

# **FOOD SECURITY RESEARCH PROJECT – ZAMBIA**

## **First Quarter Report, 2010**

(January 2010 to March 2010)

**A Collaborative Research, Capacity Building, and Policy Outreach Project**

*between*

**The Ministry of Agriculture and Cooperatives (MACO)**

**The Agricultural Consultative Forum (ACF)**

**The Central Statistical Office (CSO) / Ministry of Finance**

**Michigan State University's Department of Agricultural Economics (MSU)**

**United States Agency for International Development/Zambia (USAID)**

**Swedish International Development Agency (SIDA)**

***In Pictures: “Insights on natural resource management and rural development  
in Zambia: Moving from research evidence to action.”***



**Food Security Research Project Web Site**

**<http://www.aec.msu.edu/fs2/zambia/index.htm>**

## Acronyms

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ACF	Agricultural Consultative Forum
ACU	Acceleration of Cassava Utilization
AFS	Agriculture and Food Security
AIDS	Acquired Immunity Deficiency Syndrome
AIM	Agricultural Input Marketing
AMIC	Agriculture Marketing Information Centre
CAADP	Comprehensive African Agriculture Development Programme
CFU	Conservation Farming Unit
CFS	Crop Forecasting Survey
COMESA	Common Market Eastern and Southern Africa
CSO	Central Statistics Office
ECAPAPA	Eastern and Central Africa Programme for Agricultural Policy Analysis
FANRPAN	Food Agriculture and Natural Resources Policy Analysis Network
FAO	Food and Agriculture Organization of the United Nations
FISP	Farmer Inputs Support Programme
FoDiS	Food Crop Diversification Support Project
FRA	Food Reserve Agency
FSRP	Food Security Research Project
GART	Golden Valley Agricultural Research Trust
GMA	Game Management Areas
GTAZ	Grain Traders Association of Zambia
HIV	Human Immunity Virus
INESOR	Institute for Social and Economic Research
ITC	International Trade Centre
M&E	Monitoring and Evaluation
MACO	Ministry of Agricultural and Cooperatives
MATEP	Market Access, Trade and Enabling Policies
MCTI	Ministry of Commerce, Trade, and Industry
MoFND	Ministry of Finance and National Development
MSU	Michigan State University
NAIS	National Agriculture Information Service
NGO	Non Governmental Organization
PAM	Programme Against malnutrition

PFP	Purchase for Progress
PIU	Programme Implementation Unit
PS	Permanent Secretary
PSD	Private Sector Development Group
SAKSS	Strategic Analysis and Knowledge Support System
SIDA	Swedish International Development Agency
TDY	Temporary Duty assignment
UNDP	United Nation Development Programme
UNZA	University of Zambia
VAT	Value Added Tax
WFP	World Food Programme
ZARI	Zambia Agricultural Research Institute
ZBF	Zambia Business Forum
ZNFU	Zambia National Farmers Union

## 1. Brief Overview and Facts

### Cooperating Institutions

Ministry of Agriculture and Cooperatives (MACO), Economics and Market Development Department: Policy and Planning Branch and Marketing Development Branch  
Ministry of Finance and National Development (MFND)  
Ministry of Commerce, Trade, and Industry (MCTI)  
Agricultural Consultative Forum (ACF)  
Central Statistical Office (CSO), Agriculture and Environment Division  
Golden Valley Agricultural Research Trust (GART)  
University of Zambia (UNZA), Institute for Social and Economic Research (INESOR)  
Food Reserve Agency (FRA)  
Agency for International Development, Zambia Mission (USAID/Zambia)  
Agency for International Development, Bureau for Economic Growth, Agriculture and Trade, Office of Agriculture and Food Security (EGAT/AFS)  
Department of Agricultural Economics, Michigan State University (MSU)

## 2. Objectives

FSRP's mandate is to contribute to effective policy dialogue, capacity building, and ultimately an improved agricultural policy environment in Zambia, through collaboration with government and the private sector. FSRP aims to achieve these objectives through in-service capacity building, applied analysis, and policy outreach. A hallmark of the MSU/FSRP approach is the "joint products" approach, whereby training, applied research and outreach are undertaken collaboratively with in-country stakeholders and government counterparts. The "joint products" approach is designed to achieve these broad results:

*Capacity building* for local Zambian counterparts, including training in the design, implementation, and analysis of household-level and market-level data collection for policy analysis and priority-setting purposes. This is accomplished mainly through in-service training of public and private sector collaborators, but also through training courses and seminars targeted to specific government organizations where improved analytical capacity is most needed

*Applied research* to provide baseline information on smallholder production patterns and crop mix, input use, marketing behavior, measures of farm productivity, farm and non-farm incomes, food purchases and consumption, and other basic household-level information necessary to monitor the impacts of changes in the agricultural policy environment on selected socio-economic and regional groups in Zambia

*Outreach activities* to liaise with ACF, MACO, and other public and private policy making groups in Zambia on strategies for promoting smallholder agricultural productivity and income growth, and household food security in support of improved agricultural policy making in Zambia.

To carry out its research mandate, the FSRP in Zambia aims to: (a) strengthen the capacity of MACO, ACF, and other local institutions and government agencies responsible for food security in Zambia to carry out applied research and policy analysis on food security; (b) strengthen the capacity of MACO, Ministry of Finance and National Development, and Ministry of Commerce, Trade, and Industry to help coordinate research on national food security issues; (c) strengthen the Central Statistical Office (CSO) to carry out surveys, manage

and process data, and perform basic analyses useful to policy makers; and (d) strengthen MACO's management and implementation of agricultural marketing information services.

