



Opportunities to Improve Household Food Security  
Through Promoting Linkages between Formal and  
Informal Marketing Agents: Experience From Eastern  
Cape Province, South Africa

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## Outline

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- ❑ Study Objectives
- ❑ Overview of Maize Marketing System within the Eastern Cape
- ❑ Key Findings:
  - Consumer Demand
  - Counter-Factual Cost Build-up
  - Perceived Market Barriers
- ❑ Conclusions
- ❑ Policy Implications

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# Study Objectives

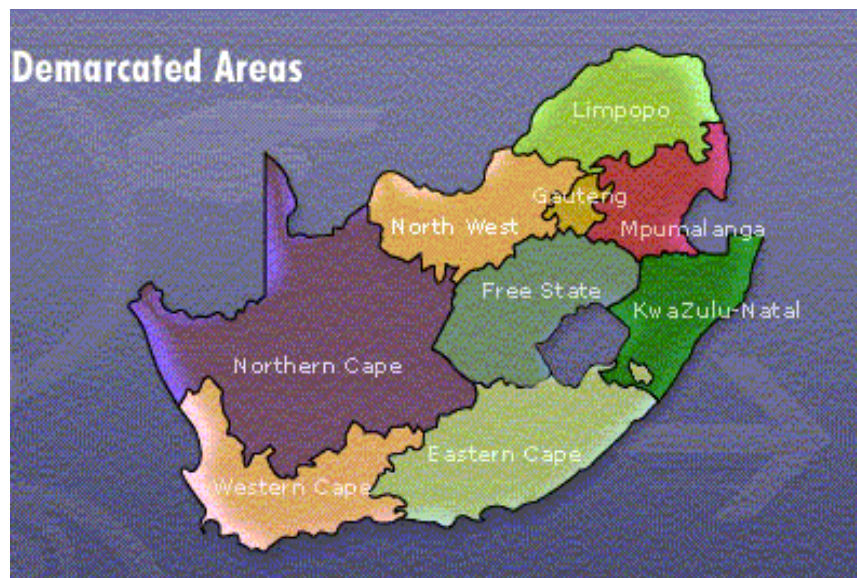
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- ❑ Consumer Demand
- ❑ Impact of Small-scale millers on Household Disposable Income
- ❑ Market Barriers

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## Overview: Eastern Cape

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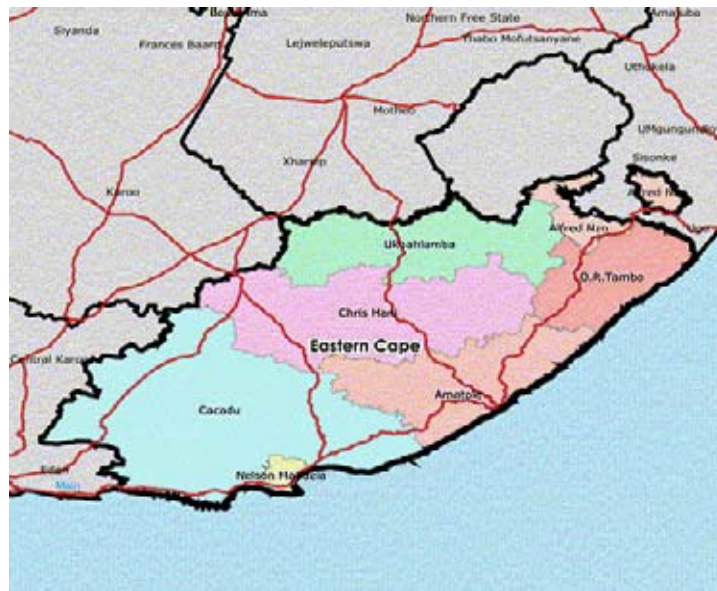


Source: Municipal Demarcation Board South Africa; [www.demarcation.org.za](http://www.demarcation.org.za) 2005

