FOOD SECURITY RESEARCH PROJECT – ZAMBIA

Third Quarter Report, 2008
(July 2008 to September 2008)

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)

Figure 1: Comparison of Nominal US$ Maize Prices in Zambia and Import Parity Prices

Food Security Research Project Web Site
http://www.aec.msu.edu/fs2/zambia/index.htm
Acronyms

ACF  Agricultural Consultative Forum
AFS  Agriculture and Food Security
AIM  Agricultural Input Marketing
AMIC  Agriculture Marketing Information Centre
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
FRA  Food Reserve Agency
FSRP  Food Security Research Project
GART  Golden Valley Agricultural Research Trust
INESOR  Institute for Social and Economic Research
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
PSD  Private Sector Development Group
SAKSS  Strategic Analysis and Knowledge Support System
SIDA  Swedish International Development Agency
UNDP  United Nation Development Programme
UNZA  University of Zambia
VAT  Value Added Tax
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. The 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; and

**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.


I. Public Investment Allocation for Promoting Agricultural Growth

1. National Agricultural Expenditure Accounts

- The draft paper on methodology for tracking public expenditure was presented in January 2008 at a conference on the “Convergence between Social Service Provision and Productivity Enhancing Investments in Development Strategies” co-sponsored by IFPRI, University of KwaZulu Natal and NEPAD. This paper was circulated for comment in 2nd Q 2008 and has been submitted as final to ReSAKSS. It will also be published as an FSRP working paper in the 4th Q of 2008.
- The paper Trend Analysis and Mapping of Public Agricultural Spending in Zambia 2000 - 2008 continues to be worked on and is nearly done. Audited accounts of expenditure were used to track expenditures from 2000 – 2006. For 2007 and 2008, parliamentary approved appropriations were used. This is the first time expenditures have included forestry and resettlement programs run by the Ministry of Tourism, Environment and Natural Resources and Office of the President, respectively. Such analysis will provide some mid-course feedback on whether (and how) government of Zambia is moving toward meeting her CAADP commitments. The final draft will be submitted to ReSAKSS early in the the 4th Q of 2008. FSRP will also proceed in the 4th Q to publish this.
- Work on domestic private commercial spending on agriculture has not started. This should commence in 4th Q of 2008 or the 1st Q of 2009.
- FSRP continued worked with ACF to utilize in informal policy discussions materials prepared on the GRZ 2008 agricultural budget.
- FSRP staff continued to monitor and update information on agricultural investments, growth and poverty trends in Zambia. The purpose of the activity is to update existing data for developing baseline indicators for monitoring public spending for agriculture and the rural sector, performance of the sector, and trends in rural welfare (income and poverty).
2. Returns to alternative agriculture expenditures

- FSRP researchers established an important working relationship during the 3rd Q of 2008 with colleagues in the Ministry of Finance and National Planning (MoFNP). This is a group conducting, in collaboration with CSO, Bank of Zambia and other colleagues, a macroeconomic model to eventually evaluate the impact of alternative investment options by GRZ in various sectors.
- Other work in this area relates to public expenditure on fertilizer programs; please see section III.5 (Fertilizer Value Chain) for details.

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

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

- The Zambia land access is still being reviewed. Progress was basically stopped this quarter with all the other outreach and data collection/cleaning activities.
- FSRP in-country researchers (Chapoto, Weber and Lungu) worked with ACF to develop a study outline and begin preparing preliminary tables for a study of smallholder categorization, using CFS and FSRP supplemental survey data to examine various rural household socio-economic characteristics according to household land and income access attributes.

2. Alternative strategies for maintaining soil productivity

- During this reporting period work continued on a linear programming model of CF in order to measure the prospective gains to smallholder income by adopting CF and shifting peak season land preparation labor to the dry season. In September 2008, Steven Haggblade and Mike Weber discussed preliminary model parameters and issues with the Conservation Farming Unit. The team expects to complete a first draft of this report, for review by the CFU and others, in the 4th Q of 2008.

