

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

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Symposium on “Strengthening the Linkages Between
Policy Research and Policy Practice in SSA”, 13/08/06

Outline

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

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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

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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

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Rationale

Liberalised cotton sectors have evolved in differing ways:

- Concentrated, Market-Based
 - Zambia, Zimbabwe, (Malawi)
- Local Monopoly
 - Mozambique, (Ghana)
- Numerous Small Players
 - Tanzania, (Uganda)

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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](#)

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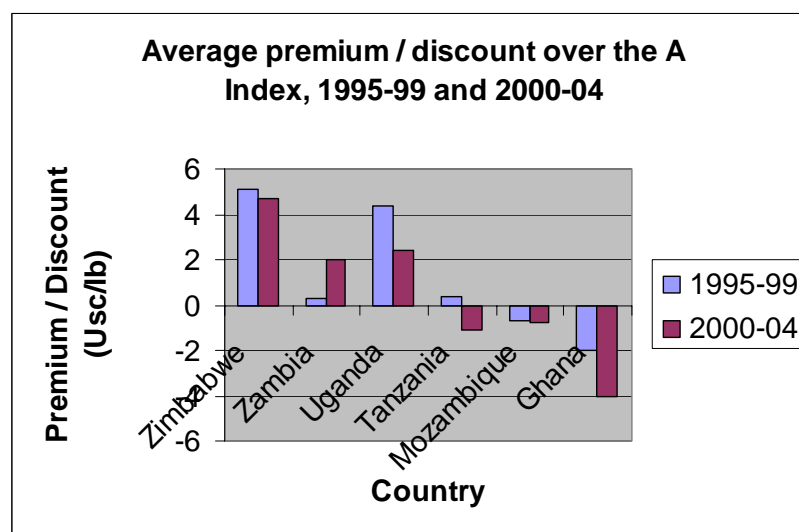
Yields (kg/ha) 2000/01 – 2003/04

	2000/01	2001/02	2002/03	2003/04
Zambia	600	620	650	660
Zimbabwe	783	472	712	811
Tanzania	500	500	450	750
Mozambique (Nampula)	303	376	342	350
Mozambique (new)	-	-	700	700

Sources: project reports, Dunavant, CSO Harare, Cotton Institute (Mozambique)

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Average Premium / Discount over the A Index



Source: Buyer Survey

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Farmers' Share of f.o.b. Price

	Zambia	Zimbabwe	Tanzania	Mozambique	
				Nampula	New
2002/03	45%	27%	58%	34%	34%
2003/04	68%	89%	71%	61%	60%

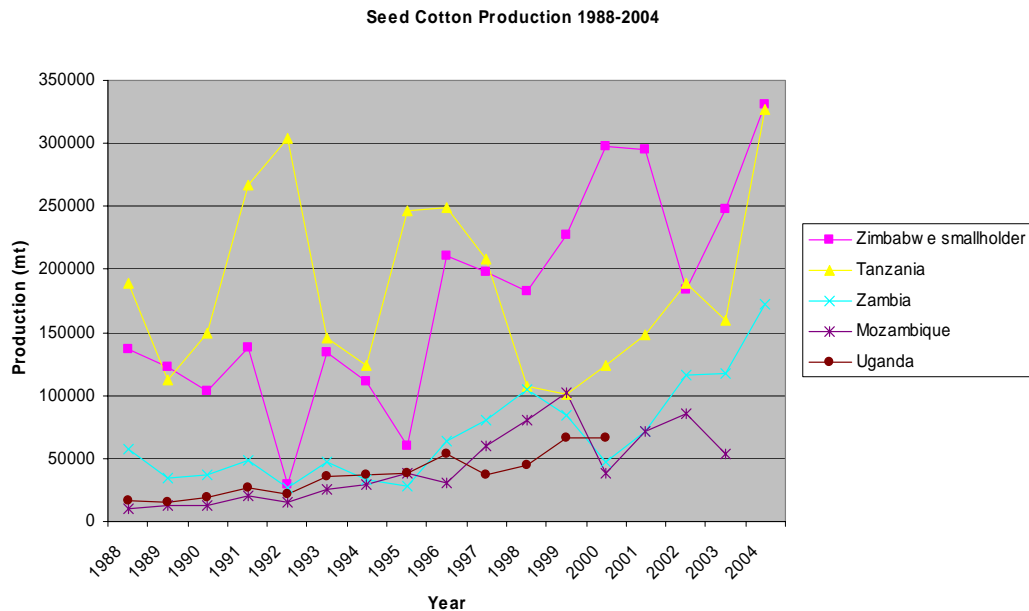
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Returns to Labour (US\$/day)

	Zambia	Zimbabwe	Tanzania	Mozambique	
				Nampula	New
2002/03	0.93	0.76	0.99	0.42	1.01
2003/04	1.15	1.71	1.65	0.62	1.43

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Seed Cotton Production 1988-2004



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Tanzania: Recovery of a Struggling Sector?

- Strong production 1994/5 – 1996/7, but steep decline 1997/8 and 1998/9
 - 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

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Conditions Conducive to Research Impact

- Major stakeholders united – looking for solutions
 - Growing trust and accountability between TCB and 6 or 7 “lead” ginnerers
- 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

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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

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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

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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

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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

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