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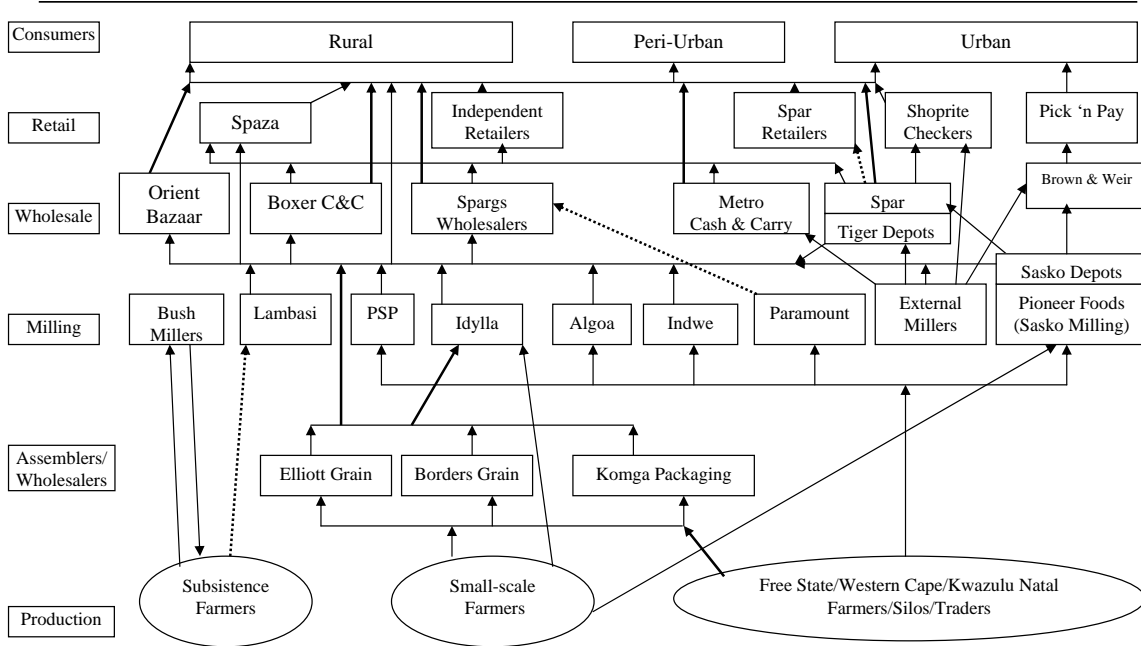
# Overview: Eastern Cape

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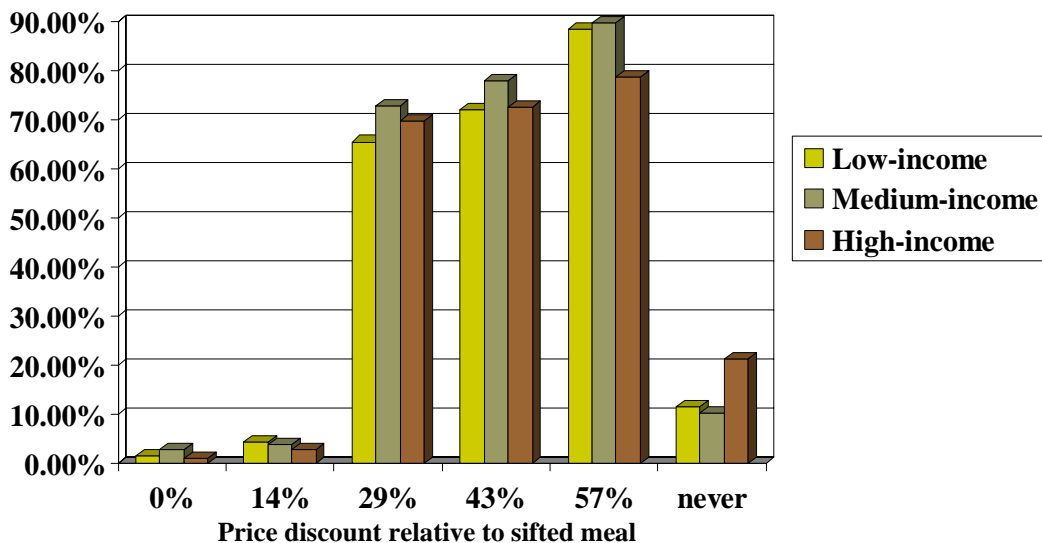
Source: Municipal Demarcation Board South Africa; [www.demarcation.org.za](http://www.demarcation.org.za) 2005

