

# ZAMBIA

## Food Security Update

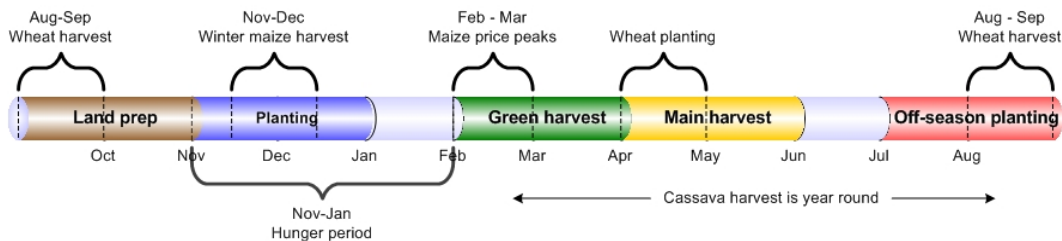
### July 2006

**ALERT STATUS:**  
**NO ALERT**  
 WATCH  
 WARNING  
 EMERGENCY

### Summary and implications

Although rural household food access has improved following the good harvest, the Vulnerability Assessment Committee (VAC) found that dietary diversity remains inadequate among many of the assessed households. Because this lack of diversity occurs just after a good harvest, when seasonal fruits, vegetable and legumes are widely available, an in depth food consumption study is needed to identify the causes, implications and extent of this problem. Retail maize grain prices have dropped to about 70 percent of the historic average for this time, and meal prices have started falling in response to lower maize prices. While farmers are selling maize to private traders at very low prices, the Food Reserve Agency (FRA) is offering a more competitive price. The Government of Zambia has so far released 40 percent of the budgeted funds for the maize purchase operation, and needs to release the remaining funds soon in order to implement the exercise effectively for the remaining purchase period. The export ban has been partially lifted: the FRA will be able to export up to 100,000 MT of maize, but private traders are still not allowed to export.

### Seasonal calendar



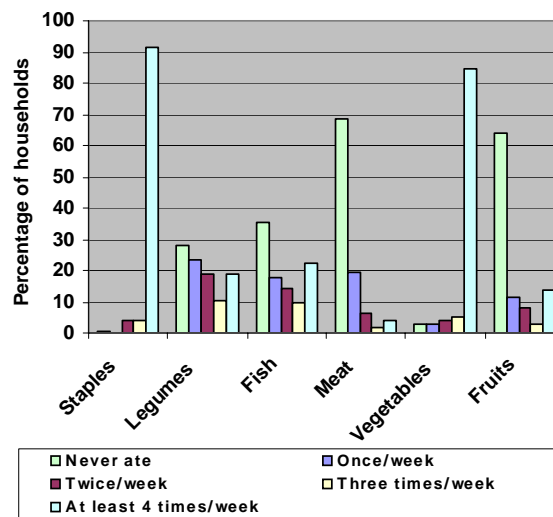
### Current hazard summary

- Demand for maize remains weak, and the lack of a competitive maize market for small scale farmers will increase the risks to their food security later in the season. Small scale farmers are selling their maize at very low prices. The export ban has been partially lifted, which should support higher prices. However, the private sector is still prohibited from exporting.

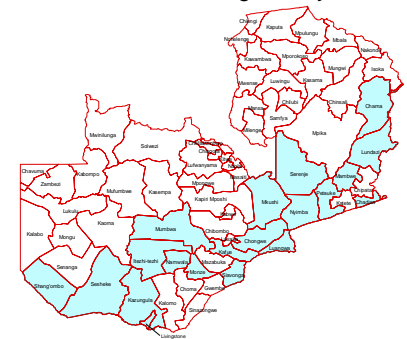
### Inadequate food diversity concerns VAC

The good harvest from the 2005/06 production season has generally increased the supply of food and improved food access for both urban and rural households. However, the findings from the recent VAC rapid assessment established that in the twenty assessed districts, most households were only consuming staples and vegetables, but none of the of the other foods like fruits and legumes, despite the fact that these foods are available now. There was a high percentage of households consuming staples (92%) and vegetables (85%) at least 4 times a week, but the