### **3. Implementation Approach of the Food Security Research Project**

The FSRP's main base is its field office in Lusaka. Field office research fellows and research specialists collaborate intensively with MSU campus-based staff on analysis and outreach efforts. This is complemented by frequent TDY visits of campus faculty to Zambia to work with the Lusaka-based team and officials from local collaborating organizations.

The FSRP's substantive research and outreach activities are guided by the FSRP's semi-annual Advisory Board consultations. From these Board meetings, an agenda for research, technical support, and outreach activities is identified and approved. Members of the Advisory Board include MACO, ACF, INESOR/UNZA, CSO, USAID, and FSRP.

### **4. Status of FSRP Activities in the First Quarter 2010**

#### **I. Public Investment Allocation for Promoting Agricultural Growth**

- FSRP, in carrying out its research and capacity building mandate, supported the MACO and CSO to carry out the field pre-test of Crop Forecast Survey questionnaires during the month of January (January 11-January 13). The Purpose of carrying out a pre-test was to determine the effectiveness of the draft Crop Forecast Survey (CFS) questionnaire before it can be used in the full-scale survey. In addition, the 2009/2010 questionnaire has also been revised to include new questions on cost of production, and market access variables. The questions are contained in three new sections; *Labor Costs for the Largest Maize Field*, *Maize Sales to FRA between May 2009 and Present*, and *Distance and Market Access*. The CFS pre-testing exercise was meant to help determine the following:
  - whether the questions as worded would achieve the desired results
  - whether the questions had been placed in the best order (sequence)
  - whether the questions were understood by all classes of respondents
  - whether the instructions to interviewers were adequate
- A checklist was developed to guide field teams. In addition, FSRP supported a one-day final questionnaire review workshop on Thursday, January 14, 2010 followed by providing technical support during the CFS master trainers training workshop held between 18<sup>th</sup> -27<sup>th</sup> January 2010.
- ACF/FSRP continued interacting with stakeholders in MACO, COMESA, Donors and State House to keep the momentum in the development of the CAADP process.
- Haggblade and Crawford continued to work on the research on the returns to cassava and sweet potatoes research: However, during the rainy season, the team suspended field work. This activity will resume at the end of Q2 and the analysis and write-up of results are expected to be completed during Q3 of 2010.
- Jayne, Chapoto and Fandamu continued data collection exercise for work on measuring the impact of rural roads investment on smallholder livelihoods in Zambia and a draft report is expected towards the end of Q2 2010.
- Nijhoff, Tembo and Chapoto started work on the impact of service delivery activities on smallholder farmers, a collaborative effort with PROFIT. Steve Longabaugh from MSU is helping with the GIS mapping work. The team has agreed on the methodology and currently working on the analysis. Draft report will be available for comments in the Q2 2010.

#### **II. Productive Assets: Options for Sustainably Increasing Productivity and Incomes**

### *1. Land access, agricultural growth and poverty dynamics in Zambia*

- As part of continuing to inform issues of smallholder access to land, FSRP staff, with assistance from MSU campus-based collaborators, completed from multiple sources an extensive collection of GIS shape files on land use in Zambia to help in a visual (graphical) review of land use patterns in Zambia. This is work in progress and additional information to ground test, and collect more information on the various land uses identified in the GIS shape files is being sought from MACO GIS specialists, and from FAO, among other organizations. Preliminary GIS overlay maps are being constructed and circulated for further feedback.
- Kabaghe and other FSRP researchers, presented the FSRP report submission to the Parliamentary Committee on Agriculture and Lands Study on “The status of customary land and how it affects the rights of indigenous local communities”, on Monday, February 22, 2010. Potential strengths, weaknesses, and key issues regarding three alternative approaches to land development in Zambia were presented. The submission was well received and reported by the media.

### *2. Alternative strategies for maintaining soil productivity*

- Impact of conservation farming on smallholder cotton farmers: This study examines the potential impact of conservation farming on resource-poor smallholder cotton farmers in Zambia. Based on detailed feedback from the Conservation Farming Unit (CFU), the team has conducted added analysis of herbicide use alternatives. Haggblade has since completed a draft report in the Q1 which is awaiting comments from CFU, GART and FSRP colleagues before finalizing the report. Final report is expected by the end of Q2.

### *3. Labor supply, HIV/AIDS and agriculture*

- Chapoto and a Zambian Student from Makerere University, Uganda started working on a study to examine the longer-run impacts of HIV/AIDS on smallholder agriculture and rural livelihoods. This study is being done as part of the student’s masters thesis and Chapoto as the local supervisor. Chapoto and the student will publish a working paper and policy synthesis from this work. Outreach activities from this work will include presentations at ACF/ FSRP organized workshop on AIDS, and Rural Livelihood.
- Chapoto presented a paper entitled “[Widows Land Security in the Era of HIV/AIDS: Panel Survey Evidence from Zambia](#)” at PEGnet/FSRP sponsored workshop on “HIV/AIDS and Development in Zambia. Taking Stock and Rethinking Policies” on 4<sup>th</sup> February 2010, at Pamodzi Hotel in Lusaka. The presentation can be downloaded at: [http://www.aec.msu.edu/fs2/zambia/Widows\\_paper\\_AIDS-workshop.pdf](http://www.aec.msu.edu/fs2/zambia/Widows_paper_AIDS-workshop.pdf)
- Tembo and Chapoto continue to work on the study on the impacts of food aid on AIDS afflicted households in collaboration with UNZA Department of Agricultural Economics. Preliminary results from this study were featured at the PEGnet/FSRP HIV/AIDS workshop on 4<sup>th</sup> February 2010, Pamodzi Hotel, Lusaka Zambia. The presentation can be downloaded at: [http://www.aec.msu.edu/fs2/zambia/Food\\_aid\\_and\\_HIV-AIDS\\_04Feb10.pdf](http://www.aec.msu.edu/fs2/zambia/Food_aid_and_HIV-AIDS_04Feb10.pdf)

