

Small-Scale Maize Trading in Zambia.

Presented by
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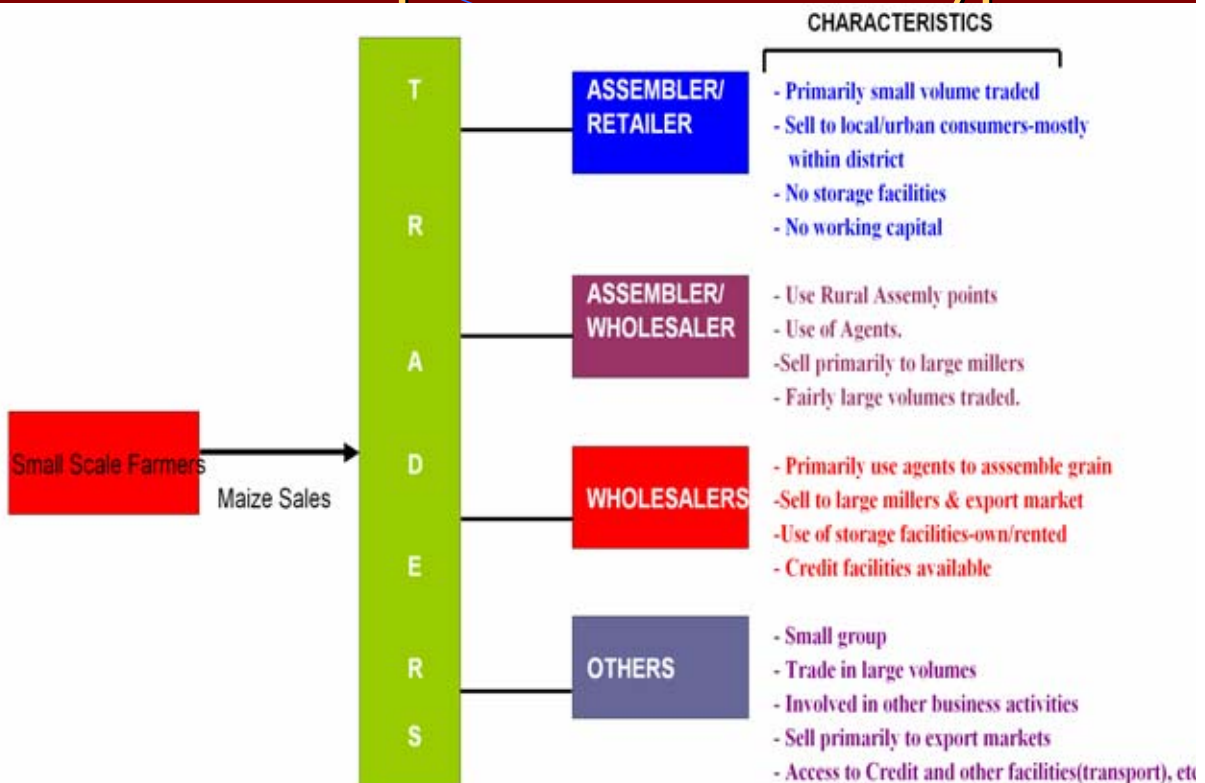
Background

- General policy uncertainty in the maize marketing system- What is long term strategy?
- Continued govt.supported marketing institutions still playing a vital role in maize marketing.
- Implementation of trade restrictive policies, e.g municipal grain levies, etc.
- General confusion of the potential role of the private sector.

Methodology/Sample Size

- 28 districts selected
 - survey sites selected from districts- (markets/maize trading points)
- 309 traders selected in total- out of total population of 1,205 traders at the time of survey.
- Survey conducted-late in year- low number of traders on the market at the time.

Description of Trader Types



Small Scale Trading in Zambia

- Traders engaged in combination of marketing functions
 - 88% of traders combine assembly, retailing & wholesaling.
 - 84% of grain is traded by these traders.
- 61% of traders sell within district where grain was purchased.
- Trade is significantly rural-to-rural (within rural areas): 67% of total traded volume.

