- Single channel systems
- Many years of investment (rscb, AT)
- Cotton as engine of rural development
- Intensive input use, high yields
- High total production
- Huge economic and political weight
- Limited reform
- Recent very serious financial crises

East & Southern Africa

Case Study Countries



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- Many years of investment (rscb, AT)
- Cotton as engine of rural development
- Intensive input use, high yields
- High total production
- Huge economic and political weight
- Limited reform
- Recent very serious financial crises

East & Southern Africa

- More diverse history
- Generally much less investment
- Not seen as engine of development
- Much lower input use, yields
- Lesser economic and political weight
- Much more reform
- No public financial crises



A focus on internal factors

- External factors do matter
 - Subsidies in U.S., Europe, China
 - General depreciation of USD
 - Especially Euro and CFA
- But internal factors also very important
 - And these are under the influence of national stakeholders!



Approach

- Typology
 - Sector types based on structure of market for seed cotton
- Analytical framework
 - Process indicators
 - Outcome indicators
- Expected performance on each indicator by sector type, based on typology
- Realized performance on each indicator by sector type

Performance Indicators and Expected Performance

Type of Indicator	Measured By	Expected Performance			
		National & Local Monopolies	Concentrated	Competitive	Hybrid
Process Indicators					
Quality and Marketing	Estimated average realized premium over Index A on world markets (US\$/lb lint)	Medium	High	Low	No clear prediction
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Key Finding 1: Diversity

National (public) Monopoly	Local (private) Monopolies (Concessions)	Concentrated	Competitive	Hybrid
Cameroon		Zambia Zimbabwe	Tanzania	Benin Uganda
Mali Chad* Senegal (priv)*	Mozambique Burkina Faso Cote d'Ivoire * Ghana *			

Key Finding 2: Change

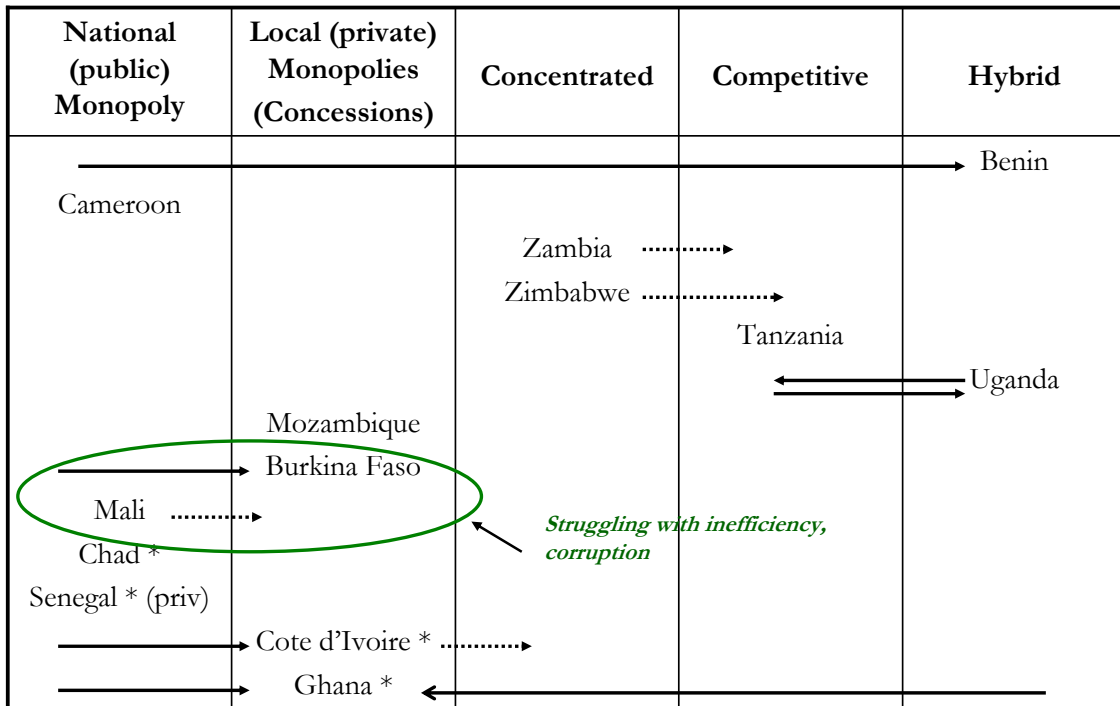
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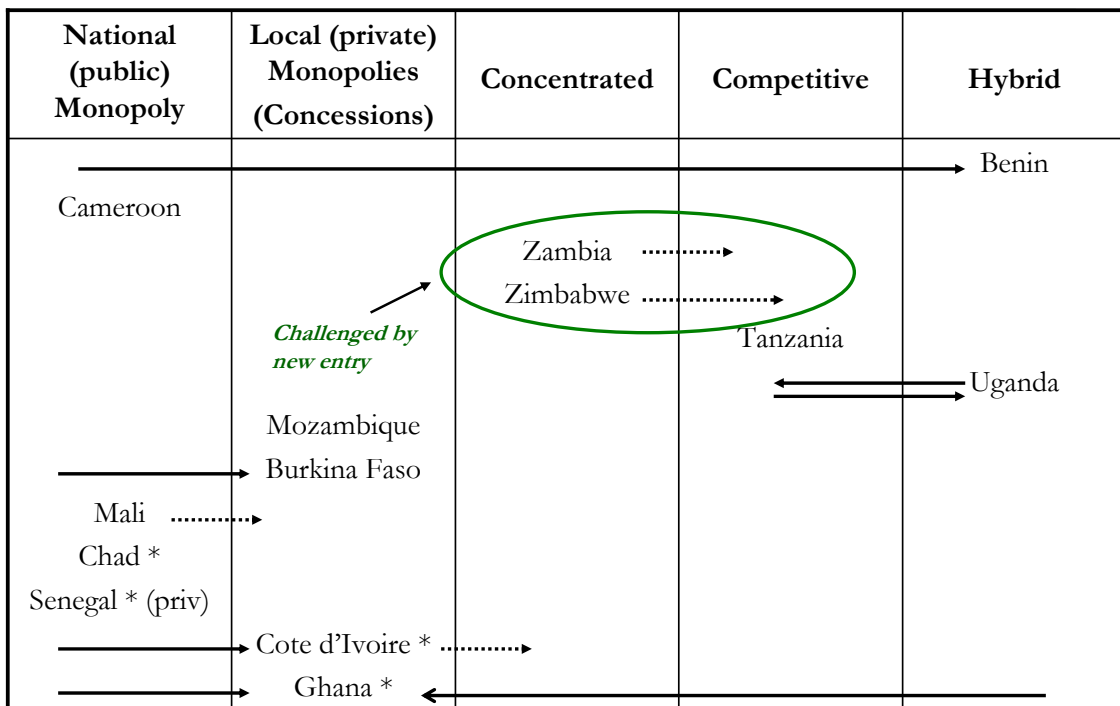
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Struggling with input supply & extension