### *4. Natural Resource Management*

- The proceedings from the outreach forum held on December 3, 2009 (“Insights on natural resource management and rural development in Zambia: Moving from research evidence to

action”) have been published as a research report and a policy synthesis, and these documents have been posted on the website at <http://www.aec.msu.edu/fs2/zambia/wp44.pdf> and <http://www.aec.msu.edu/fs2/zambia/ps37.pdf> respectively

- Richardson and Tschirley continued revisions to a manuscript on the impact of game management areas on rural welfare for publication in a journal.
- Richardson continued an examination of the determinants of household income from fuel wood and non-timber forest products, and an analysis of urban household energy use. Outreach activities related to this topic are planned for Q3 2010.

### III. Marketing and Trade: Policies Affecting Input and Output Markets

#### 1. Maize Value Chain

- ACF/FSRP continued facilitating the discussion of the Private Public Partnership (PPP) in the agricultural sectors, particularly maize and fertilizer. Within this vein, ACF/FSRP organized a workshop on “PPP in grain marketing in Zambia” on 6<sup>th</sup> March 2010 in Chisamba bringing together both Government and private sector stakeholders to find a way forward to issues that have been rocking grain marketing every year. The workshop was well attended and a number of bold resolutions were made which are attached in the annex.
- As part of the maize value chain study, Dingi Banda from MACO under the guidance of Prof. Thom Jayne continued working on **“Distributional effects of maize price levels on smallholder welfare”** for his M.S thesis, though a working paper will be produced as well. Some results from this analysis will be presented to MACO and other stakeholders as part of an outreach effort to get some feedback. Banda is expected to defend his thesis end of Q2.
- Mason, Jayne and Chapoto continued to work on the study on measuring the impacts of FRA operations on private sector maize prices in Zambia. Data collection from FRA and other sources is progressing well. Mason is expected to visit Zambia to interact with key stakeholders from FRA, MACO, ZNFU and private sector in Q3.
- The ACF/FSRP management met collaborators from MACO, CSO, Ministry of Lands, and Trade and Commerce to discuss FSRP and ACF 2010 workplans. High on the agenda were issues regarding maize marketing and fertilizer subsidies.
- Chapoto and Jayne presented findings of the study on ‘The Impacts of Trade Barriers and Market Interventions on Maize Price Predictability: Evidence from Eastern and Southern Africa’ at the Agriculture Commodity Trade in East and Southern Africa (ACTESA) policy seminar “Food Price variability: Causes, Consequences, and policy options held on Maputo, 25<sup>th</sup> – 26<sup>th</sup> January, 2010, in Maputo, Mozambique. Findings from this study have attracted media attention as reported in the *Zambian Post* on January 27, 2010: [http://www.postzambia.com/post-read\\_article.php?articleId=5013](http://www.postzambia.com/post-read_article.php?articleId=5013).
- FSRP continued working on the regional maize value study. This study is being done in conjunction with GISAMA project. On May 10<sup>th</sup> 2010, GISAMA/COMESA in collaboration with FSRP will hold a one day conference on “What is Needed to Make Grain Markets Work for Smallholder Farmers and Consumers in Eastern and Southern Africa?”
- Burke and Thom continued descriptive and basic econometric work regarding the role of informal trade as it relates to the formal market and how that changes under an export ban.

#### 2. Cassava Value Chain

- Continued revisions to “Changes in Small and Medium-Scale Household Cassava Production and Marketing Patterns Between CSO/MACO/FSRP National-Level Supplemental Survey Periods 2004 and 2008”. Final report is expected in the Q2, 2010.

- FSRP continued efforts of market monitoring prices, volumes, and sources of cassava in Lusaka and the Copperbelt, which are the biggest markets of cassava in Zambia. This has provided vital information on the trends in prices and volumes.
- Siwila attended a workshop on the costing of the implementation of the ‘Cassava sector strategy’. The plan aims to (a) improve information flow and knowledge management for enhanced decision-making in the cassava sector; (b) improve access to finance for the cassava sub-sector, (c) build capacity to improve sector performance and sustainability; (d) establish a platform for private/ public dialogue; (e) to improve linkages among sub sector players to enhance marketing of cassava products and (f) to strengthen research and development and extension linkages.
- Work on the Economic analysis of cassava production and processing will begin sometime in the Q2 2010