3. Labor supply, HIV/AIDS and agriculture

- There has not been much activity under this theme during this quarter because of the need for an additional wave of panel data to examine the longer-run impacts of HIV/AIDS on smallholder agriculture and rural livelihoods. Now that the 3rd supplemental survey has been collected, and is currently being cleaned, we will be able to resume new work on the longer-run impacts of HIV-AIDS over a 8 year time frame. The recently completed 3rd Supplemental survey provides us with an opportunity to explore new analysis on labor supply, HIV/AIDS and agriculture.
- Community-level outreach and feedback from the FSRP work on widow’s access to land is being done in collaboration with PANOS Southern Africa via community radio programme. PANOS will be using a thematic brief developed from the study’s working paper and policy brief as a starting point during the discussion with the community. Chapoto and Weber were supposed to participate in one of the discussions to be held in Mazabuka in the 2nd Quarter, but PANOS has postponed this work until a later date.
• The Chapoto, Jayne and Mason working paper on Security of Widows’ access to land in the Era of HIV/AIDS has been produced as FSRP Working Paper #30. The authors have submitted a variant of this working paper for publication in an international journal. We will aim to resume outreach activities with relevant public offices.

• Work on impacts of food aid on AIDS afflicted households continues with slow progress. The analysis is awaiting 3rd Supplemental Rural Survey data which is still being cleaned. The delay to circulate a draft report is mainly due to the need to use more recent data from the 3rd Rural Supplemental Survey which not yet ready for use. Cleaning of this data began on October 1st 2008 and likely to be complete the first week of November 2008. In addition, FSRP is still seeking the services of a competent research assistant to collect additional qualitative information from AID agencies, NGOs, and Government ministry responsible for dealing with the vulnerable rural households on issues such as, the criteria used when distributing food AID by government and NGOs, who and how distribution is done on the ground. As soon as this can move forward, there will be a draft working paper to circulate to others and to NGOs for their comments by hopefully Q2 2009.

• A report on Cross country work on “Characteristics Associated with Prime-Age Mortality in Eastern and Southern Africa: evidence from Zambia, Kenya, and Ethiopia was finalized and we are still awaiting feedback on possible publication by World Development.

4. Natural Resource Management

• Graduate student Ana Fernandez, with backstopping from David Tschirley, worked with Dr. Gelson Tembo of UNZA to clean and organize data from the World Bank survey of rural households in and around Game Management Areas. These data will serve as the basis for an analysis that identifies (a) the effects of living in a GMA on household incomes, and (b) the channels for any identified effects. With backstopping from Robby Richardson and David Tschirley, Ms. Fernandez then developed her analytical approach and began exploratory analysis, which is expected to be finalized during Q4.

• Ms. Fernandez also collected background information and reports on the history and current status of GMAs in Zambia, and visited the South Luangwa GMA, conducting key interviews with local residents, ZAWA officials, and tour operators.

• During the last part of Q2 and beginning part of Q3, Robby Richardson and Ana Fernandez visited Chiawa GMA to meet with Zambia Wildlife Authority (ZAWA) personnel regarding community development and extension programs. They interviewed the chairperson of the Community Resource Board, members of Village Action Groups, a community development officer, and other village residents about the revenue-sharing programs that aim to reconcile community resource needs and wildlife conservation objectives.

• Richardson met with NGOs in Lusaka that are interested in fuelwood issues and biomass conservation to discuss energy policy, forest policy, and recent research. Richardson also collected several reports on energy consumption, use of efficient charcoal stoves, and the role of fuelwood in rural household welfare.

• Richardson visited the Chongwe area and surrounding villages to interview farmers who produce charcoal as part of the process for clearing land for farming, and met with management and planning unit of the Forestry Department to discuss forest policy regarding use and extraction of forest resources for production and sale.