Key Finding 2: Change



Key Finding 2: Change





Reform is not a change from one stable set of rules of the game to another stable set



Key Finding 3: Predictable Patterns

- Structure of market for seed cotton has a major influence on the types of challenges a sector will have most difficulty meeting

Realized Performance by Sector Type

Type of Indicator	Measured By	Realized Performance				
		National Monopolies	Local Monopolies	Concentrated	Competitive	Hybrid
Process Indicators						
Quality and Marketing	Estimated average realized premium over Index A on world markets (US\$/lb lint)	Variable across countries	Low	High	Low	Medium
Pricing	Mean % of FOT price paid to farmers	Variable over time	Low	Variable over time	High	Variable
Input provision	a) % of cotton farmers receiving input credit,	High	Variable across companies & over time	Medium	Low	Medium
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Key Finding 4: Role of Government

- Because structure affects which challenges are most difficult to meet ...
- It also affects the appropriate role for government and private sector

Key Patterns of Performance

- Concentrated Systems
 - Fairly good performance on wide range of indicators
 - But unstable
 - Can African sectors develop workable regulatory structures?
- Competitive Sectors
 - Tanzania not the disaster some see it as, but ...
 - Likely to perform poorly outside agro-ecologically well endowed areas
 - Little prospect for sustained poverty reduction

Key Patterns of Performance (2)

- National monopolies: Major successes in past, but ...
 - Company inefficiency a major and growing problem
 - Politics a major complicating factor
 - Good performance likely to be exception in future
- Local monopolies: Performance depends on:
 - Company culture
 - Strength of farmers as active stakeholders
 - Regulatory capacity of government



Wrap-up

- No single sector type is uniformly “best”
 - And even within a sector type, differing history, culture, and management lead to diverse performance
 - Cameroon vs. Mali
- Trick is to understand strengths and weaknesses of the sector ...
- ... and design institutional arrangements to reinforce strengths and address weaknesses



Thank You