

# Small-Scale Maize Trading in Zambia.

Study Findings

## Background

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

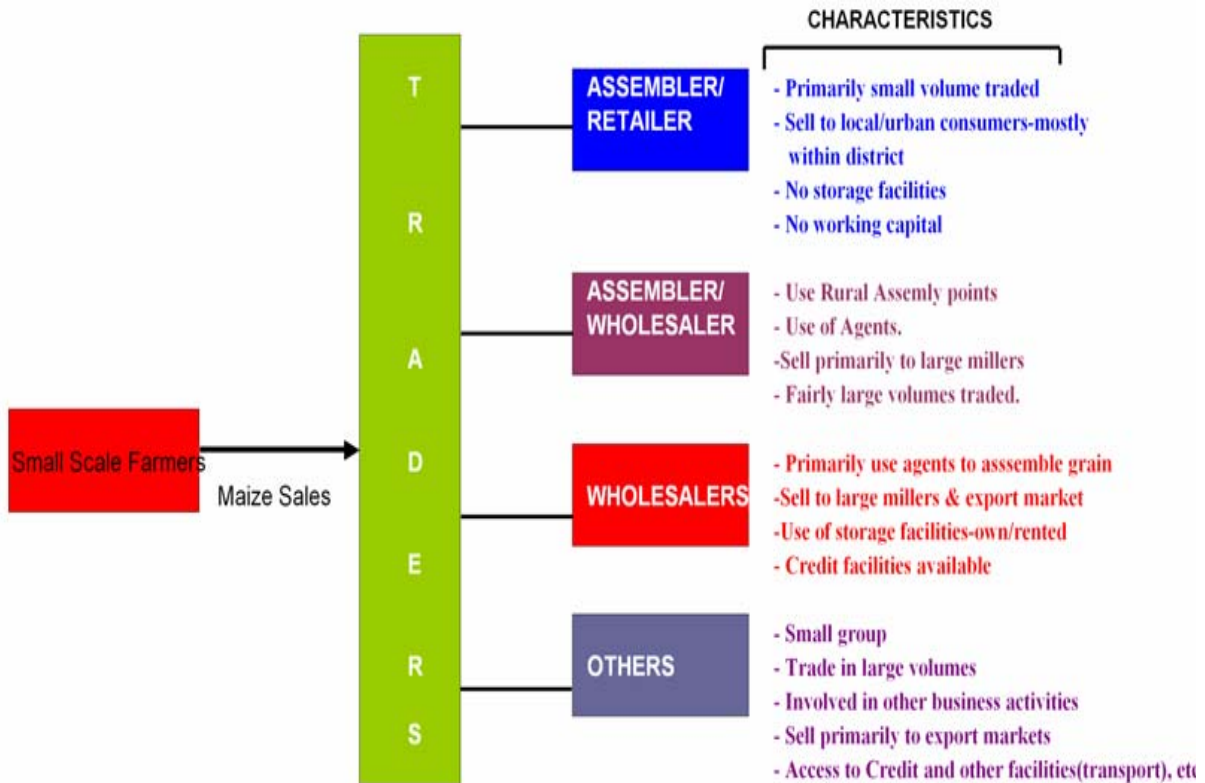
## Background (cont'd)

- Growing number of small scale traders over the years- source of employment.
- Link small scale farmers to overall maize value chain.

