Summary

- Maize grain trade in major markets remains limited as some farm households and traders are holding on to their 2017/2018 maize stocks in anticipation of higher market prices. On average, the price of maize in Lusaka ranged from ZMW 65 to 90 per 50Kg bag compared to ZMW 65.5 in Kasama, ZMW 60 in Ndola and ZMW 53 in Solwezi district, in the month of July.

- As of July 2018, the moisture content was still high to trigger purchases by the Food Reserve Agency (FRA) as it was reported to be ranging between 13% and 13.8%. Despite the high moisture content, some commodity brokers, as well as traders, started buying small quantities of maize from farmers.

- Crops such as soya beans and cotton are fetching significantly higher prices owing to the low supply amid high demand. As a result, there is limited income pressure among rural farm households who produced soya beans and this has allowed them to hold on to the maize crop in anticipation for better prices.

- Seasonal foods such as tubers – sweet potatoes and vegetables from own production are still available with some on the market, offering some level of food variety for market-dependent households.

- Informal cross-border food trade activities have continued with much of the dry beans and rice being imported from Tanzania. Large quantities of informal exports comprised mealie meal and maize grain to the Democratic Republic of Congo (DRC), especially mealie meal, whereas maize grain exports are largely to Tanzania. With the newly harvested crop, more informal trade activities are expected as farmers explore alternative markets offering competitive prices, and simply due to convenience for some—looking at the long distances to central business areas in the respective districts.

- Preventing the outbreak and/or spread of livestock diseases is of great importance. As such, more cattle vaccination activities are expected to be carried out in Foot and Mouth Disease (FMD) endemic areas even after lifting FMD control measures in the Central Province. Part of the aim of this vaccination campaign is to minimize the adverse effects of the disease on the production and marketing of livestock and livestock products.

- According to preliminary estimates from the vulnerability assessment, close to 960 thousand people countrywide will need relief support up to March 2019. This is due to the effects of the dry spells, floods and pest infestation on food production during the 2017/18 agricultural season.

Current Situation

Agricultural Seasonal Progress and Marketing Activities

Maize harvesting which started later than usual is complete but the grain is yet to reach the acceptable moisture content level of 12.5%. Currently, the moisture content ranges between 13% and 13.8%. This, partly explains why maize marketing activities have remained minimal and slow since the marketing season started. Normally, during such times when production levels are expected to be low, the private sector moves in early to secure enough stock. But it appears farmers and some traders are holding the crop mainly because the crop has not dried enough.

On the other hand, some market players were holding on to their stock for speculative purposes awaiting the announcement of the FRA buying price. The FRA has since announced its buying price which was initial-
Small traders at one of Lusaka Province’s biggest markets – Soweto, were buying maize from farmers at ZMW 1.3 to 1.35 per kg which translates to ZMW 65 to 67.5 per 50kg bag. By the third week of July, the wholesale price was averaging ZMW 78.5 for a 50 kg bag. (IAPRI, 2018 Provincial price data). However, maize wholesale prices differ across the country by location and buyer. Lower prices are observable in consumption zones such as Lusaka and Copperbelt provinces.

In contrast, Petuake district, a typical high maize production area, a 50-kilogram bag of maize was being sold for between ZMW 62.5 and 65. Figure 1 shows the wholesale price for white maize grain in the last months for 2017 and 2018 for selected provincial capitals. Compared to other provincial capitals, wholesale prices in Lusaka are higher as expected.

![White maize wholesale per 50 kg bag](source)

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late in September 2018. With respect to other cash crops, the price of soya beans was up by 77%, trading at between ZMW 4 to ZMW 4.6 per kg in Lusaka district. The increase in soybean prices is attributed to the effects of the dry spell especially on the Copperbelt. The dry spell led to a reduction in production this year. Cotton prices are at ZMW 3.5/kg, this is ZMW 0.2 less than last season’s price.

There was, however, a slight reduction in yields from 0.79 MT/Ha to 0.74 MT/Ha from the previous year. The good prices for soya beans and cotton could be one of the main reason why some farmers are holding the new maize crop because the pressure to sell their produce to raise income for various household expenses such as school fees is low at this time. This is especially true for those farming households with diversified agricultural enterprises.