• Richardson continued analysis of the first round of urban household survey data related to the consumption and demand for charcoal and fuelwood.
III. Marketing and Trade: Policies Affecting Input and Output Markets

1. Maize Value Chain

- FSRP has been actively consulting with various Stakeholders regarding how to deal with the rising price of maize grain in Zambia and strategies to avoid the repeat of what happened in 2005/06 marketing season. We have drafted, had stakeholder consultation and published a policy synthesis “Marketing Policy Options for Consumer Price Mitigation Actions In The 2008/09 Maize Marketing Season in Zambia”. This staff work included sharing the draft note with MACO staff for comment and obtaining collaboration in authorship. Dissemination of this will begin in early October, 2008. The report indicates that Zambia faces a potential food crisis in early 2009 unless maize imports are arranged quickly.
- FSRP local staff (Govereh, Chapoto and Weber) participated in a ZNFU organized working group on rising prices in Zambia on Sept 9. The short FSRP powerpoint presentation prepared was published on the FSRP website.
- Active outreach on maize value chain activities have been carried out, with several presentations in Zambia and international fora:
  - Food Crises and Food Markets: Implications for Emergency Response in Southern Africa. David Tschirley and T.S. Jayne. MSU Policy Synthesis 82. July 2008. This policy note discusses the importance of developing greater trust between the private sector and public sector in grain markets, and traces the adverse impacts that have occurred in past years but which are potentially avoidable with greater transparency and consultation between the public and private sector.
- FSRP has continued to make progress on analysis of alternative regional staples trades in Zambia and the wider region. FSRP discussed the preliminary findings of this analysis at a USAID/Washington/Africa Bureau meeting of agricultural officers in participating IEHA countries. See:
- FSRP has produced a draft working paper “Assessment of Alternative Maize Trade and Market Policy Interventions in Zambia” by Govereh, Chapoto, and Jayne. The draft paper is going through the final formatting and editing stage to be a FSRP working paper.
- FSRP/MATEP initiated analysis of how world food and input price inflation is likely to affect Zambian agriculture and food security. There is a broad consensus that world food prices are likely to remain high over at least the next 3-5 years. There has been limited analysis of how rising world food prices will affect price levels, production and consumption decisions in Zambia. Fertilizer prices are also expected to rise. In Zambia, DAP prices may rise to $650-$800 this year, representing a two-fold rise over price levels in
the early-to-mid 2000s. The draft report, by Jayne, Minde, and Chapoto, highlight five main findings:

1. When examined in nominal US dollars, maize prices in the region have increased gradually over the past five years; prices have risen especially rapidly since late 2007.

2. When examined in nominal local currency units, maize price trends in the region vary considerably according to localized events and according to whether they have experienced recent currency appreciation against the US dollar (such as Kenya or Zambia) or not (such as Malawi, Mozambique, and South Africa). Nominal food prices in all of the countries examined are relatively high, but in countries experiencing currency appreciation against the dollar, and even in some that haven’t, nominal food prices are within the range observed at least several times before since 2000. This suggests that from a vulnerability and food insecurity perspective, we are in dangerous territory but not uncharted territory.

3. When examined in real local currency units, maize prices in 2008 again vary considerably across countries. In Kenya and Zambia, maize meal prices in inflation-adjusted terms are lower now in 2008 than their historical mean levels over the past 15 years, due both to recent exchange rate appreciation and reductions in maize marketing and milling costs over time associated with food market reform Because of the secular decline in real food prices in these countries, the recent surge in maize prices has caused price levels so far in 2008 to barely exceed their inflation-adjusted mean levels over the past 15 years.

However, tracking food prices in inflation-adjusted terms is likely to underestimate the degree of vulnerability faced by low-income consumers. Price inflation is currently high, meaning that the price of most consumer goods is rising relatively quickly and eroding purchasing power. In an inflationary environment, the fact that food prices may be rising less rapidly than most other goods in the CPI does not mean that food is become relatively cheap for consumers. Ideally, it would be necessary to track food price trends against wage rates and returns to business income for both urban and rural households and we are in the process of finding wage rate information.

4. Fertilizer prices in local currency units have risen far more than maize prices throughout the region. These price developments are likely to produce several unwelcome outcomes: (a) less fertilizer used on maize and other crops; (b) lower maize yields, other factors constant; (c) and continued upward pressure on maize prices, even in countries that so far have not experienced major price increases; and (d) a possible shift in area out of crops that require heavy fertilization for profitability and into crops that are profitable even at low or no fertilizer use (e.g., a partial shift into roots and tubers at the expense of maize in the mixed cassava/maize zones).

