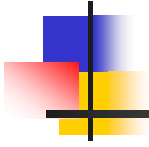


# Toward Improved Maize Marketing and Trade Policies to Promote Food Security in Southern Africa



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## Partners

- FANRPAN
- Michigan State University
- Ministries of Agriculture:
  - Malawi
  - Mozambique
  - Zambia
- National Maize Marketing Council,  
Government of South Africa / Univ. Pretoria
- Rockefeller Foundation, USAID, DFID, WB



## Main highlights of presentation:

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- The region is increasingly turning deficit
- Maize prices are hitting import parity with greater frequency
- Smallholder farmers have an opportunity to respond to the rising demand
- But they are not
- Food aid and imports becoming more frequent
- Steps that governments can take to help the small farmer



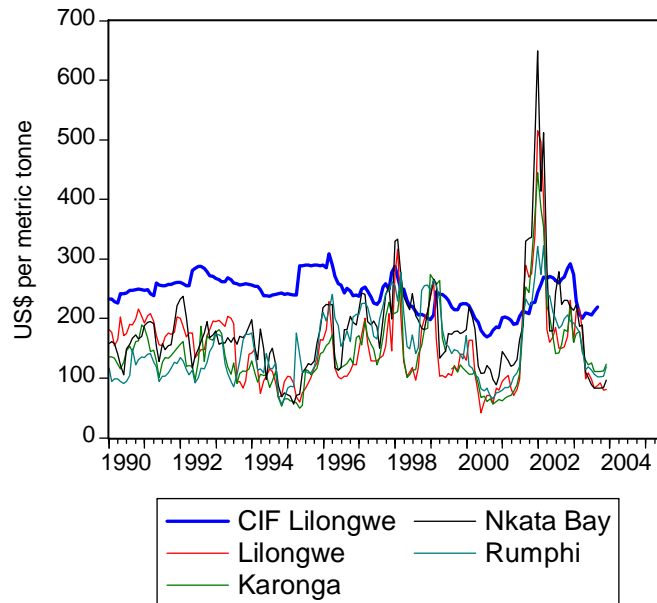
## Rapid Changes in the Region

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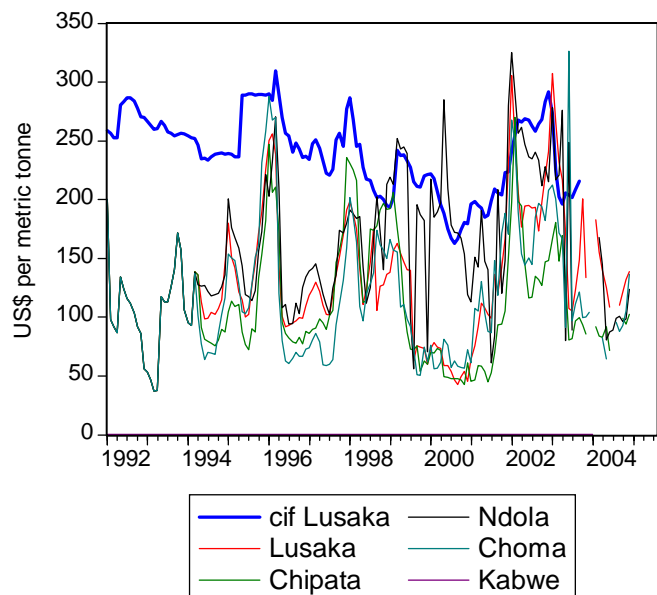
- Regional food balance altered by:
  - Zimbabwe's transition from exporter to importer
  - Maize yield growth is stagnant
  - Landholding sizes are gradually declining over time
  - South African grain prices trending lower
- Prices in Zim, Zam, Malawi, Moz more likely to hit import parity



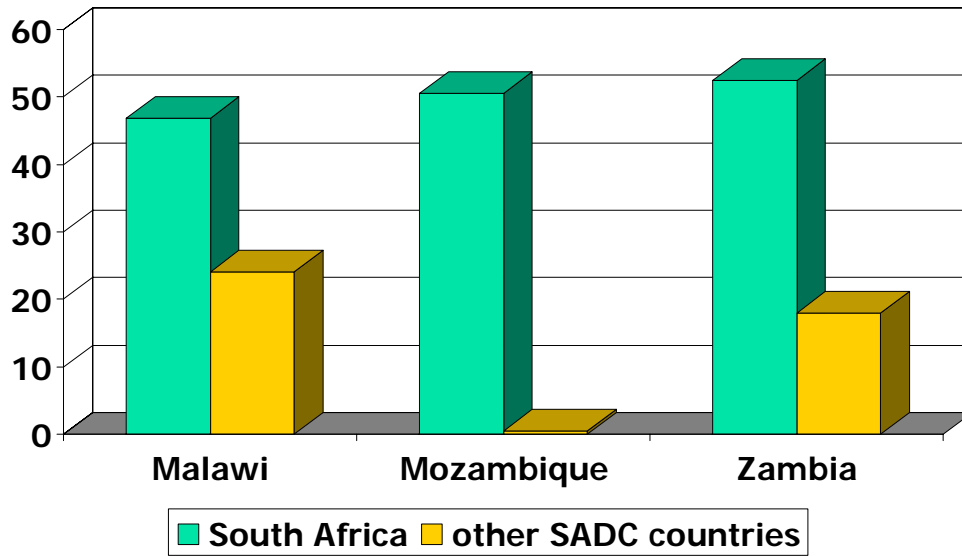
## Domestic Prices Reaching Import Parity More Frequently: Malawi



