

# Opportunities to Improve Household Food Security Through Promoting Informal Maize Marketing Agents: Experience From Eastern Cape Province, South Africa

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# Partners

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- FANRPAN
- Rockefeller Foundation
- Michigan State University
- University of Pretoria
- National Agricultural Marketing Council

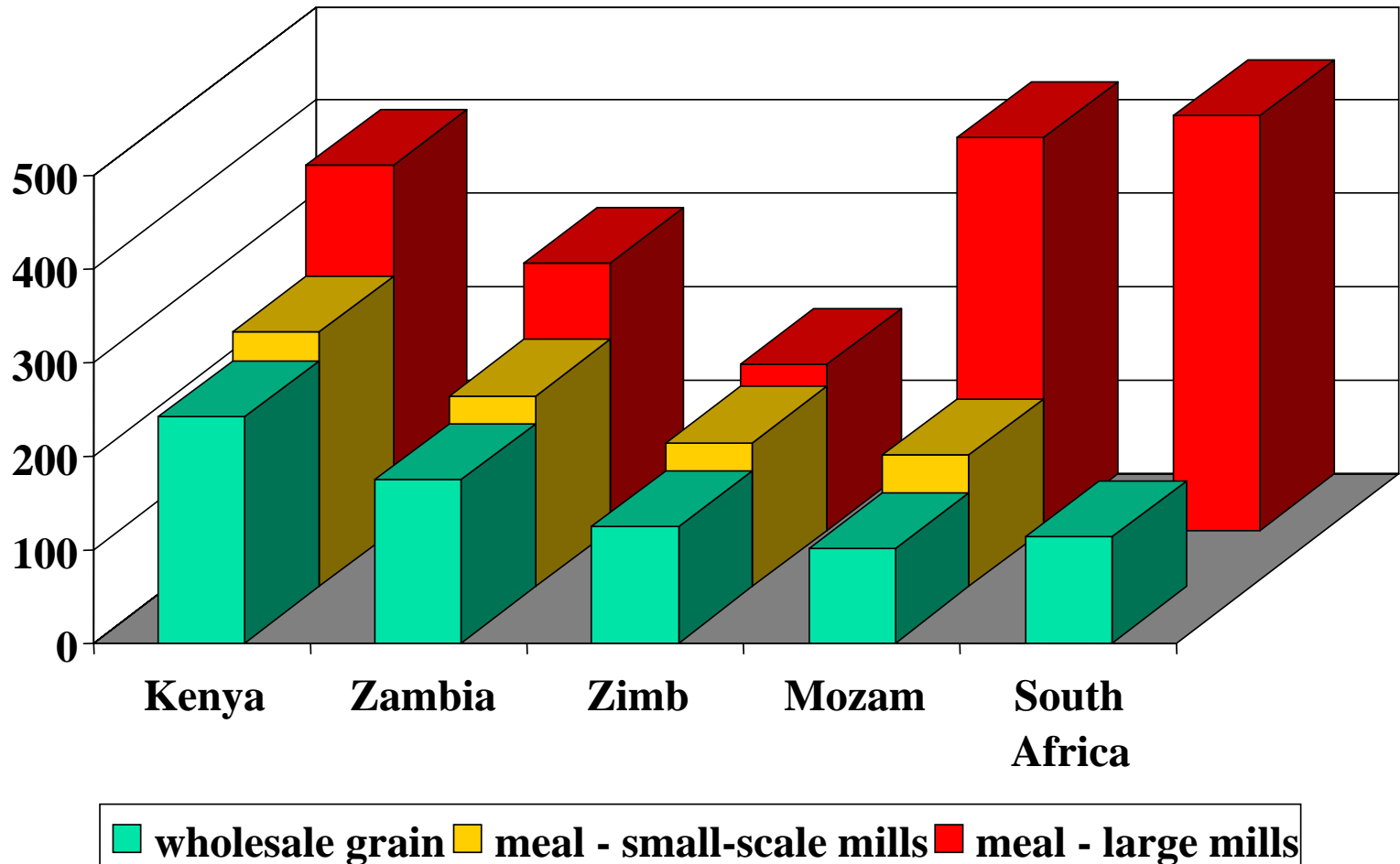


# Presentation Outline

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- ❑ Study Objectives
- ❑ Data
- ❑ Key Findings
- ❑ Policy Implications