5. So far, the food harvests in 2008 have again been variable, with mixed implications for the need for food imports from world markets.

A working paper from this work is expected in the 4th Q of 2008.

- Continued work to finalize the study of maize price instability and uncertainty. Due to methodological and data challenges which have now been overcome the preliminary report in the form of a working paper and policy synthesis is expected the second week of November 2008. Chapoto, Jayne and other FSRP team members will carry out outreach activities on this work during the 4th quarter 2008 and 1st quarter 2009.
• A cross country study examining maize price instability in countries with a open borders policy versus countries restricting regional trade such as Zambia and Malawi is progressing slowly. A complete draft working paper will be circulated at the same time as the Zambia specific price instability and uncertainty study for comments in the 4th Quarter 2008. The FSRP outreach team will carry out outreach activities on this work and Zambia specific work during the 4th and 1st quarter 2009.

• Food marketing and consumption analysis is also underway based on information from the Urban Survey, to understand whether the demand for maize may be declining in favor of wheat and cassava, and implications for policy. This work also assesses consumer attitudes about alternative maize meals and purchase preferences and options

2. Cassava Value Chain

• Continued in this quarter efforts of market monitoring of prices, volumes, sources of cassava continued in Lusaka and Copperbelt, since these are the big markets for cassava. The market monitoring has provided vital information on the trends in prices and volumes in these major markets. The goal is to identify carefully the major sources of both the fresh and dried cassava for these markets.

• FSRP staff continues efforts in the role of the Vice-chair of the cassava task force (ACU). These contributions to ACU are aimed at strengthening private sector commercialization of cassava and gaining broad-based input into the value chain by various stake holders. Many meetings have been held with various stake holders to brain storm different ways and stages of the cassava commercialization. So far three main types (human consumption, stock feed processing and industrial usage ie starch and glucose) of commercialization have been unveiled.

• The FSRP team completed final editing of the cassava value chain working paper. Entitled “Commercial Dynamics in Zambia’s Cassava Value Chain,” this study was published as FSRP Working Paper No.32 in August 2008.

• At the request of the ACU Task Force, the FSRP team began work on a study of the “Economics of Cassava Production and Processing.” That work is still ongoing, with estimated completed in the fourth quarter of 2008.

• At the request of MACO, following their visit to Nigeria to explore options for accelerating cassava commercialization, the FSRP team has agreed to chair a proposed ACU Task Force Policy Working Group. This working group will work with private and public sector stakeholders to evaluate key policy issues affecting cassava utilization. We expect this group will begin working during the 4th Q of 2008.

• At the request of ACU and PAM, FSRP staff participated in discussions and preparations of a set of terms of reference for a consultant to be hired by ACF to assist PAM in developing a business plane for the installation and operation of a cassava milling plant in Mansa.

• At the request of Soweto Market-based cassava traders, FSRP on September 12 hosted a discussion session to listen and examine how to help cassava traders at Soweto have more access to cassava supply from farmers and rural market traders.

3. Horticulture Value Chains

• Wholesale market monitoring: Continued work on horticultural wholesale markets dynamics and trade flows which has been feeding data for the pilot/testing phase of the horticultural market information system. Introduced an innovation to the data collection to explore the degree of price differentiation based on quality, with the eventual aim of facilitating a more formalized approach to product grading in the market. Produce prices have since inception been collected based on the “standard quality” which in fact covered a range of quality. The
standard quality has now been disaggregated into high, medium and low so that analysis can show its influence on prices. The idea is to report prices in the SMS market information system by these standards and, in the long-run, formalize standards in the market to enhance transparency and efficiency. Draft guidelines for these standards for tomato, rape and onion are being developed and will be finalized in conjunction with stakeholders, especially the farmers and traders, through continuous consultation and exchange of ideas/opinions.

