

Strategies to Improve Household Food Security During Food Shortfalls.

Food Security Research Project
with support from MACO

Basic Question

- Do markets work for the poor? OR How to make markets work for the poor, especially during a food crisis?
 - how to reduce the cost of food during shortfalls.



What do we know?

During deficit periods, markets are still the main source of maize grain for low-income households- (those that do not receive food aid).

- Through anecdotal info- subsidy/aid programs undercut long-term ability of markets to meet the needs of consumers.

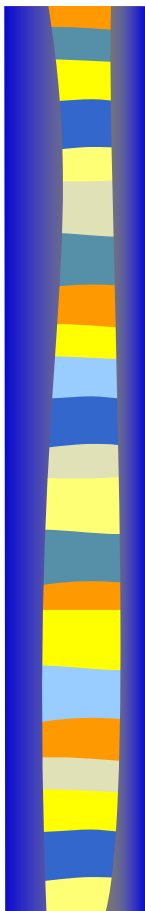


Strategies/Options for Low Income Households:

- Ensure Maize Grain is available in local markets(Govt/FRA)
 - Allows poor households to purchase the quantities of grain they can afford to buy.
 - Allows consumers to rely on small-scale millers to acquire mealie meal at a much reduced cost.

Strategies/ Option for Low Income Households:

- Promoting consumption of Straight run mealie- meal (mgaiwa).
 - Cheaper than industrially milled mealie-meal.



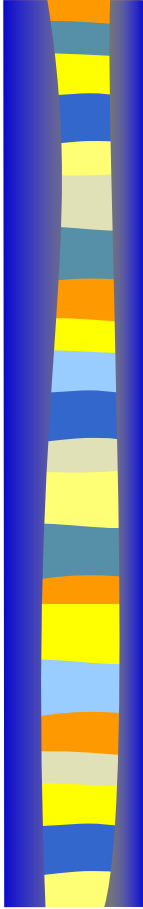
Real Prices: Breakfast, Roller and Mugaiwa Mealie Meal: Lusaka, 1994-2002





Strategies/ Option for Low Income Households

- *** Direct savings for poor household
- An average low income family of six in Lusaka would save approximately 20% of monthly income if mgaiwa consumed instead of industrially milled mealie meal.



Potential Benefits to Low-Income Households from Allowing Imported Maize to be Processed by Hammer Mills

Monthly Household Expenditure on Mealie-Meal in Real Terms: Lusaka			
	Breakfast	Roller	Mugaiwa
Price per Kg-(12 month Average)	1,184.74	975.64	855.07
Household Monthly Average Consumption of Mealie Meal in kgs	42	42	42
Household Expenditure on Mealie Meal per month in Zambian Kwacha	49,759	40,977	35,913
Difference in Expenditure Between Breakfast and other meals.	13,846	5,064	
Estimation of Low Income Total Household Income for Lusaka	68,182	68,182	68,182
Cost Saving by Consuming Mugaiyiwa as a % of total household income	20.31%	7.43%	
Residual Household Income After Purchasing Monthly Maize Meal Requirements	18,423	27,205	32,269



Option for Low Income Households:(contd)

- Higher nutritional value than industrially milled meal.

Nutrient	Breakfast (65% extr)	Roller (85% extr)	Mugaiwa (99% extr)
Energy (Kcal)	334	341	343
Protein (g)	8.0	9.3	10.0
Fat (g)	0.5	3.5	4.0
Calcium (mg)	6.0	7.0	12.0
Iron (mg)	1.1	2.0	2.5
Thiam (mg)	0.1	0.3	0.4
Riboflavin (mg)	0.1	0.1	0.1
Niacin (mg)	1.0	1.8	2.0
Vit C (mg)	0.0	3.0	3.0

Source: Technical Centre for Agriculture & Rural Cooperation
Wageningen Agric. University, Netherlands, 1987.



Option for Low Income Households:(contd)

- Higher Extraction rate.
 - e.g. Mugaiwa extraction rate is approximately 99% as opposed to 65% breakfast; & 85% Roller Meal.
 - Hence- a larger quantity of processed food available per unit of maize grain milled.



Conclusions

- Markets still source of food –even for the poor- need to exploit fully the options- How do we make them work for the poor.
- Maize grain import decisions- need to take into consideration affect on traders, poor consumers, and long-term market structure
- Promote development of informal maize marketing channels- so that we get as close as possible to the poor consumer.