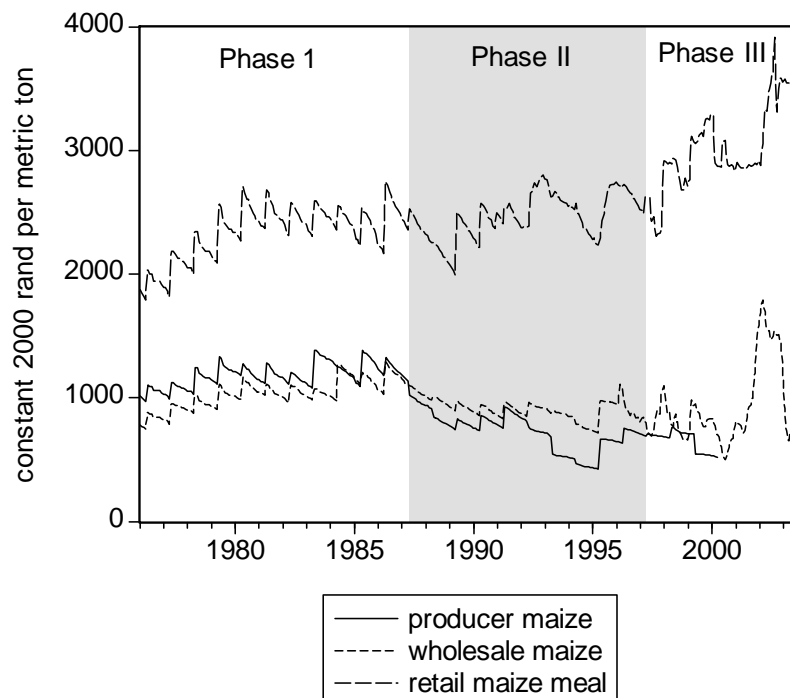
## Domestic Prices Reaching Import Parity More Frequently: Zambia



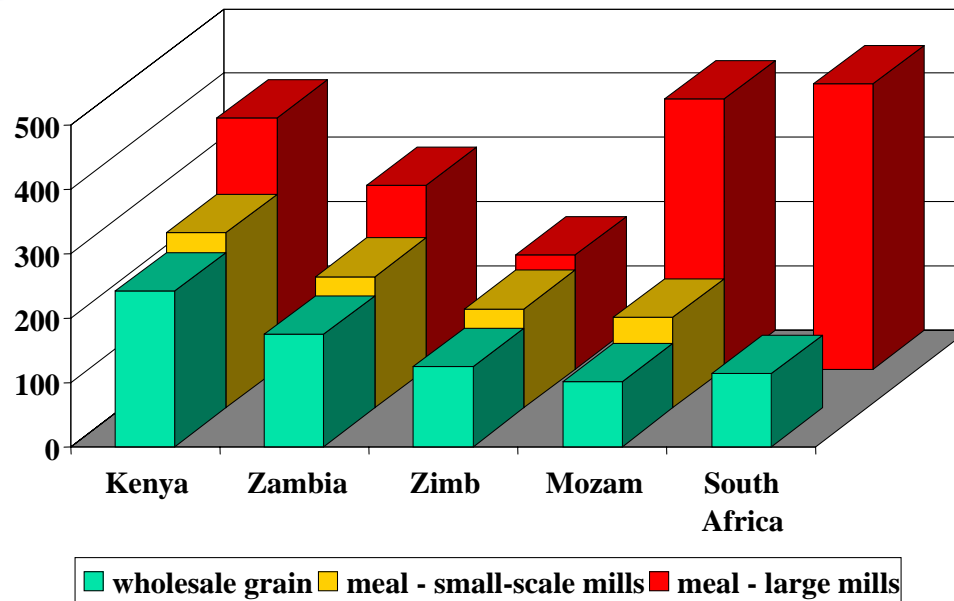
## % of maize imports from South Africa, 1995-2000