### 3. *Horticulture Value Chains*

- *Wholesale market monitoring:*
  - Continued the collection and processing of vegetable volume flows and pricing data as well as finalization of a brochure on quality standards.
  - Modified the instrument for collecting prices paid by brokers to first sellers and what the first sellers pay the brokers as commission. This is to aid analysis in the actual commission that brokers get from first sellers, as it is alleged that the price brokers declare to the first sellers is more than the transacted price, resulting in a “hidden” commission earned by the broker. Current analysis shows that the actual commission brokers get ranges from 14-15% for tomato and Chinese cabbage to 17-18% for sweet potato leaves, rape, and okra; 21% for traditional egg plants (impwa), and 23% for pumpkin leaves, much more than the usually professed 10%.
  - Hichaambwa and Tschirley began preliminary analysis of factors determining broker behaviour in Soweto market as well as first seller (farmers) perception of the role these brokers play in the fresh produce wholesale trade. Data collection is on-going and regular analyses are being conducted in order to keep track of insights into this important aspect of the fresh produce trade.
  - Hichaambwa and Malambo interacted with a number of Soweto Market stakeholders on the future of the fresh produce wholesaling, given that the significant investments in Soweto under the Urban Markets Development Program largely ignored these areas. Indications are that the fresh produce wholesale market is squatting on private land and may be evicted sooner rather than later. The city council officials at the market spoke of re-locating the market to another place but no concrete arrangements have been made. This could also provide an opportunity for PPP investment in a proper fresh produce wholesale market in Lusaka. Our understanding is that ZNFU is developing a proposal for this type of investment and has been interacting with the FSRP Director in this regard.
- *Horticultural price dynamics and trade flows:* Final revisions are being made to the working paper entitled “The Structure and Behavior of Vegetable Markets Serving Lusaka”. This study will be finalized and put up on the web Q2 2010.

### 4. *Cotton Value Chain*

- Kabwe met and discussed with the Principal advisor to Competitive Africa Cotton Initiative (COMPACI) various issues in which COMPACI and FSRP can work together to ensure development in the cotton sector, especially on how productivity for smallholder cotton farmers can be improved. . A follow up teleconference with Dave and COMPACI was done to discuss the details of the forthcoming baseline survey which COMPACI will be undertaking.



- Kabwe continued interacting with the Cotton Board and other sector stakeholders on various issues as well as working on developing the cotton farmers' data base and the sector's strategic plan. He continued working on a briefing paper on "Key challenges the cotton sector is facing", as an input to an international consultant developing an operational strategy for the Cotton Board.
- Kabwe continued doing background work on "Empirical analysis of the factors affecting cotton productivity in Zambia" for his MS thesis work. This work will also be published as an FSRP Working Paper. He successfully presented and defended the proposal for MS research at the University of Zambia on 26<sup>th</sup> February 2010
- Tschirley and Kabwe finalized the regulatory report, submitted the report to the World Bank, and are having it formatted and placed on the FSRP web site. Kabwe will use this report as the basis for a presentation at the 10<sup>th</sup> Plenary of the Southern and Eastern African Cotton Forum, held during March in Lusaka.
- Joey Goeb defended his thesis entitled "Impact of Government Maize Supports on Smallholder Cotton Production in Zambia". He will make revisions and the thesis will be posted to the FSRP web site. Goeb is now resident in Zambia as part of his Peace Corp M.S. program, and FSRP is facilitating his research activities related to conservation farming whilst on this program.

## 5. *Fertilizer Value Chain*

- Weber and Kuteya continued work on smallholder farmer categorization. This work is based on cropping activities covering the 2000/2001, 2003/2004 and 2007/2008 marketing seasons as captured in the first, second and third Supplemental Surveys respectively. Their analyses now include additional variables related to fertilizer use, for example:
  - a. Number of households using fertilizer on maize
  - b. Yield on maize with fertilizer kg/ha
  - c. Yield on maize without fertilizer kg/ha
  - d. Percentage of households that use fertilizer on maize
  - e. Percentage of households that get FSP fertilizer
  - f. Percentage share of all FSP fertilizer.

Narratives based on the categorization tables will be produced after the preliminary results have been shared with stakeholders at a meeting to be organized in April/May 2010.

- ACF/FSRP continued facilitation of the finalization of the manual on the voucher system. It is planned that the system be implemented as a pilot –in the 2010/2011 agricultural season.
- Mason has continued work on "The effects of the Fertiliser Support Programme on Zambian smallholder behavior and income" as part of her PhD dissertation. Efforts to assist Mason to get additional information from MACO on FSP Fertilizer distributions for the supplemental national budget allocation years per district have so far been futile.
- Auckland and Siwila updated the FSRP retail fertilizer prices data base. This data base will continue to be updated regularly.

## IV. Consumption Behavior of Urban and Rural Households

- The policy synthesis on spatial dimensions of staple food consumption, production and marketing Zambia operates in a regional economy has been completed and has been posted on the website. It can be downloaded at <http://www.aec.msu.edu/fs2/zambia/ps38.pdf>
- A series of articles to be published in the CSO Monthly bulletin are being prepared based on the Urban Consumption Survey general report. These are covering:

1. General overview of urban consumption patterns in four cities of Zambia (including methodology, shares of different expenditure categories)
2. Staple food consumption patterns in four cities of Zambia, and implications for policy
3. What role do custom hammer milling services play in Urban food consumption of four cities in Zambia
4. Vegetable and fruit consumption patterns in four Zambian cities and implications for policy
5. Livestock (including fish) products consumption patterns in four Zambian cities and implications for policy
6. Patterns and extent of urban agriculture in four Zambia cities
7. Patterns and extent of links of urban households in four Zambia cities with

## **V. Household Impact and Behavior**

### *5.1 Characteristics of emerging commercial smallholder farmers*

- Haggblade and Chapoto continued work on understanding of households' pathways into, and out of, poverty, with poverty defined from both the communities' own perspective and poverty indicators such as household welfare (asset holdings and income). This work is being done with the assistance of 2 lectures from UNZA Department of Sociology and Agricultural Economics and the output will be produced in collaboration with COMESA/AAMP. Field work for this study began in October 2009. Part of the field interviews were completed before the start of the rainy season. The remainder will be interviewed in July 2010.

