

## Lifting the Burden of Excessive Grain Levies for Farmers, Traders, and Millers in Zambia

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The Masekos are small scale farmers in eastern Zambia, cropping groundnuts and maize for their own consumption and for selling in local markets. Until recently, local governments were charging levies on every bag of maize that moved out of the local area. At times, the levy, collected at road checkpoints, amounted to almost 15% of the value of the maize that the Masekos and other farmers sold. One local trader wrote to the Ministry of Agriculture: “We hope you will be able to do something on the levies as they are very destructive to trade and food security, as in the past they have been a reason for maize to walk away into Malawi.”



Mr and Mrs Maseko in Eastern Province Zambia

Staff from the Ministry of Agriculture and Cooperatives contacted the USAID supported Food Security Research Project (FSRP) to help them understand the impact of the levies on their farmers, traders and producers. The joint Ministry of Agriculture/Food Security Project analysis showed that the taxes were ineffective in raising local revenues, their intended benefit. Farmers and traders engaged in expensive ways to avoid paying the taxes, thus either lowering the return to the farmers or increasing the price to the consumers. Much of the tax collected at the checkpoints apparently did not get reported to district authorities. No one seemed to benefit other than the tax collector. The Zambian National Farmers Union published parts of the report in an effort to change the policy and help the Masekos and other small-scale farmers receive higher prices for their crops.

Armed with the analysis, officials from the Ministry of Agriculture brought the issue to the Ministry of Local Governments, with farmers from the Zambia National Farmers Union by their side. In May 2005, the Ministry of Local Government issued a directive to all councils to drastically reduce grain levies to a uniform level throughout the country, roughly \$0.05 per bag of maize traded (down from \$6.50 per bag of maize in some districts).

Reducing a tax levy may seem like a small step, but **for thousands of farmers, traders and small-scale millers in Zambia, the reduction in the movement levies removed a threat to their livelihoods.** MACO officials are gaining the skills to help advocate and implement government policies that will promote food security, using the in-service training and partnership with the USAID-supported Food Security III Cooperative Agreement with Michigan State University.