**Livestock Condition**

Since the break out of the Foot and mouth Disease (FMD) in March, 2018 in Chisamba and Chibombo districts of the Central Province, the Government through the Ministry of Fisheries and Livestock (MFL) undertook the first emergency vaccination programme, covering 31,500 cattle. This was the population identified to be at risk whereas the booster vaccination covered an additional 61,000 cattle towards the end of June 2018. In an effort to eradicate the disease, the MFL has indicated that it will further undertake vaccinations of cattle against FMD in these areas every six months. Furthermore, more vaccination of cattle against FMD in various districts of other provinces is being undertaken in endemic areas of Kafue Flats, lower Zambezi from Livingstone to Sioma and the Mbala/ Isoka areas. (MFL Ministerial statement, 26th June 2018).

Recently, FMD cases were reported in Chinsali district and vaccines have already been procured by the government for Muchinga Province (Zambia Daily May, 24th July 2018). A field visit to Chibombo district revealed that there has been no reported livestock death caused by FMD. In fact, most livestock farmers continued to sell livestock products, especially milk to the dairy cooperative except for one farm where the disease was confirmed. Slaughter of animals was allowed, following ante- and post-mortems procedures carried out by veterinary officers, but the sale of the carcass was restricted within the same area. Interviews with livestock traders indicated that the disease negatively affected their business.

Feedlot farmers lamented the loss of income because, with the ban on cattle movements, they could not procure animals as scheduled resulting in loss of revenue as other fixed costs of running their businesses still had to be paid. The movement of other animals was also restricted resulting in farmers failing to sell their small livestock like pigs on time. This increased their feed costs hence their profitability.

**Regional Analysis**

**Informal Cross Border Food Trade**

Seven borders continue to be monitored for informal cross-border food trade between Zambia and several neighboring countries. These include the Democratic Republic of Congo (DRC) — Kipushi, Mpuungu and Kasumbalesa borders, Tanzania — Zombe, Lumi, Mpuungu and Nakonde borders, Zimbabwe — Chirundu border. The commodities being monitored are maize grain, maize-meal, rice, and common beans. Figure 2 shows the levels of informal trade flows in the four aforementioned commodities by border posts during the month of June 2018. Clearly, Tanzania and the DRC remain key informal trade partners for Zambia. In terms of commodities, beans is the most widely traded commodity, with imports of beans and rice originating mostly from Tanzania. An estimated 989 and 602 MT of dry beans and rice, respectively were imported in June 2018.
Most of the informal exports were primarily to the DRC and Tanzania (Figure 2). All four commodities were exported, mainly through the Kasumbalesa border, which is one of the busiest borders. Exports to the DRC were dominated by mealie meal (941 MT) followed by maize grain (524 MT), common beans (430 MT), and rice (246 MT). The highest volume of maize grain (622 MT) was exported to Tanzania. Informal trade activities between Zambia and Zimbabwe via Chirundu boarder were minimal. Higher commodity prices in the neighboring countries is one of the major factors encouraging exports, whereas imports are motivated by the scarcity of the commodities and high demand on the domestic market.

On the formal side, wheat imports amounting to 150,000 MT were permitted by the Ministry of Agriculture, however, to date about 75,000 MT of wheat has been imported into the country mostly by millers. This is expected to sustain the miller operations until the end of September 2018 when the new crop will start coming in. This move minimise the chances of increased prices for wheat products, especially flour. These trade flows provide evidence that Zambia does not operate in isolation.

According to the Southern African Development Community (SADC) Regional Vulnerability Assessment and Analysis Report of 2018, the dry spells in Malawi experienced early in the season affected the production of most crops, mainly in the southern part of the country with reports of floods and Fall Army Worm (FAW) infestations. Production levels of cereal crops such as maize were below normal, with further reduction in output levels of pulse and oil crops. The number of severely food insecure people is expected to increase to 2.4 million—almost double last year’s estimate at 1.06 million. Zimbabwe, on the other hand is expected to have a cereal surplus, despite the anomalies in the rainfall pattern which affected crop production (SADC, 2018:19-20). Such developments are indicative of possible grain export markets, especially in Malawi at some point before the next harvest. Zambia should, therefore, take advantage of this market.
Vulnerability Assessment

The Zambia Vulnerability Assessment has since been completed. It focused on 58 districts across 9 provinces (excluding the Copperbelt) which were heavily affected by the prolonged dry spells, water logging/flooding, and pest infestation. The report is expected to be released to the public in August/September 2018. The report will present the findings of the assessment in terms of the number of districts that are adversely affected, the population at risk of acute food insecurity, proposed interventions and/or activities to be implemented in the short, medium and long-term to mitigate the effects of the aforementioned hazards and build the resilience of the affected households.