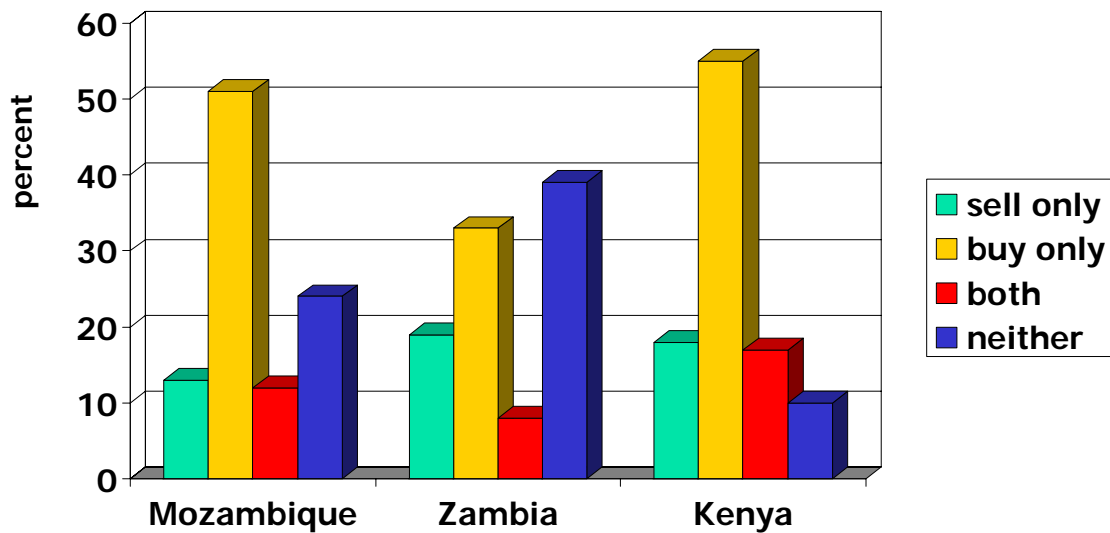
## Maize and Maize Meal Prices in South Africa



## Maize grain and maize meal prices, 1996-2001, informal vs. formal channels



## Smallholder Households' Position in the Maize Market



## Characteristics of smallholder farmers, Zambia 1999/00

	N=	Farm size (ha)	Asset values (US\$)	Gr. Rev., maize sales (US\$)	Gr. Rev., crop sales (US\$)	Total hh income (US\$)
Top 50% of maize sales	23,680	6.0	1,558	690	823	2,282
Rest of maize sellers	234,988	3.9	541	74	135	514
Households not selling maize	762,566	2.7	373	0	36	291

## Role of maize in small farm incomes is declining (share of gross sales revenue)


		Other grains/ beans/ oilseeds	Non-food cash crops	Fruits - veges	Animal products
Kenya	13.3	7.9	34.0	14.7	26.7
Malawi	2.3	4.8	88.9	na	na
Mozam	13.8	9.3	16.9	30.4	23.4
Zambia	28.2	7.7	16.7	27.5	14.7



## Conclusions:

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- Increasing maize deficits in SADC region
- These deficits are increasingly being filled by maize imports from South Africa
- Smallholders in SADC want to find markets for their maize, but.....
  - increasingly left out
  - WHY?



## Smallholders are not being given enough incentives

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- Insufficient investment in transport sector, road/rail/port development/storage facilities
- Government policy is inhibiting the development of an efficient trading system to serve small farmers
- Productivity/yield enhancement is stalled by declining donor support for crop science/technology
- Food aid and US/EU ag. subsidies



## Trading system to serve smallholders is hobbled by:

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- Uncertainty policy environment
  - Export bans
  - Waiving import tariff rates
  - Internal levies on ag. commodities
  - Government decisions on when and how much to import



## Greater share of government budget needed for

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- Yield raising crop science
  - Seed research
  - Extension systems
  - Fertilizer recommendation domains
- Transport sector capacity
- Rural/rail/port investments
- Storage facilities



## How to Achieve Maize Productivity Growth (cont.)



- Reassess allowing developed countries to dump free food in Africa under title of “food for development”
- Food aid will not:
  - build local capacity
  - build agricultural seed research systems
  - build sustainable input delivery systems
  - allow Africa to get a better deal in WTO

## How to Achieve Maize Productivity Growth (cont.)



- Lobby forcefully for more level playing field in international trade
  - OECD support for African ag: \$50 bill./yr
  - OECD ag. subsidies: \$350 bill./yr



# Getting Markets Right: What does this mean?

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- Not getting government out of markets
- Changing the *role* of government from direct intervention to supportive investments to make markets work
  - Transportation infrastructure
  - Streamline regulations to reduce traders' costs
  - Support development of farmer-managed organizations (for group credit, input acquisition, output marketing)
  - Create "stable" policy environment: uncertainty over waiving import tariffs and imposing export bans