### *5.2 Smallholder income and growth dynamics*

- Weber and Kuteya continued working with ACF to refine, distribute and discuss the smallholder categorization tables developed to examine various rural household socio-economic characteristics according to household land and assets access attributes. This work is expected to go on up to Q4 2010. Preliminary results from the 2008 survey will be shared at ACF/FSRP organized workshop in April/May.
- Chapoto and Weber continued to assist a Zambian master's student studying at Bunda College, Malawi with her masters' research on Livestock production and marketing in Zambia. This is being done in collaboration with UNZA department of Agricultural Economics Lecturer Dr. Gelson Tembo.

## **VI. General Policy Research and Outreach Support, Including Zambian Collaborator In-Service Strengthening**

- FSRP continued in this reporting period interacting with CSO and MACO in improving the crop forecast survey questionnaire to capture information on costs of production among other variables and the modified questionnaire. The questionnaire was pre-tested, finalised and implemented in the field the training of master trainers, supervisors and enumerators. People to be involved in data cleaning would be trained in early April, 2010.
- Collaboration with ACF included:
  - Hosting of the workshop on PPP grain marketing in Zambia on 6<sup>th</sup> March 2010 in Chisamba
  - Acceleration of Cassava Utilisation activities
  - Participation in development of the ACF/FSRP workplan
  - Interviewing of prospective candidates for the position of Research Officer at ACF

- Joint facilitation of stakeholder meetings for the development of the PPP marketing institution and preparation of the FISP implementation manual
- Participation in stakeholder meetings
- Participation in the finalization of the ToRs for the dairy value chain study
- Participation of FRSP in the ACF biannual meeting
- Participation in ACU activities
- Participation in the Cotton Task force as well as the Cotton Board
- Collaborated with UNZA on the Poverty Dynamics work
- Hichaambwa met with Professor Biyi Daramola, the Agricultural Economist in the African Development Bank Irrigation Review Mission, and Mr. Lewis Bangwe, the Agricultural Specialist at the bank's local office and discussed market linkages for fruits and vegetables with special attention to past and future performance of irrigation schemes in which the bank has provided significant funding.
- Participated in the partners meeting
- Participated and presented a paper on the "Agricultural Surveys: A voice of smallholder farmers" at a meeting to review the Food Security Pack organized by the Norwegian Embassy
- Participated in and contributed to the hosting of an international workshop on issues affecting the cotton sector at Sandy's Creations from 8<sup>th</sup> – 10<sup>th</sup> March 2010
- Participated in the costing of the implementation plan of the cassava sector strategy
- Interacted with GTZ on the project's cotton work
- Participated in the open border policy meeting attended by various stakeholders looking at exports to the DRC at the ZNFU offices
- Interacted with ACTESA/COMESA on various issues relating to the agricultural sector especial regional trade and the CAADP
- Participated in a meeting organized by MACO where Audit Control Expertise shared their experiences which could be useful in the development of the PPP marketing institution

## **VII. Staff changes**

- Ms Aliness Siwila was recruited during the quarter as a Research Assistant, while Mr. Humphrey Fandamu, Assistant to the Research Coordinator) left the project at the end of the quarter to join the Copperbelt University.
- Burke joined FSRP from MSU beginning of February 2010 and will be helping with the project's capacity building efforts of local FSRP research staff, MACO and CSO with regard to PHS, CFS and quantitative data analysis techniques.

## **VIII. Project Visitors**

- Thom Jayne visited the project, 31<sup>st</sup> January to 6<sup>th</sup> February and 15<sup>th</sup> -27<sup>th</sup> March 2010 to:
  - Contribute to FSRP/GISAMA project research activities dealing with impacts of road investment and FRA operations on maize prices and smallholder cropping patterns;
  - Assist in Zambia impact assessment activities in support of USAID mission objectives;
  - Work with FSRP/ACF/MATEP colleagues on current research and outreach activities related to maize and fertilizer marketing and profitability issues.
- Margaret Beaver will be in Zambia March 16<sup>th</sup> to May 16<sup>th</sup> 2006 to contribute to the FSRP work plan in connection with data collection, cleaning and capacity building for Ministry of Agriculture and Cooperatives and Central Statistics Office in Zambia. Specifically, she will provide technical assistance with the following:
  - March 19-23: Provide training to data entry clerks from CSO and MACO who will enter the 2010 Crop forecast Survey (CFS) data

- March 29 – 2 April: Provide Stata training to FSRP research specialist and associates.
  - April 5- 9 : Provide data cleaning training to a team from MACO and CSO in readiness for the data cleaning exercise of the 2010 CFS data
  - April 12- May 16: Provide technical assistance to MACO and CSO during the CFS data cleaning and tabulation exercises
- Mr. Juha Sohlberg will be in Zambia March 25<sup>th</sup> to May 7<sup>th</sup>. He will assist Beaver as follows:
  - March 26 - April 2: Participate in and help document data cleaning training for a team from MACO and CSO in readiness for the data cleaning exercise of the 2010 Zambia Crop Forecast Survey (CFS) data.
  - April 5 - May 1: Participate in and help document technical assistance training to MACO and CSO staff during the CFS data cleaning and tabulation exercises.
  - March 29 – April 3: Participate in and help document Stata statistical software training to FSRP research specialist and associates.