- **Tomato value chain:** (1) Finalized analysis of tomato price variability in Soweto market compared to markets in U.S., Taiwan, Sri Lanka, and Costa Rica. That analysis has now been written-up and will be shared internally very soon. (2) Nearly finalized write-up of the structure of the tomato production and marketing system serving Lusaka; a final version will be shared internally early in the 4th Q; (3) Continued cleaning and analysis of the tomato growers’ survey data to determine costs of production, which will be used in the study of the impacts of price variability on farmers. (4) Conducted a mini survey of tomato traders and farmers on effects or influence on quality of tomato of type of first seller or originator of produce (large farmer, medium scale farmer, small farmer or trader), month of the year in which the produce is brought to the market, and the area from which the tomato was produced. Analysis of these data will inform work under item (3) above; (5) produced a technical note on tomato price behavior for USAID.

- **Mobile phone based horticultural price and supply information system:** FSRO staff met with ZNFU leadership to agree on a timetable for finalizing the system and for ZNFU assumption of data collection and transmission responsibilities. Plans by ZNFU to employ 2 staff by September 2008 to collect and disseminate information on all the 5 working days of the week, did not materialize as the Union is still arranging with PROFIT to authorize the use of surplus funds from a project that ended for this purpose. FSRP staff met the PROFIT Chief of Party in this regard who assured that the authority would sanctioned as soon as he received a request from ZNFU in writing; that request has now been drafted and will be delivered to PROFIT very early in Q4. Once ZNFU market reporters start work, current MATEP/FSRP market reporters will spend one month training these individuals in methods for Soweto market; these MATEP/FSRP personnel will then spend following 2 to 3 months identifying two additional markets for inclusion, at least one in the Copperbelt, will assess these markets, and design the data collection and transmission methods to be used there. ZNFU wishes to be ready to integrate these markets by the New Year.

4. **Cotton Value Chain**

- Following on from the meeting with the Minister in Q3, FSRP continued working with the Cotton Working Group and MACO in pushing for the enactment of the new Cotton Act. Specifically, the project interacted with the Clerk of the National Assembly so that a stakeholders’ meeting could be arranged with the Members of Parliament who are members of the Agriculture and Lands Committee, as agreed in the earlier meeting with the Minister. The meeting was scheduled to be held 29-30th August 2008. However, due to the death of the Republican President, the meeting was postponed to a later date, still to be determined. The plan among other things was to give an opportunity to the Cotton Working Group to share and discuss the revisions of the 2005 Cotton Act and why they were done. This process was thought to ensure support from these ministers and Members of Parliament for the minister of agriculture as she moves ahead with the presentation of the revised Cotton Act to Parliament in November 2008.

- Stephen Kabwe and David Ts chirley met with ZACOPA and CAZ to discuss FSRP participation in the Cotton Board, which is in the process of being formed. After initially
suggesting that FSRP be made a member of the Board, the group agreed, on FSRP’s recommendation, that the project instead be given a formal advisory role but not a voting role on the Board.

- FSRP and ReSAKSS and MSU based researchers completed a paper “Contract Farming in Sub-Saharan Africa: Lessons from Cotton on What Works and Under What Conditions” by David Tschirley, Isaac Minde, and Duncan Boughton. This was submitted to ReSAKSS in the 3rd Q of 2008, and FSRP will proceed to also publish this in the 4th Q of 2008.

5. Fertilizer Value Chain

- FSRP continued to integrate additional analysis of data from the 2007/08 Crop Forecast Survey survey into the draft fertilizer report for Zambia. The CFS data shows a steady increase from 2000/01 to 2007/08 in the proportion of smallholder households applying fertilizer on maize. However, updated results also show that FSP activities significantly displaced commercial fertilizer purchases in recent years, leading to a situation where rural commercial fertilizer retailing has ceased in many areas. Moreover, evidence now indicates that farmers report receiving directly from FSP only about 1/3 of the total amount of fertilizer distributed under FSP, indicating that a substantial portion of the fertilizer distributed under FSP is actually diverted from direct access to farmer recipients, and is resold to farmers willing to purchase it from private agents. This is a politically sensitive finding and we welcome input from partners on how best to best utilize and disseminate these findings.

- FSRP/MATEP has continued analysis on the reasons for high variation across households in maize/fertilizer response rates. Beave, Weber and Haggblade have conducted preliminary analysis of yield variability using 07/08 CFS data, and interacted with the Conservation Farming Unit researchers on emerging results. Govereh and Jayne have been working on a FSRP working paper on this topic.

