



1. Project Data :
OEDID: C1929
Project ID: P002856
Project Name: Cotton Sector Development Project
Country: Republic of Togo
Sector: Annual Crops
L/C Number: C1929
Partners involved : Caisse Centrale de Cooperation Economique, Fonds d'Aide et de Cooperation
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2. Project Objectives, Financing, Costs and Components :

The project's overall aim was to boost the output of cotton and associated food crops by raising farmer and industry productivity. Specific objectives were to improve the support services that the cotton parastatal, SOTOCO, provided to farmers, to increase the efficiency of SOTOCO's processing and marketing operations, and to increase farmers' share of cotton export revenues while aligning producer prices more closely to the world market .

Project components (and their respective shares of the estimated base cost) were: (a) agricultural research and extension (32%); (b) support to farmers' groups (5%); (c) provision of agricultural inputs and seed production (16%); (d) feeder road maintenance (15%); (e) strengthening of SOTOCO, through training, and technical assistance for management and the Monitoring and Evaluation Unit (20%); and (f) construction of a cotton warehouse and grader's laboratory (12%).

Estimated project cost was US\$37.5 million. This was to be financed by IDA (40%), the Caisse (31%); FAC (9%); Government (19%); and beneficiaries (1%). The IDA credit was fully disbursed, closing in June 1997, four years later than projected.

3. Achievement of Relevant Objectives :

The project met its overall production objective . Cotton output remained lower than appraisal projections for seven out of eight years, averaging 84 percent of the target; but in the eighth year it exceeded the appraisal estimate by 10%. The total output of food crops exceeded appraisal expectations in years seven and eight . Most of this growth at the end of the project was based on area expansion (42% for cotton) and an increase in the number of cotton farmers from 143,000 to 200,000. Yields of both cotton and food crops failed to show the anticipated growth . Production response at the end of the project was probably largely explained by the positive impact of the January 1994 devaluation on farmer incomes; real producer prices rose by 20% during the project.

Progress toward the specific objectives was mixed . Research and extension remained weak : early attempts to use a training-and-visit system failed, and food crop extension was neglected . Input provision, seed production and feeder road maintenance objectives were partly realized . Transfer of primary marketing to farmer groups was fully achieved; and the number of these groups rose from 356 to 2,195, exceeding appraisal expectations by 100%. SOTOCO made more gains in processing than in marketing efficiency : ginning costs fell by 22% in real terms; but SOTOCO only assumed control of exporting at the end of the project, the level of savings remaining lower than expected. Producer prices were brought into line with the world market, farmers' share of revenues increasing : farmers receive a high price for seed cotton by West African standards, plus a 50% share of SOTOCO's profits.

Based on incomplete data, the ICR estimates the ERR at 11% to 16%, compared to an appraisal estimate of "over 50%" (the growth rate for food crops and the world cotton price were both overestimated at appraisal).

4. Significant Achievements :

There were major efficiency gains attributable to : (a) transfer of primary marketing to farmer groups; (b) more competitive input supply, with larger than expected utilization of the private sector for transporting; (c) elimination of input subsidies; (d) closer alignment of producer price and world price; (e) opening of the cotton industry to private investors; and (e) increased factory throughput and reduced processing costs . The efficiency gain from giving SOTOCO full responsibility for export marketing was not fully realized during project implementation; but will probably be significant in the long run . These achievements are partly attributable to SOTOCO's manager who

remained highly committed to the project's objectives despite lukewarm support from government, and the personal threats posed to him by the grave civil disturbance of the early 1990s.

5. Significant Shortcomings :

- (a) Research and extension failed to elicit any significant improvement in yields .
- (b) SOTOCO did not achieve full financial and administrative autonomy .
- (c) Monitoring and evaluation shed no light on farm-level constraints and therefore did not help to regear the extension effort; nor was it transferred to the Ministry of Rural development as planned .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability:	Likely	Likely	
Bank Performance:	Deficient	Unsatisfactory	Same rating but different permitted terminologies (ICR/OED)
Borrower Perf .:	Deficient	Unsatisfactory	Ditto
Quality of ICR:		Satisfactory	

7. Lessons of Broad Applicability :

- (a) Coordination between the project's producer pricing objectives and the broader trade liberalization objectives of a parallel structural adjustment operation was instrumental in winning Government support for liberalizing cotton export marketing;
- (b) Institutional development requirements need to be more carefully identified during preparation and appraisal and fully supported during supervision (with appropriate mid-term adjustments).

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :

The ICR gives a detailed and internally consistent account of the project, with a frank and fair discussion of strengths and weaknesses; however, in Table 13, there is no record of the supervision missions that are known to have been carried out between effectiveness (1989) and 1992. The mission aide-memoire provides almost no discussion of the issues but this is partly compensated for by the thoroughness of the implementing agency's input to the ICR. Borrower and co-financiers were invited to comment on the ICR but did not respond .