## 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.
- Also- 112 small millers selected from same districts/markets

# 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- significantly rural – to- rural (within rural areas).

	Assembler/ Retailers	Assembler/ Wholesalers	Wholesalers	Others	Total
<b>Bought and Sold in Same District</b>	Share of traders: 35%	Share of traders: 21%	Share of traders: 3%	Share of traders: 2%	Share of traders: 61%
	Share of Volume: 6%	Share of Volume: 35%	Share of Volume: 3%	Share of Volume: 0%	Share of Volume: 44%
<b>Sold in Lusaka, buying outside</b>	Share of traders: 1%	Share of traders: 17%	Share of traders: 1%	Share of traders: 0%	Share of traders: 19%
	Share of Volume: 0%	Share of Volume: 17%	Share of Volume: 5%	Share of Volume: 0%	Share of Volume: 22%
<b>Sold in Copper Belt, buying outside</b>	Share of traders: 2%	Share of traders: 3%	Share of traders: 0%	Share of traders: 0%	Share of traders: 5%
	Share of Volume: 3%	Share of Volume: 3%	Share of Volume: 0%	Share of Volume: 1%	Share of Volume: 7%
<b>Sold in DRC</b>	Share of traders: 0%	Share of traders: 1%	Share of traders: 1%	Share of traders: 0%	Share of traders: 2%
	Share of Volume: 0%	Share of Volume: 4%	Share of Volume: 0%	Share of Volume: 0%	Share of Volume: 4%
<b>Moving across districts</b>	Share of traders: 4%	Share of traders: 5%	Share of traders: 0%	Share of traders: 3%	Share of traders: 12%
	Share of Volume: 1%	Share of Volume: 15%	Share of Volume: 0%	Share of Volume: 7%	Share of Volume: 23%
<b>Total</b>	Share of traders: 42%	Share of traders: 46%	Share of traders: 5%	Share of traders: 6%	Share of traders: 100%
	Share of Volume: 10%	Share of Volume: 74%	Share of Volume: 8%	Share of Volume: 8%	Share of Volume: 100%

*Nearly all traders and volume combine various marketing functions*

## Returns to Investment- Examples

	Mkushi- Lusaka	Choma- Lusaka	Katete (EP)- Lusaka	Kabwe- Lusaka	Mkushi - DRC
A. Mean Purchase Price	105	60.6	72.4	117.4	160
B. Total Marketing Costs	110.5	42.8	133	36.4	13.2
C. Total Costs to Trader (A+B)	215.7	103.5	205.4	153.8	172.8
D. Mean Selling Price	137.8	148	140.4	147.8	259.6
E. Estimated Trader Profit (D-C)	(80.9)	44.6	(64.9)	(5.9)	86.8
F. Percentage Share of Selling Price for farmers (A/D)	78	41	52	79	62
G. Percentage Share of Marketing Costs (B/D)	82	29	95	25	5
H. Percentage Share of Selling price for traders (E/D)	-60	30	-46	4	33
I. Estimated Return on Trader Investment (%) (E/C)	-37	43	-31	-4	50.2

# Conclusions

- Very small scale – high unit costs
- Some losing money (related to export ban?)
- Intra-rural trade is important
- Opportunities for exports – consider impact of export ban on farmers

# Small & Large Milling Sector

Preliminary Findings

## Methodology/Sample Size

- 112 small millers interviewed in 28 districts- (small trader survey sites)
- Medium and Large scale millers interviewed from Lusaka, Copperbelt & Central province- total of 20 millers.
- Large millers- 40 mt/day processing rate.
- Medium scale- 10-39 mt/day.

## Performance- Small Millers

- 2 main products produced- Straight run mealie meal & Refined Mealie meal.
- 87% of grain milled- Straight-run mealie meal-main (Mugaiwa).
- Mainly- service milling (for consumers/traders)

## Large Milling Sector

- 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; by wholesalers; 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 prices into-mill.
- High cost of financing

## Policy Issues

- Strengthening/support of Credit Institutions
- Development of Risk management Institutions/programmes –e.g Warehouse receipt systems.
- Need to reduce transport costs
  - Infrastructural investments
  - Export bans increase transport costs
  - Reduce duties on vehicles, spare parts

## Policy Issues

- Ease on trade restrictions- e.g export bans
- Design flexible import mechanisms to ensure access to grain by poor consumers
  - e.g. sell in small lots to ensure access to imported maize by small traders/millers

Thank you

## Maize Marketing Channels