**Figure 1:** Consumption frequency of various foods, May/June 2006



Districts visited during survey



Source: VAC



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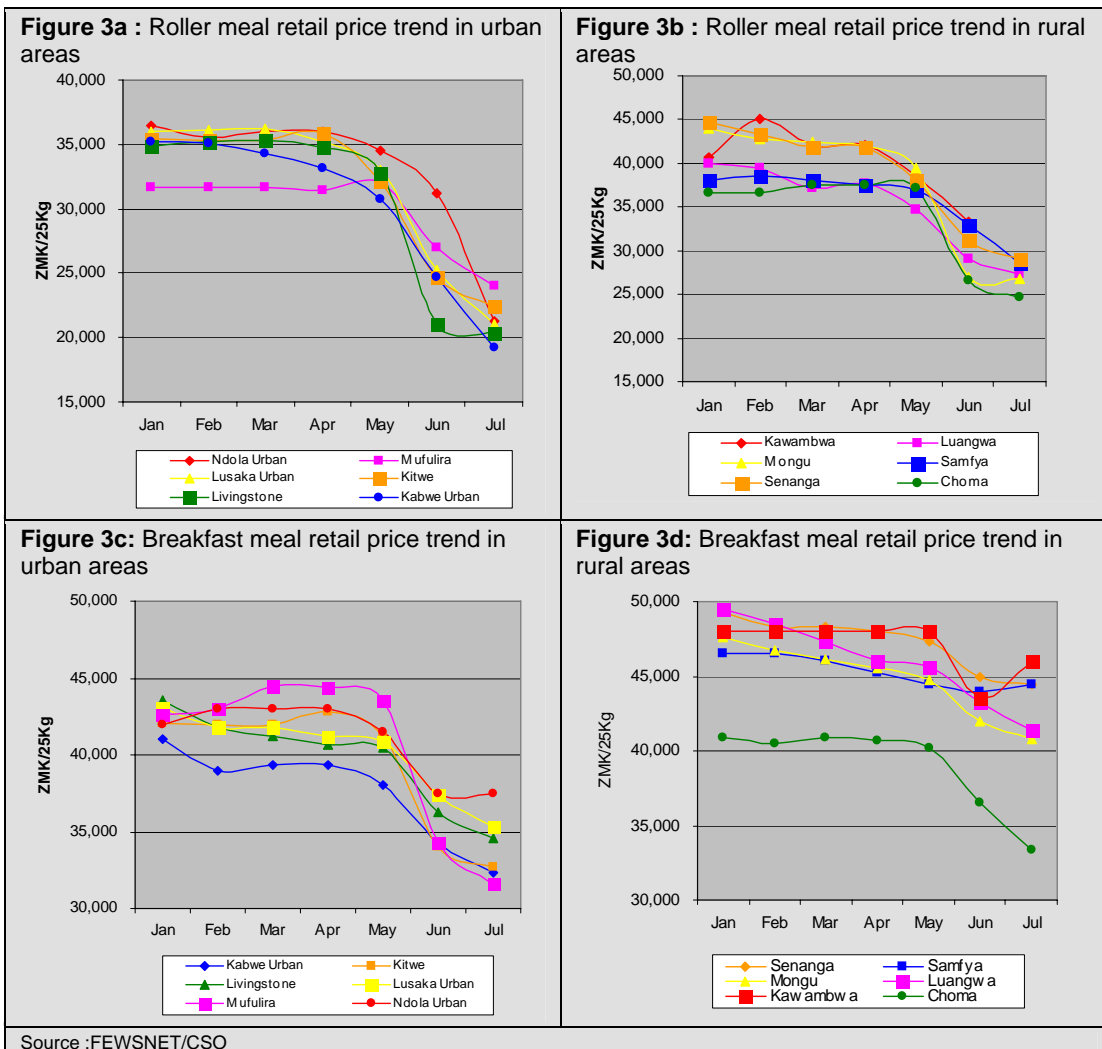
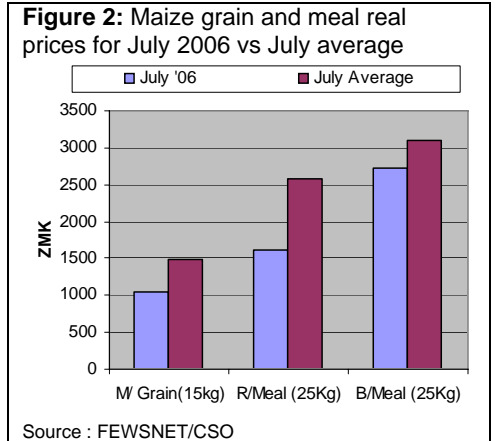
consumption frequency of other foods was low (see Figure 1), indicating inadequate dietary diversity. Because supplies of non-staple foods are adequate and prices are relatively low following the harvest, the reasons for this lack of dietary diversity are less clear and merit further investigation. Child malnutrition, however, could partially be attributed to poor nutritional awareness and food utilization.