- FSRP updated data on total supply of fertilizer through imports and local production and commercial versus non-commercial sales (sales to government) in 2008. There is no fertilizer industry association in Zambia. FSRP has taken up the responsibility to update these trends and share the information with government and the industry.

- FSRP made a presentation on “Fertilizer Subsidies and Sustainable Agricultural Growth in Africa: Current Issues and Empirical Evidence from Malawi, Zambia and Kenya” at the IFDC Workshop on “Strengthening Trade in Agricultural Inputs in Africa: Issues and Options” Taj Pamodzi Hotel, Lusaka, 1-4 July, 2008. The presentation compared the design and operation features of fertilizer subsidy programs in Zambia and Malawi and contrasted these two experiences with the fertilizer industry developments in Kenya.

- FSRP Zambia staff also continued to interact with the World Bank fertilizer evaluation team, with a working session in Zambia to provide FSRP feedback on the draft study methodology and survey questions. Following further review by FSRP after the working session, additional information and suggestions were made on study options.

- Work continues on the GIS data on Zambia’s soils with Maps showing spatial variation in value-cost ratios across districts in Zambia. The final report is still being developed.

Isaac Minde, T.S. Jayne, Joshua Ariga, Jones Govereh, and Eric Crawford. Presentation by Jones Govereh at the IFDC workshop on “Strengthening Trade in Agricultural Inputs in Africa: Issues and Options” Taj Pamodzi Hotel, Lusaka, 1-4 July, 2008. In the 4th Q of 2008 a final version of this paper will be submitted to ReSAKSS, and also utilized by FSRP as part of a planned Zambia fertilizer study tour to countries in Eastern and Southern Africa.

6. Regional Trade Perspectives on Food Staples and Input Markets

- Work continued on efforts began in January 2008, wherein FSRP/MSU commissioned seven country maize trade profiles for South Africa, Malawi, Tanzania, Katanga Province of DRC, Uganda, Kenya and Ethiopia. These profiles will describe the yearly evolution of policies (1990–2006) affecting domestic and cross-border trade in maize and maize meal and put together maize production, trade and price data. These profiles will be used to define maize market sheds by measuring and mapping of production, known trade flows and, where available, prices. The defined marketing sheds and baseline data developed above will be used to develop multi-market simulation models for two major cross-country market sheds. The following draft outputs were done in 2nd Q of 2008. These were finalized in the 3rd Q of 2008.

- During the 4th Q of 2009, the team will work to produce a consolidated working paper for use in regional trade policy discussions with COMESA.

- Joint FSRP/ReSAKSS work continued on region-wide options for accelerating agricultural growth and poverty reduction and options for increasing agricultural growth. A draft publication on the potential of intra-regional grain trade in southern Africa: an analysis at the sub-national level was submitted to ReSAKSS in 1st Q 2008 and comments were obtained in the 2nd Q 2008. A revised final version was delivered to ReSAKSS in July, 2008. FSRP will not proceed to publish the work in its own working paper series in the 4th Q of 2008.

7. Alternative Instruments for Stabilizing National Food Availability and Prices

- See discussion under section III 1 on the work in the 3rd Q 2008 on analysis and outreach around the issues of marketing policy options for consumer price mitigation actions in the 2000/09 marketing season in Zambia. There will intensive outreach follow-up on this in the 4th Q of 2008.

IV. Consumption Behavior of Urban and Rural Households
In this quarter, cleaning of the second round of the data was finalized, though work on the rural Supplemental Survey prevented more progress. A preliminary outline and analysis plans were developed for Q4, when work will begin to utilize the two cleaned rounds together and produce initial output on consumption behavior and other areas covered in the urban survey.

