Recent Policy Reform Experience in the Cotton Sectors of Eastern and Southern Africa

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Outline

• Competition and Coordination project
  – Rationale and Objectives
  – Few key findings
• Reflections on research impact
  – Tanzania
  – Other countries
Competition and Coordination Project

- Funded by UK Department for International Development and USAID Missions in Zambia and Mozambique
- Examine the organisation and performance of cotton sectors in Mozambique, Tanzania, Zambia and Zimbabwe, 2001/2-2003/4
- Research partners in these four countries, plus Imperial College London, Michigan State University and Institute for International Studies, Copenhagen

Project Objectives

- Relate sector performance to modes of sector organisation in the four countries
- Compare the effectiveness of different responses to common problems
- Assess not just what works, but why it works in particular circumstances
  - Options depend on sectoral structure
- Inform sector policy dialogue in the four countries concerned
  - Annual stakeholder meetings
Rationale

Liberalised cotton sectors have evolved in differing ways:

• Concentrated, Market-Based
  – Zambia, Zimbabwe, (Malawi)

• Local Monopoly
  – Mozambique, (Ghana)

• Numerous Small Players
  – Tanzania, (Uganda)

Common Challenges

Different strengths and weaknesses in responding to common challenges (in the context of tough international market conditions):

• Input Supply and Credit
• Research and Extension
• Quality Control
• Price Competition

➢ First 3 most readily handled by concentrated sectors, especially where state is weak; 4th most readily delivered by competitive sectors

➢ All face challenges
Yields (kg/ha) 2000/01 – 2003/04

<table>
<thead>
<tr>
<th></th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zambia</td>
<td>600</td>
<td>620</td>
<td>650</td>
<td>660</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>783</td>
<td>472</td>
<td>712</td>
<td>811</td>
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<tr>
<td>Tanzania</td>
<td>500</td>
<td>500</td>
<td>450</td>
<td>750</td>
</tr>
<tr>
<td>Mozambique</td>
<td>303</td>
<td>376</td>
<td>342</td>
<td>350</td>
</tr>
<tr>
<td>(Nampula)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mozambique</td>
<td>-</td>
<td>-</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>(new)</td>
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Sources: project reports, Dunavant, CSO Harare, Cotton Institute (Mozambique)

Average Premium / Discount over the A Index

Source: Buyer Survey
### Farmers’ Share of f.o.b. Price

<table>
<thead>
<tr>
<th>Year</th>
<th>Zambia</th>
<th>Zimbabwe</th>
<th>Tanzania</th>
<th>Mozambique</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nampula</td>
</tr>
<tr>
<td>2002/03</td>
<td>45%</td>
<td>27%</td>
<td>58%</td>
<td>34%</td>
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<tr>
<td>2003/04</td>
<td>68%</td>
<td>89%</td>
<td>71%</td>
<td>61%</td>
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</table>

### Returns to Labour (US$/day)

<table>
<thead>
<tr>
<th>Year</th>
<th>Zambia</th>
<th>Zimbabwe</th>
<th>Tanzania</th>
<th>Mozambique</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nampula</td>
</tr>
<tr>
<td>2002/03</td>
<td>0.93</td>
<td>0.76</td>
<td>0.99</td>
<td>0.42</td>
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<tr>
<td>2003/04</td>
<td>1.15</td>
<td>1.71</td>
<td>1.65</td>
<td>0.62</td>
</tr>
</tbody>
</table>
Tanzania: Recovery of a Struggling Sector?

  - Falling world prices
  - Seed mixing
  - Problems maintaining quality control
  - Difficulties of input access
- Yields c.500 kg/ha
  - All problems except world price decline attributable to intensified competition (30+ ginners)
- Multi-stakeholder meeting 1999
  - First of a series of National Stakeholder Workshops
  - TCB-led initiatives on input supply, quality control
Conditions Conducive to Research Impact

- Major stakeholders united – looking for solutions
  - Growing trust and accountability between TCB and 6 or 7 “lead” ginners
- Political pressure to improve performance
  - MPs’ and politicians’ voices at annual Stakeholder Workshops
  - But political “interference” limited
- Technocratic Director of TCB (ex-researcher)
- Lesson learning

Contribution of Project

- Contributed to consensus on active coordination role for TCB
  - Not just core regulatory functions
  - Beyond public goods
- Constructive criticism of initiatives?
- Gave support to proposal for local auctions
Building Credibility

- Project not “demand driven”
  - Made “cold” approach to Director of TCB during proposal writing process and received endorsement for proposal
  - Two members of team known to some stakeholders
- Building credibility with stakeholders, therefore, important – main outcome of year 1!
- Elements of credibility building:
  - Neutrality
  - Fairness
  - Regular feedback – reasonable quality!
  - International comparative perspective valued

Experience in Other Countries

- Zambia:
  - contributed to debates on new Cotton Bill
  - As much ongoing MSU activity as project-specific?
- Zimbabwe:
  - atmosphere of suspicion due to uncertainties surrounding parallel exchange rate transactions
  - Latterly, desire to reassert political control over sector
- Mozambique:
  - Divisions between companies
Final Reflections

• Cash crop systems
  – Relatively small numbers of big players, who can implement recommendations that they find persuasive
  – Autonomy from Ministries is helpful
  – Regular multi-stakeholder fora desirable, but don’t always work
  – Challenges for food crops!

• Impact requires:
  – Demand for information and/or analysis from key stakeholders
  – Researchers establish credibility as suppliers of information