# Flow of Maize Grain & Meal within the Eastern Cape



## Key Findings: Consumers' Willingness-to-pay

Percentage of hh's Preferring Straight-run Meal at Given Discounted Prices

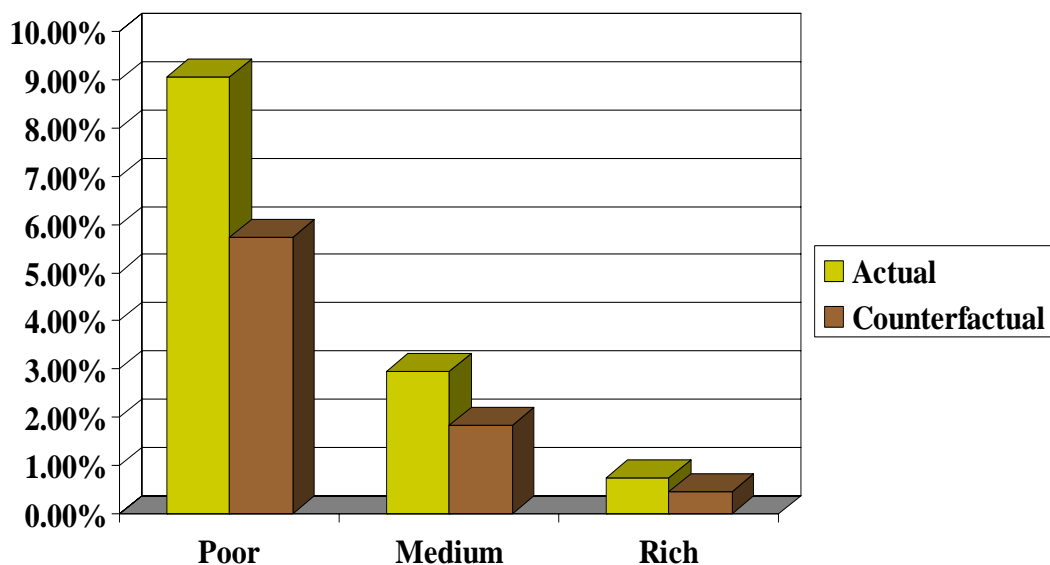


## Key Findings: Maize Grain Counterfactual Cost Build-up

<b>Actual and Counterfactual Prices for 12.5kg bag of Maize Grain and Maize Meal: August – October, 2004</b>					
		Maize Grain	Super-sifted Meal	Special Meal	Sifted Meal
Actual Price	Formal marketing system	11.08	36.71	30.54	24.30
	Informal millers	13.09	18.41	18.41	18.41
Counterfactual	Informal millers	13.02 – 14.46	21.31 – 22.89	20.88 – 22.46	21.41 – 22.99
	Price % Discount	-	37% - 42%	27% - 32%	6% - 12%

## Key Findings: Cost Savings to Consumers from Sourcing Maize from Informal Millers

**Percentage of Monthly Income Spent on Super-Sifted Meal: Aug – Oct 2004**





# Key Findings: Market Barriers

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## Main Reasons Stated by Small-millers for not Engaging in Production Milling

Customers bring their own grain	58.8%
Didn't think of it	43.2%
Consumers prefer commercial meal	35.3%
No access to credit	15.7%
Not profitable	13.7%



## Conclusion: Summary of Key Points

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- ❑ Evidence of consumer demand
- ❑ Cost-savings Available through Informal Markets
- ❑ Information Gap
- ❑ Dumping Practice



# Policy Implications

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- ❑ Close Information Gap
- Marketing education for existing roller-millers
- ❑ Dumping Practices
- ❑ Re-evaluate the impact of the Food Fortification Initiative



Thank You

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