## **IX. Most Recent Research and Outreach Publications Added to Web Site 1<sup>st</sup> Quarter – 2010**

### **Policy Syntheses**

- [Spatial and Regional Dimensions of Food Security in Zambia](#). Steven Haggblade, Steven Longabaugh and David Tschirley. Number 38, February, 2010.
- [Natural Resource Management, Food Security And Rural Development In Zambia: Moving From Research Evidence To Action. Proceedings Of The Public Forum](#). Phyllis Simasiku, Antony Chapoto , Robert Richardson, Mwape Sichilongo, Gelson Tembo, Michael Weber and Alimakio Zulu. Number 37, February, 2010.

### **Research Reports**

- [Natural Resource Management, Food Security, and Rural Development in Zambia: Moving From Research Evidence to Action Proceedings of the Public Forum](#). Phyllis Simasiku, Antony Chapoto , Robert Richardson, Mwape Sichilongo, Gelson Tembo, Michael Weber and Alimakio Zulu. Working Paper No. 44. February 2010.

### **Policy Presentations**

- [Cotton Sector Regulation and Facilitation Process in Zambia. A Case Study](#). Stephen Kabwe and David Tschirley. Presented at Southern and Eastern Africa Cotton Forum (SEACF), 10th Plenary Meeting. Lusaka. 8–11 March 2010.
- Private Public Partnership in Grain Marketing in Zambia, Protea, Chisamba , Lusaka, Zambia, 6 March 2010.
  - [Program](#)
  - [A Zambia Case Study. Public Procurement and Private Sector](#). Felix Edwards
  - [ZAMACE Role in Zambia's Grain Sector and Warehouse Receipts Success, Challenges and Opportunities](#). Brian Tembo.
  - [Alternative Strategies for National Food Reserve Management](#). Rob Munro.
  - [Experiences, Challenges & Opportunities in Grain Trading in Zambia](#). Grain Traders Association of Zambia.
  - [Regional grain trade, opportunities and constraints](#). Cris Muyunda and Jones Govereh.
  - [FRA Experiences & Challenges in Managing Food Reserves](#). Lazarous M. Mawele.
  - [The Role of Risk Management in Food Commodity Trade](#). Jan Nijhoff.

- HIV/AIDS and Development in Zambia. Taking Stock and Rethinking Policies. February 2010, Taj Pamodzi Hotel, Lusaka
  - [Workshop Program](#)
  - [ARV Treatment in Zambia: Current Issues](#). Chileshe Mulenga. Institute of Economic and Social Research, University of Zambia.
  - [Barriers and Outcomes: TB patients co-infected with HIV accessing Antiretroviral Therapy in Rural Zambia](#). Mutale Chileshe and Virginia Bond. ZAMBART Project and LSHTM.
  - [Does Food Assistance Lessen the Adverse Impacts of Adult Morbidity and Mortality on Household Welfare in Zambia?](#) Gelson Tembo. University of Zambia Department of Agricultural Economics & Extension Education.
  - [Does AIDS Related Mortality Reduce Per Capita Household Income? Evidence from Rural Zambia](#). Toman Omar Mahmoud and Rainer Thiele. Kiel Institute for the World Economy.
  - [Policy Overview and Status of the AIDS Epidemic in Zambia](#). Ben Chirwa. National HIV/AIDS/STI/TB Council.
  - [What do we \(need to\) know about the development impact of AIDS in Africa?](#) Robert Greener
  - [Widows Land Security in the Era of HIV/AIDS: Panel Survey Evidence from Zambia](#). Antony Chapoto , Thom Jayne and Nicole Mason.
- [Zambia Agricultural Surveys: A Voice for Smallholders?](#) Antony Chapoto. Norwegian Embassy/Zambia. February 11, 2010
- [The Impact of Trade Barriers and Market Interventions on Maize Price Unpredictability: Evidence from Eastern and Southern Africa](#). A. Chapoto and T. S. Jayne. Third AAMP Regional Workshop and Seminar on: “Food Prices Variability: Causes, Consequences, and Policy Options.” Maputo, Mozambique. January 25-30, 2010.

## ANNEX

### RESOLUTIONS OF THE WORKSHOP ON PUBLIC PRIVATE PARTNERSHIP IN GRAIN MARKETING IN ZAMBIA

Hosted by the ACF/FSRP on 6<sup>th</sup> March 2010 at Protea Lodge in Chisamba

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#### Background

Problems of grain marketing in Zambia have for a long time posed a big challenge that needed solutions. Thus the meeting was organized to enable players from both the private sector and Government to find a way forward to these challenges. The meeting was well attended (see the list of participants in the appendix) which is a reflection of the importance and urgency of resolving the challenges in grain marketing in Zambia. It was very important to see how all these many players in grain marketing were going to coordinate and work together in light of the Public Private Partnership (PPP) concept in grain marketing in which the President of the Republic of Zambia was very interested. The Agricultural Marketing Development Plan (AMDP) on which the modalities of the PPP marketing institution is based advocates for many players to be involved, this includes farmers, millers, grain traders, the Zambia Agricultural Commodity Exchange (ZAMACE), the Food Reserve Agency (FRA) and many other private sector players.

Discussions were preceded by presentations on:

Private Public Partnership in Grain Marketing in Zambia, Protea, Chisamba , Lusaka, Zambia, 6 March 2010 .