**Low maize meal prices favor household access**

The price of maize meal has been falling since May, and similar price trends have been observed in urban centers and in rural areas (both high and low maize producing areas). Compared to the five year average for the month of July, maize grain and meal prices are much lower this year (see Figure 2).

The drop since May has been steeper for roller meal than breakfast meal, as is expected at this time of the year, because the demand for breakfast meal is more inelastic. From harvest to around August, demand for roller meal remains relatively low as most low income consumers (principal consumers of roller meal) tend to buy maize grain and take to hammer mills rather than purchase the industrially processed meal.

According to the Millers' Association data from mid July, the wholesale price of breakfast meal on urban markets in the Copperbelt was averaging about 30,500/25kg, while roller meal was around K20,800/25kg. Retail prices (CSO Prices) for the same period on the other hand were around K33,931/25kg and K22,532/kg for breakfast and roller meal, respectively, implying moderate mark ups by maize meal traders of about 8 and 11 percent.



## Food Reserve Agency maize purchase program

The Government of Zambia has released K20 billion out of the planned 50 billion towards the FRA purchase program, which now intends to purchase 200,000 MT of maize from small-scale farmers. The FRA had initially planned to purchase 80,000 MT of maize, along with 2,400 MT of cassava, 1,200 MT of rice, 1,200 MT of soybeans and 1,200 MT of groundnuts during the 2006/07 marketing season. Although the program formally commenced on June 1, it was hampered by inadequate funding, and by mid July, the Agency had only managed to purchase about 10,000 MT of maize, using its own financial resources. With the large maize supply on the market following the good harvest and the attractive buying price offered by the FRA (K760/Kg or US\$211/MT), the response from small scale farmers has been overwhelming. Much more maize could have been purchased if resources were available. With the limited funding, the FRA had restricted their purchases to only a few buying centers in each of the fifty eight targeted districts. As it obtained additional government funding, the FRA has opened up more buying depots (satellite depots) for each district. By the first week of August, the FRA had purchased 70,000 MT of maize following the government's release of funds. The Agency has increased its purchase target to 200,000 MT from the initial 80,000 MT. The wider scope of FRA purchases should help provide small scale farmers with a competitive market and better prices. However, this market will be limited should the government not release the additional funds for the exercise soon. With the attractive price the Agency is offering and the over whelming response from the small scale farmers, the 200,000 MT target can be achieved, resources permitting. So far the Agency has only purchased maize and not the other intended commodities, due to limited funding.

Meanwhile, the price at which consumers were buying maize at public markets (retail prices) was more stable in July, after falling in June, with only a few areas still reporting declining prices. The relative stability could be attributed to the anticipation of increased purchases by the FRA, following the government's release of funds. Thus some small farmers are holding on to their maize until it can be sold to the FRA, reducing the volume of their sales to traders. However, many small scale farmers continue to sell maize to private traders at very low prices, which will jeopardize their food security later in the year, when they have to purchase maize at much higher prices.

The government has partially lifted the ban on maize exports, announcing recently that it would allow exports of up to 100,000 MT of maize during the current marketing season. However, only the FRA will be allowed to export, and their ability to do so may be limited by the funding available to purchase maize. Therefore, the export ban, in place since March 2005, remains in effect for the private sector, and lifting the ban will not immediately affect prices offered to farmers by private traders. The Agency will start exporting as soon as export arrangements have been made. Part of the proceeds from the export earnings are intended to be used for additional local maize purchases and loan servicing. It remains to be seen if this export arrangement will have a significant impact on the local maize market. If the funding comes through and the FRA is able to purchase maize for domestic and export purposes, the incomes of small scale farmers will benefit. However, once the rains begin in about two months, the quality of their maize will decline, as small-scale farmers have limited dry storage facilities available, and the FRA will not purchase maize that has been exposed to rain.