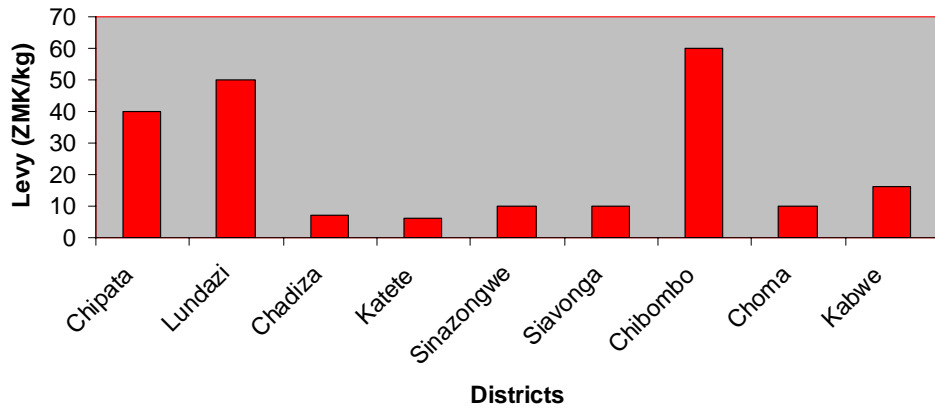
Effects of Grain Levies on Rural Farmers and Consumers

Preview

- Highlights of levies in selected districts.
- Proportion of levies e.g wholesale price of maize grain
- Conclusions

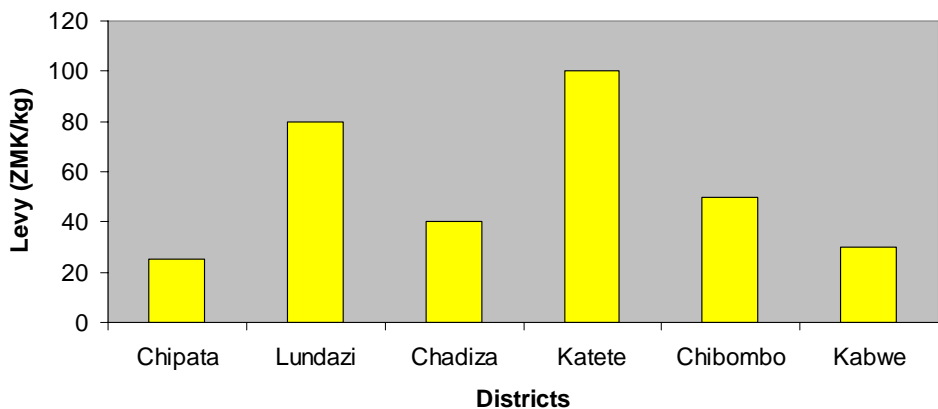
Levies in selected districts:

Comparison of Maize Levy by District: 2004



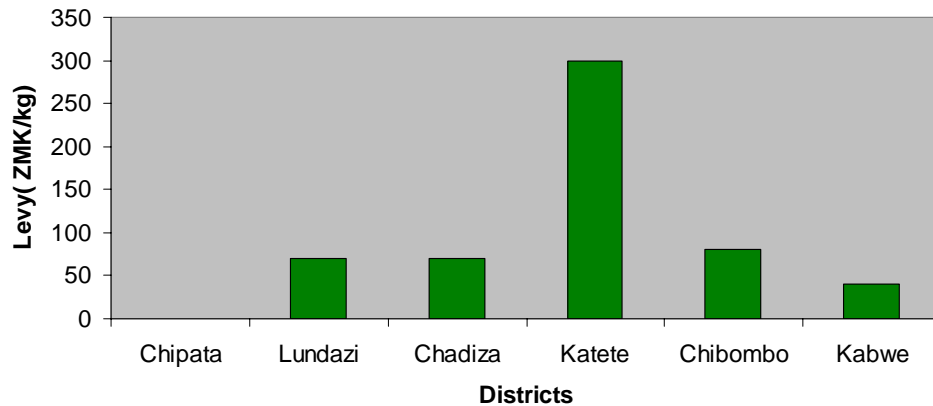
Levies in selected districts:

Comparison of Cotton Levy by District: 2004



Levies in selected districts:

Comparison of Tobacco Levy by District: 2004



Proportion of levies in Wholesale Price of Maize

District	Levy	Mean wholesale price per kg	Levy as % of wholesale price
	in ZMK		
Lundazi	50	386.4	12.94%
Chipata	40	438.63	9.12%
Chadiza	7	-	
Katete	6	290	2.07%
Sinazongwe	10	329.4	3.04%
Siavonga	10	280	3.57%
Chibombo	40	360.4	11.10%
Choma	10	387.91	2.58%



Conclusions

- Largely- intended targets not having benefited.
- Have potential of reversing trade and productivity.
- A lot of leakages in the collection channel.(On average only 28-30 %) is collected- hence an inefficient system.
- **OPTIONS AVAILABLE:**
 - Abolishing them
 - More transparent system of setting levies
 - Other forms of levies that encourage productivity- e.g levy on idle land??