- Regional grain trade, opportunities and constraints. By Alliance for Common Trade in Eastern and Southern Africa/Common Market for Eastern and Southern Africa (ACTESA/COMESA)
- The Role of Risk Management in Food Commodity Trade. By Guiding Investments in Sustainable Agricultural Markets in Africa/ Common Market for Eastern and Southern Africa (GISAMA/COMESA)
- FRA Experiences & Challenges in Managing Food Reserves. By FRA
- Experiences, Challenges & Opportunities in Grain Trading in Zambia. By Grain Traders Association of Zambia.
- ZAMACE Role in Zambia's Grain Sector and Warehouse Receipts Success, Challenges and Opportunities. By ZAMACE
- Alternative Strategies for National Food Reserve Management. By Production, Finance and Technology (PROFIT)
- Zambia Case Study. Public Procurement and Private Sector. By World Food Programme (WFP)

#### Resolutions

Following discussions, resolutions revolving around six key areas were agreed upon as outlined below. In addition, the stakeholders agreed that a smaller team be assembled to pursue and take these resolutions forward.

##### *1. Regional trade opportunities: Open the borders*

- With the exception of the ZNFU representative who called for 'managed open borders policy', all the other stakeholders want the borders to be open in order to allow grain exports and imports throughout the year. This is because the liberalized policy

environment is against export and import bans except in exceptional cases. If market and trade fundamentals are adhered to, grain exports will not cause shortages in the local market because open borders and a predictable, stable policy environment protects domestic food markets and more food will be imported in times of shortage and exported in times of plenty.

## *2. Maize floor pricing and competitiveness in regional trade: Need for transparency*

- Stakeholders should be more patriotic and transparent during discussions of setting FRA maize floor prices rather than protect interest of special groups. This has tended to increase domestic price of maize to regionally uncompetitive levels.
- Stakeholders agree, although the details are largely unknown, cost of production is likely rather high. This implies a need for producers to be more cost effective by increasing productivity where feasible. Setting high prices does not encourage increased productivity. The Zambia Competition Commission (ZCC) needs to be involved in discussions to set the FRA maize floor price.
- The above notwithstanding, production costs are inflated by unfavorable policy regimes such as taxes, energy costs, communication costs and poor road infrastructure which need to be addressed.
- Although, cost of production is an imperfect method for determining FRA prices, it was agreed that an independent body such as ACF/FSRP should do studies on cost of production. This will prevent the use of statistics from interest groups which are intended to foster their interests rather than improvement of the sector at all levels of the supply/value chain.

## *3. Role of FRA*

- FRA still has a critical role to play in grain markets especially in buying from small scale farmers in outlying areas.
- FRA should use private sector led market instruments such as call options via ZAMACE or SAFEX in managing the strategic grain reserves rather than being the dominant player in the market. .
- The FRA Act of 2005, which allowed the institution to go into grain marketing, needs to be amended to take into account interests of other market players. The FRA is just one of the many players in grain marketing, and should compliment the private sector rather than imposing interventions that have been costly at times.
- FRA should target regional/international markets when selling its grain stocks rather than off loading onto the local market. Such action causes prices to slump and can explain the private sector's hesitance to store grain.

## *4. Innovations in grain marketing*

- Substantial commodity marketing has taken place through ZAMACE and this needs to be supported and strengthened. The volume of trades through the exchange has significantly increased since its establishment in 2007. This has provided a valuable public good in the form of readily available market information on trade and prices.
- ZAMACE provides FRA with the opportunity to ensure a strategic grain reserve in the form of call options, which has several advantages over holding physical stocks:
  - i. Equal food security at a fraction of the cost to GRZ.
  - ii. Food security without disrupting market prices, enabling Zambian grain to be more competitive in international markets.
  - iii. Bolstering the role of ZAMACE, which will promote its further use in the private sector, leading to provision of more market information and efficient, competitive trading.
- The platform has already provided an efficient procurement avenue for organizations such as the World Food Programme. Such procurement mechanisms provide FRA with

- The FRA representative was in agreement with these proposals on the condition that small scale farmers benefit from such arrangements. This discussion was to be followed up with the rest of FRA management team.

#### 5. *Agricultural Marketing Council (AMC)*

- There was general consensus that PPP was not synonymous to a single PPP marketing institution similar to the former National Agricultural Marketing Board (NAMBOARD) in structure and size. Rather, an Agricultural Marketing Council as proposed in the AMDP would be focused on facilitating private grain marketing in Zambia. The AMC will be the best PPP that can foster agricultural development in the country. Steps taken to develop this through earlier meetings/consultations facilitated by the ACF/FSRP need to be further developed as a matter of urgency since it is now nine months since the President requested that a PPP marketing institution be established.

#### 6. *Role of Government*

- The Government should provide a consistent policy environment at all levels of grain trade that is designed to enable and promote private sector growth. Policy instruments affecting the cost of production (such as taxes, cost of borrowing, energy costs, etc) need to be redesigned in order for locally produced grain to be competitive at regional and international levels.
- Government needs to prioritize infrastructural development especially that of the road network to reduce transportation costs in the grain trade. Every stakeholder agrees, this would substantially improve efficiency and reduce costs at every stage of grain marketing.
- Government needs to re-visit the ZDA Act's priority investment list which does not include agricultural activities.



