Policy analysis matrix (PAM) is a widely used policy research tool which enables the researcher to bring out the distortions and inefficacies of a policy and thereby suggest the required policy changes for profitability of an industry or a sector or a country (Paulraj et al, 2015).

PAM for maize commodity, comparing the cost structure of Zimbabwe and international cost structure with reference to South Africa. South Africa is a major trade partner of Zimbabwe. The cost in relation to a hectare and maize production of 5 tonnes per hectare.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Revenue** | **Cost** | | **Profit** |
| **Tradeable** | **Non-Tradeable** |
| **Private Price** | 1. 1950 | (B) 700 | (C). 800 | (D) |
| **Social Price** | (E) 1800 | (F) 608 | (G) 450 | (H) |
| **Divergences** | (I) | (J) | (K) | (L) |

**NB**

A = domestic price of maize per tonne (GMB price $390) x quantity of output (5 average tonnage per hectare commercially)

B = Domestic price of tradable inputs used (Maize seed, fertilisers and chemicals)

C = Market price of non-tradable inputs (land and labour)

E = International price of maize per tonne (South Africa price February 2025, $360) x quantity of output

F = International prices (South Africa) of tradable inputs used (maize seed, fertilisers and chemicals)

G = Price of non-tradable inputs (land and labour)

**Workings**

1. Nominal Protection Coefficient (NPC) = A/E

= 1950 ÷ 1800

= **1.08**

Therefore, NPC > 1, this implies the consumer is being taxed and producer protected.

1. Nominal Rate of Protection (NRP) = (A/E) – 1

= (1950 ÷ 1800) – 1

= 1.08 – 1

= **0.08**

NRP > 0, this implies that the consumer is being taxed and producer protected.

1. Nominal Effective Protection Coefficient (NEPC) = (A – B)/(E – F)

= (1950 – 700) ÷ (1800 – 608)

= 1250 ÷ 1192

= **1.05**

NEPC > 1, producer subsidy

1. Domestic resource cost (DRC) = G/(E –F)

= 450/(1800-608)

= **0.38**

DRC < 1, there is comparative advantage can produce maize locally.

1. Profit (L) = D – H

= (1950 – 700 – 800) – (1800-608-450)

= 450 – 742

= **-292**

L is negative this implies there are price distortions

**References**

Paulraj A. P., Chandrasekaran M., Easwaran N., 2015. Policy analysis matrix approach: Applications, strengths and weaknesses. Agricultural Research Journal 52(3):11. DOI: 10.5958/2395-146X.2015.00029.0

**Annexure**

* GMB maize price per tonne $390
* South Africa maize price (February 2025) $360, (the price changes since its determined by market forces)
* Zimbabwe maize seed $115 per 25kg (Seed Co), Compound D (ZFC) $30 each 8 bags per hectare, AN (ZFC) $37 each 7 bags per hectare, Chemical roughly $86 for hectare
* Land and Labour cost ($500 and $300) $800.
* South Africa Maize seed $115per 25kg, Compound D 32 each, AN $24 each and chemicals roughly $69 per hectare.
* South Africa land and labour ($340 and $110) $450