

An Effective Public-Private Coordination in Zambia's Cotton Sector: Deliberation on the Cotton Act

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Outline

- Cotton success story
- Pillars of that success
- Key challenges the sector is facing
- What should be done

Cotton Success Story

- ❑ Cotton is an unquestioned success of Zambia's turn towards a market economy.
- ❑ After reform in late 1994, production rose from 32,000mt to some 90,000mt in 1998.
- ❑ After collapsing to less than 50,000mt in 2000 production rose steadily approaching 200,000mt in 2006.

Pillars of success

- ❑ Two private companies that purchased Lintco ginning operations in 1994:
 - Showed a strong and effective commitment to providing large numbers of farmers with a reliable input package (financing cotton production)
 - Effective basic extension message
 - Attractive prices during many years
 - Guaranteed market for the product

Pillars of success cont'd

- Economic environment was relatively stable and Lonrho (now Dunavant) and Clark (now Cargill) were allowed to carry out their business activities with little interference

What have been the challenges to this success?

- Low productivity among cotton farmers (national average range 600-700kg/ha)
- Credit default in 2006 returned to levels not seen since the late 1990s
 - sharp appreciation of the kwacha as seen in 2006
- Substantial change in the structure of the sector over the past two years.
 - Small companies already in the sector have expanded their operations
 - New players are coming in the sector
 - Risks under-cutting provision of input credit and extension



What to do next

- ▣ More than ever, effective “rules of the game” are urgently needed to protect Zambia’s remarkable cotton success story
- ▣ Enacting a new Cotton Act which has been revised by stakeholder



What to do next

- ▣ Focus in Zambia must be on establishing broadly accepted rules of the game that ensure honest competition that does not undermine input credit, extension, and cotton quality



Thank You!