**LIST OF PARTICIPANTS**  
**WORKSHOP ON PUBLIC PRIVATE PARTNERSHIP IN GRAIN MARKETING IN**  
**ZAMBIA**  
**HELD AT PROTEA HOTEL - 6 MARCH 2010**

<b>NO.</b>	<b>NAME</b>	<b>POSITION</b>	<b>ORGANIZATION</b>
1	Mr. A. K. Banda	Permanent Secretary	MACO
2	Mr. Green Mbozi	Director - Agribusiness	MACO
3	Mr. Hargreaves Sikwibele	Senior Economist, Cooperatives	MACO
4	Mrs. M. A. Sitwala	Director - Cooperatives	MACO
5	Mr. B. Daka	Deputy Registrar, Cooperatives	MACO
6	Mr. Diphat Tembo	Senior Economist	MFNP - Investment & Debt Management
7	Mr. Thula Kaira	Executive Director	Zambia Competition Commission
8	Mr. L. Mawele	Marketing Manager	FRA
9	Dr. Chris Muyunda	Chief Executive Officer	ACTESA/COMESA
10	Mr. Peter Cottan	Chief Executive Officer	Millers Association of Zambia
11	Mr. Harrison Banda	Executive Officer	Millers Association of Zambia
12	Mr. David Chewa	Board Chairman	Bankers' Association of Zambia
13	Mrs. Anne Kaluba	Member	Bankers' Association of Zambia
14	Mr. Jacob Mwale	Chief Executive Officer	Grain Traders Association of Zambia
15	Mr. George Liacopoulos	Chairperson	Grain Traders Association of Zambia
16	Mr. Ndambo Ndambo	Chief Executive Officer	ZNFU
17	Mrs. Agnes Kasaro-Ngolwe	Programme Officer	SIDA
18	Mrs. Miriam Nkunika	Board Chairperson	ACF
19	Mr. Mark Wood	Chief of Party	PROFIT
20	Mr. Robby Munro	Officer	PROFIT
21	Mr. Christopher Chileshe	S.Economist - International Trade	Min. Commerce and Trade
22	Mr. Muyambango Mkwemu	S.Economist - Domestic Trade	Min. Commerce and Trade
23	Mr. Eddy Masialeli Namiluki	Board Chairman	District Cooperative Union
24	Mr. Brian Tembo	Chief Executive Officer	ZAMACE
25	Mr. Ballard Zulu	Deputy Team Leader	USAID
26	Mr. Peter Banda	Director for financial Markets	BOZ
27	Dr. Hyde Haantuba	Coordinator	ACF
28	Mr. Masiye Nawiko	Monitoring and Evaluation Officer	ACF
29	Mr. Nicholas Sitko	Research Fellow	GISAMA/COMESA
30	Mr. Justine Mwepu	Cooperative Development Officer	Zambia Cooperative Federation (ZCF)
31	Mr. Jan Nijhoff	Project Advisor/Coordinator	GISAMA/COMESA
32	Dr. Jones Govereh	Coordinator	ACTESA/COMESA
33	Mr. Chance Kabaghe	Director	FSRP
34	Dr. Antony Chapoto	Research Coordinator	FSRP
35	Mr. William Burke	Research Specialist	FSRP
36	Mr. Solomon Tembo	Research Specialist	FSRP
37	Mr. Munguzwe Hichaambwa	Research Specialist	FSRP
38	Mr. Auckland Kuteya Namubi	Research Associate	FSRP
39	Ms. Aliness Siwila	Research Assistant	FSRP
40	Mr. Stephen Kabwe	Research Associate	FSRP

## FSRP II/PROACTIVE Work Plan Activities and Performance Element and Indicator Tracking Schedule for 2008

FSRP Work Plan Focus Areas and Sub Areas	PMI USAID Zambia Indicators		FSRP WP/PS # s	1.1. Trade and Investment Enabling Environment					1.2. Trade & Investm. Capacity			3.4 Agriculture Enabling						3.5 Agriculture Productivity						4.6 Private Sector Competiti veness		
(USAID Indicator Numbers per Element)	4	1		1	2	3	4	5	2	3	5	1	2	3	4	5	6	3	4	5	6			1	2	
(USAID Indicator Targets for FY 08)				3	2	6	3	5	3	3	5	5	2	2	2	2	2	5	2	9	2			2	5	
<b>1. Public Investment Allocation for Promoting Agricultural Growth</b>																										
<i>1.1 National Agricultural Expenditure Accounts</i>																										
<i>1.2 Returns to alternative agriculture expenditures</i>																										
<b>2. Productive Assets: Options for Sustainably Increasing Productivity and Incomes</b>																										
<i>2.1 Land access, agricultural growth and poverty dynamics in Zambia</i>																										
<i>2.2. Alternative strategies for maintaining soil productivity</i>																										
<i>2.3 Labor supply, HIV/AIDS and agriculture</i>																										
<i>2.4 Natural resource management</i>																										
<b>3. Marketing and Trade: Policies Affecting Input and Output markets</b>																										
<i>3.1 Maize value chain</i>																										
<i>3.2 Cassava value chain</i>																										
<i>3.3 Horticulture value chain</i>																										
<i>3.4 Cotton value chain</i>																										
<i>3.5 Fertilizer value chain</i>																										
<i>3.6. Regional trade perspectives on food staples and input markets</i>																										
<i>3.7. Alternative instruments for stabilizing national food availability and prices</i>																										
<b>4. Consumption Behavior of Urban and Rural Households</b>																										
<i>4.1. Trends in rural and/or urban consumption</i>																										
<b>5. Household Impacts and Behavior</b>																										
<i>5.1. Characteristics of emerging commercial smallholder farmers</i>																										
<i>5.2 Smallholder income and growth dynamics</i>																										
<i>5.3. Improved emergency response</i>																										