Factors affecting Small Scale Trading

- Poor rural infrastructure- including storage facilities at market places.
- Not enough maize with farmers- high assembly costs.
- FRA involvement-with set maize prices.
- Council Levies
- Unclear govt. intentions/policy.

Small Scale Milling

- 112 small millers interviewed in 28 districts- (small trader survey sites)
- No. of s/millers increasing
- 2 main products produced- Straight run mealie meal & Refined Mealie meal.
- 87% of grain milled- straight-run mealie meal- main product (Mugaiwa).
- Mainly- service milling (for consumers/traders)

Small Scale Milling: Factors Affecting Performance

- Lack of Financing to upgrade operations
- No grain consistently throughout year.
- High cost of energy/diesel.

Large Scale Milling

- 20 Medium and Large scale millers interviewed from Lusaka, Copperbelt & Central province.
- Large millers- 40 mt/day processing rate.
- Medium scale- 10-39 mt/day.
- Observed increase in the number as well as size of existing ones.- due to increase in maize production; liberalisation of sector; favourable interest rates.
- Grain supplied by farmers-directly; or by wholesalers; or traders.
- Own storage

Large milling: Factors Affecting performance

- Inadequate stocks throughout year.- supply variability
- Frequent govt shifts in policy
- Maize trade restrictions.
- FRA operations in market affect supplies and into-mill prices.
- High cost of financing

Policy Issues

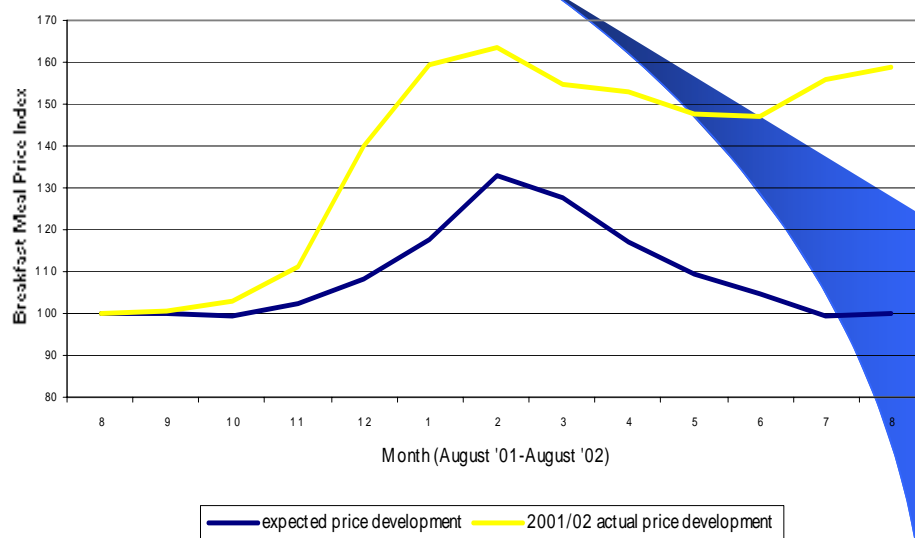
- Strengthening/support of financing institutions
- Development of Risk management Institutions/programmes –e.g Warehouse receipt systems.
- Increase investments in rural infrastructure.
- Promote rural transport services:- reduce duty on spare parts/rural based vehicles, etc.

Policy Issues

- Ease on trade restrictions with clear indications on the duration- has potential to discourage traders & negatively affect farmers.
- Govt policy, i.e export bans- profitable export markets not accessible.
- Design flexible import/sale mechanisms to ensure access to grain by small traders/consumers
 - e.g. prepare bids to import/supply maize in small lots for small traders/millers to participate.

- Role of FRA in maize marketing-e.g supplying grain to millers at prices below market price- affect traders; small millers and consumers.

Lusaka breakfast meal real prices 2001/02, expected as compared to actual 2001/02 price developments



Maize Marketing Channels