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

- FSRP researchers prepared outreach materials for use in USAID Zambia, SIDA Zambia and other Donor presentation in AID/Washington and other meetings. This included preparing and delivering an orientation seminar at SIDA offices in Lusaka on Sept 10, 2008, and a meeting with the Zambia World Food Programme on Sept 9 to review preliminary analysis results on maize marketing and pricing options in Zambia.
- CSO/MACO Survey Research Interactions and Strengthening: Various Activities this Quarter to finalize the rural survey data collection, data entry and deliver of survey data files and survey instruments back to FSRP Offices in Lusaka:
  - Finalized field work and data entry in each Province.
  - Finalized deliver of all survey instruments to Lusaka.
  - Cooperated with MACO/CSO staff in reviewing new survey instruments to allow MACO to conduct in Oct 2008 a survey of industrial maize consumption.
- Supporting ReSAKSS-SA’s regional agenda.
  - ReSAKSS (see collaborative outputs under III 5 and III 6 above.
  - ReSAKSS and FSRP continue collaboration priorities for 2008 and the potential to establish a Zambia SAKSS program. ReSAKSS coordinator Pius Chilonda visited Lusaka in the 3rd Q 2008 to follow up on the agreement on ReSAKSS-SA/MSU.
- Collaboration/Strengthening of Agricultural Consultative Forum (ACF). Work continued with ACF, including:
  - Drafting of an ACF/MSU (FSRP) subcontract to for integration of FSRP’s work into ACF as part of ACF’s new strategic plan activity of undertaking more empirical based policy dialogue.
  - Review with ACF, SIDA, USAID and FSRP staff at a 2 day workshop in Siavonga of the draft subcontract and development of a tentative program for moving forward with discussion of this cooperation by the ACF Advisory Board.
  - Approval by the ACF Advisory Board of the merger.
  - Worked with ACF, MACO and various NGO and donor staff at a workshop at Kafue Gorge on developing a workplan for utilizing CSO/MACO and FSRP rural data to categorize smallholder households according to a number social-economic characteristics analyzed by household income and household land access criteria. The purpose of this joint ACF/FSRP analysis and outreach is to assist GRZ and donor NGO’s in the design and targeting of program benefits for various kinds of smallholders.
  - Continued cooperation with ACF in coordinating the Accelerated Cassava Task Force (ACU), including work with ACF to establish the ACU Task Force Policy Working Group outlined in item III 2 above.
  - Worked with ACF/ACU and PAM officials to develop terms of reference for a business plan study for PAM’s intended operation of a cassava milling plant in Mansa.
  - Participate in an ACF/ACU organized meeting to review progress of the JICA/GRZ Cassava Project (FoDiS).
- Collaboration with Zambia National Farmers Union.
• Prepared and presented a powerpoint at the ZNFU coordinated subcommittee meeting on soaring prices (Sept 24, 2008)
• Additional follow up working sessions to arrange details of the new horticulture information to be added to the ZNFU commodity price web site:
  http://www.farmprices.co.zm/ See item III 3 above. This involved on joint ZNFU/Project Profit working session on Sept 25, 2008.

• Collaboration with Conservation Farming Unit
  o Consultated with CFU researchers on the development of key data parameters for a linear programming model being developed by FSRP researchers to examine economic benefits of selected conservation farming practices.
  o Held additional informal meetings with Peter Aagaard to exchange information on conservation farming, fertilizer use and the fertilizer support program in Zambia

• MACO Collaboration
  o Worked with MACO Data Base Management Unit on issues related to the design and analysis of data from the forthcoming MACO study of utilization of maize grain by commercial maize processing firms in the milling, animal feed and opaque beer/energy drink sectors.
  o Worked with MACO staff on data to analyse the fertilizer support project (FSP).
  o During the initial round of work with MACO and CSO staff on the Rural SS operations in Copperbelt, it was observed that HH population in 10 out of 24 sampled peri-urban SEAs had grown tremendously between 1990 and 2008. What was once a single SEA in 1990 had ballooned to 5 to 8 SEAs in 2000. It was obvious that the personnel lined up to complete listing of HHs in these “multiple” SEAs in the province was low and teams had to be reassembled after completing work in all other normal SEAs. In cooperation with MACO and CSO staff made decisions that all the data collection teams in the province were requested to enumerate panel households **only** in the “multiple” SEA areas BUT list and enumerate in all “normal” areas. Once this was done, a smaller team was reassembled in July and went back to the multiple SEAs to finish listing.
  o Continued interactions and support to AMIC on market information.