The SADC report presented some preliminary findings based on Zambia’s Vulnerability Assessment. A total population of 609,500 is estimated to be food insecure by September 2018 and this number will increase to 954,100 from October 2018 to March 2019. (SADC, 2018:20). This means that Zambia must put in place measures to protect livelihoods, reduce food consumption gaps and the probability of acute malnutrition. Nevertheless, there is no need to panic because, in terms of grain production, Zambia projected a surplus of more than 300,000 MT. Borders should remain open in order for farmers to benefit from higher prices in deficit countries. However, expansion of social cash transfers to reach the vulnerable could be explored as well as the movement of food to identified deficit districts.

Implication on Food Security and Markets in coming months

Farming households at this time of the year have maize stocks from own production, in addition, to carry over stocks and seasonal foods. This indicates the availability of a variety of food items at household level as well as on the market. The same can be said for market-dependent households, in areas where markets are functional, food access is not expected to be a big challenge. Thus, food availability and access will remain stable for most households in the next three months as maize grain and other trade activities reach the peak within the period under review.

Cash liquidity among agricultural households is anticipated to improved with the expected increase in the grain prices, coupled with income realized from the sale of other crops like soya beans and cotton. In the same line, livestock, and livestock product trading is anticipated to contribute to increased income levels, and recovery in areas where livestock trading activities were restricted as a part of FMD control measures. Consequently, the purchasing power of agricultural output sellers will be enhanced, with most sellers being able to meet immediate and lean period cash needs. Informal trade is equally expected to intensify as farmers explore other alternative markets within a reasonable distance and/or offering better prices, thus increasing income levels.

For farmers whose food production has been severely affected by the prolonged dry spells, flooding, and pest infestation, their food security status will remain threatened going into the lean period. Typically, such households will have limited income from crop sales (if any) thus low purchasing power, inadequate food stocks if they rely mostly on own food production - which entails low food consumption levels. Limited purchasing power and food stocks will entail less diversified diets (even though they are typically monotonous), threatening food utilization and stability which may result in acute malnutrition. As a result, interventions to build resilience against the above mentioned three shocks will be in order, as identified by the Disaster Management and Mitigation Unit (DMMU) based on the vulnerability assessment results.
**Recommendations**

It is a well-known fact that crop production levels have declined this season. Consequently, prices for several high demand cash crops like soya beans and cotton have gone up, with the same pattern expected for the new maize crop. Despite the FRA revising its buying price upwards to ZMW70 per 50 kg bag of maize, market participants holding the crop should explore other market alternatives such as direct sales to millers, commodity brokers, feed companies and trade through ZAMACE for competitive prices – through collective marketing. At the same time, prices for maize grain products especially mealie meal will have to be monitored as an increase in price is plausible later in the marketing season.

Intensification of livestock disease surveillance and inspection remain vital. Therefore, current livestock vaccination campaigns by the government are commendable and should continue. This is because further and probable productivity and/or economic losses due to disease outbreaks, as is the case of FMD outbreaks in the Central Province and more recently in Chinsali district will be minimized. Also, there is a need to equip key institutions such as the Central Veterinary Research Institute (CVRI) with the necessary facilities to undertake procedures such as stereotyping and vaccine matching, for which the country had to take tissue samples to other countries – Botswana and the United Kingdom when FMD was first confirmed.

Action to protect livelihoods, reduce food consumption gaps and the chances of acute malnutrition is required for the identified food insecure population. To achieve this, the DMMU needs support from relevant stakeholders, both Government and non-governmental Institutions to implement activities that will help mitigate the effects of dry spells, flooding and pest infestation on livelihoods of the severely affected households. Expansion of social cash transfers to reach the vulnerable could be explored as well as the movement of food to identified deficit districts.

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