• Ministry of Finance and National Planning (MoFNP) Collaboration
  o FSRP researchers established an important working relationship during the 3rd Q of 2008 with colleagues in the Ministry of Finance and National Planning (MoFNP). This is a group conducting, in collaboration with CSO, Bank of Zambia and other colleagues, a macroeconomic model to eventually evaluate the impact of alternative investment options by GRZ in various sectors.
  o MoFNP researchers were also consulted and included in the planned FSRP/ACF outreach to Parliamentarians that was postponed due to the death of the President.

• Collaboration with various donor studies and consultants working on Zambian issues:
  o Met and provided input to the World Bank consultants and Zambian consultants working on the WB funded FSP study.
  o Met with outside evaluators of the EU funded food security project in Zambia.
  o Worked with the accountants of the EU funded food security to present for payment expenses allowed under the financial and staff collaboration from this project in Northwestern and Western Province during the rural supplemental survey.
  o Assisted researchers at Gottenborg University in finalize a FSRP working paper and a policy brief coming from analysis done from the rural supplemental panel data for use in a SIDA funded study by Gottenborg researchers of economic change in rural and urban Zambia.
o Met with USAID consultants conducting the USAID SO 5 program evaluation.

VII. Staff changes

• None this Quarter

VIII. Project Visitors

• Robert Richardson from MSU campus staff to work with Gelson Tembo and Ana Fernandez on natural resource issues. (Visit started in 2nd Q and ended at the beginning of the 3rd Q.
• Steve Haggblade of MSU campus staff to work with FSRP team on cassava, conservation farming and maize marketing modeling.
• David Tschirley and Thomas Jayne to work with FSRP staff, Zambian graduate students (Mwiinga and Banda).
• MSU senior graduate student Ana Fernandez continued work in July in cooperation with Dr. Richardson and Dr. Gelson Tembo.
Most Recent Research and Outreach Publications Added to Web Site - 3rd Quarter - 2008

Policy Syntheses


Research Reports


Policy Presentations

<table>
<thead>
<tr>
<th>FSRP Work Plan Focus Areas and Sub Areas</th>
<th>PMI USAID Zambia Indicators</th>
<th>FSRP WP/PS #s</th>
<th>1.1. Trade and Investment Enabling Environment</th>
<th>1.2. Trade &amp; Investm. Capacity</th>
<th>3.4 Agriculture Enabling</th>
<th>3.5 Agriculture Productivity</th>
<th>4.6 Private Sector Competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>(USAID Indicator Numbers per Element)</td>
<td>4 1</td>
<td>1 2 3 4 5</td>
<td>2 3 5</td>
<td>1 2</td>
<td>3 4 5 6</td>
<td>3 4 5 6</td>
<td>1 2</td>
</tr>
<tr>
<td>(USAID Indicator Targets for FY 08)</td>
<td></td>
<td>3 2 6 3 5</td>
<td>3 3 3</td>
<td>5 2 2 2 2 2 2</td>
<td>5 2 9 2</td>
<td>2 5</td>
<td></td>
</tr>
</tbody>
</table>

1. Public Investment Allocation for Promoting Agricultural Growth
   1.1 National Agricultural Expenditure Accounts
   1.2 Returns to alternative agriculture expenditures

2. Productive Assets: Options for Sustainably Increasing Productivity and Incomes
   2.1 Land access, agricultural growth and poverty dynamics in Zambia
   2.2. Alternative strategies for maintaining soil productivity
   2.3 Labor supply, HIV/AIDS and agriculture
   2.4 Natural resource management

3. Marketing and Trade: Policies Affecting Input and Output markets
   3.1 Maize value chain
   3.2 Cassava value chain
   3.3 Horticulture value chain
   3.4 Cotton value chain
   3.5 Fertilizer value chain
   3.6. Regional trade perspectives on food staples and input markets
   3.7. Alternative instruments for stabilizing national food availability and prices

4. Consumption Behavior of Urban and Rural Households
   4.1. Trends in rural and/or urban consumption

5. Household Impacts and Behavior
   5.1. Characteristics of emerging commercial smallholder farmers
   5.2 Smallholder income and growth dynamics
   5.3. Improved emergency response