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





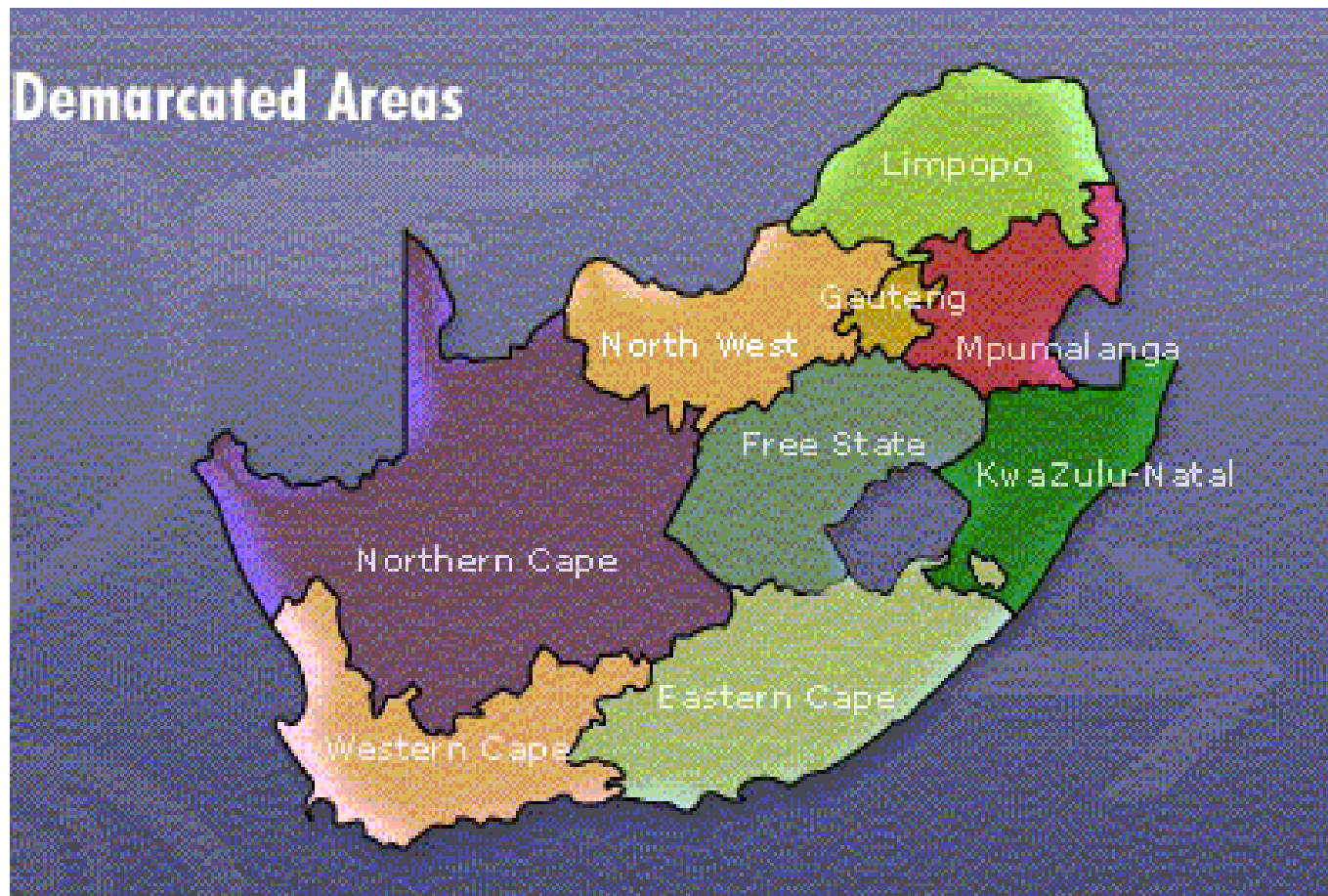
# Study Objectives

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To Determine:

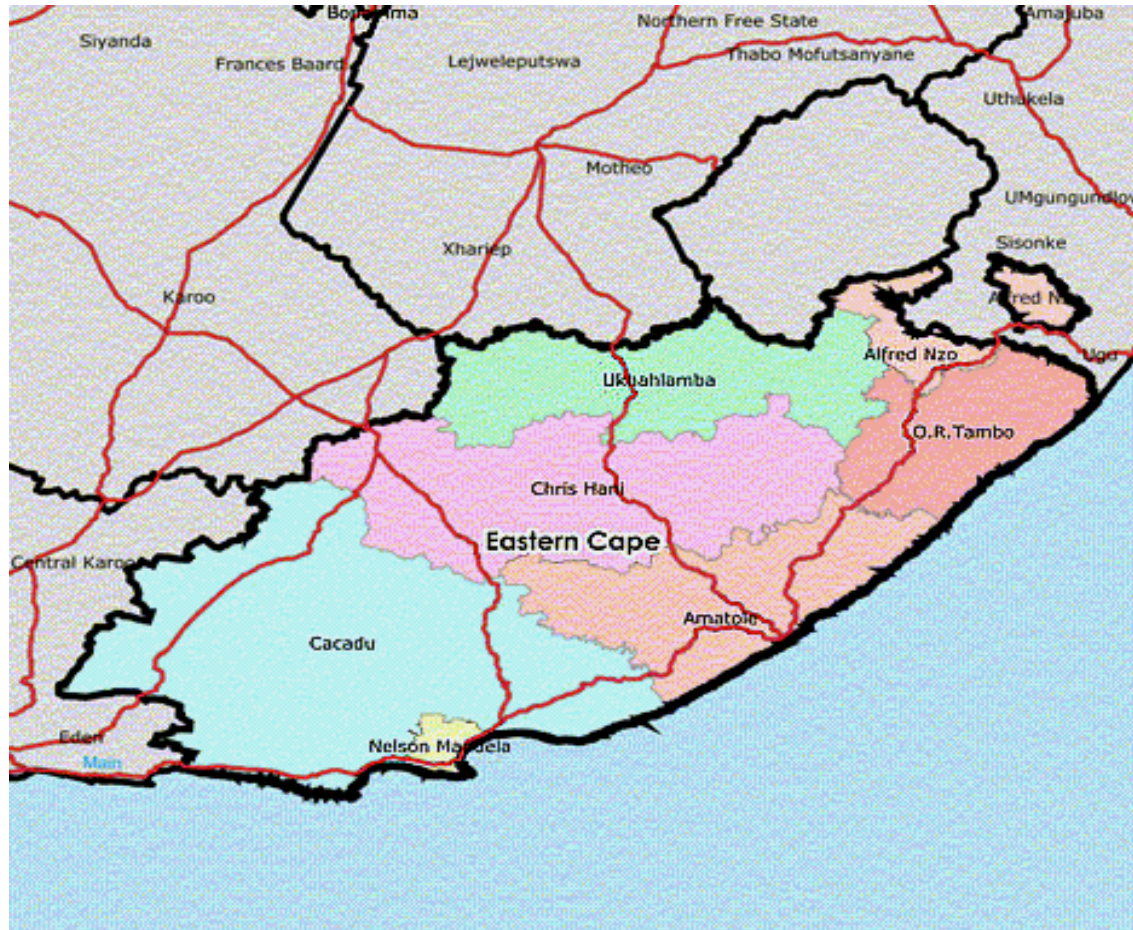
- ❑ Consumer Demand for maize products
- ❑ Role that informal small-scale milling can play in household food security
- ❑ Barriers to expansion of small-scale trading channels

# Data: Eastern Cape



Source: Municipal Demarcation Board South Africa; [www.demarcation.org.za](http://www.demarcation.org.za) 2005

# Data: Commercial Millers



Source: Municipal Demarcation Board South Africa; [www.demarcation.org.za](http://www.demarcation.org.za) 2005

# Data: Consumer & Informal Miller Surveys

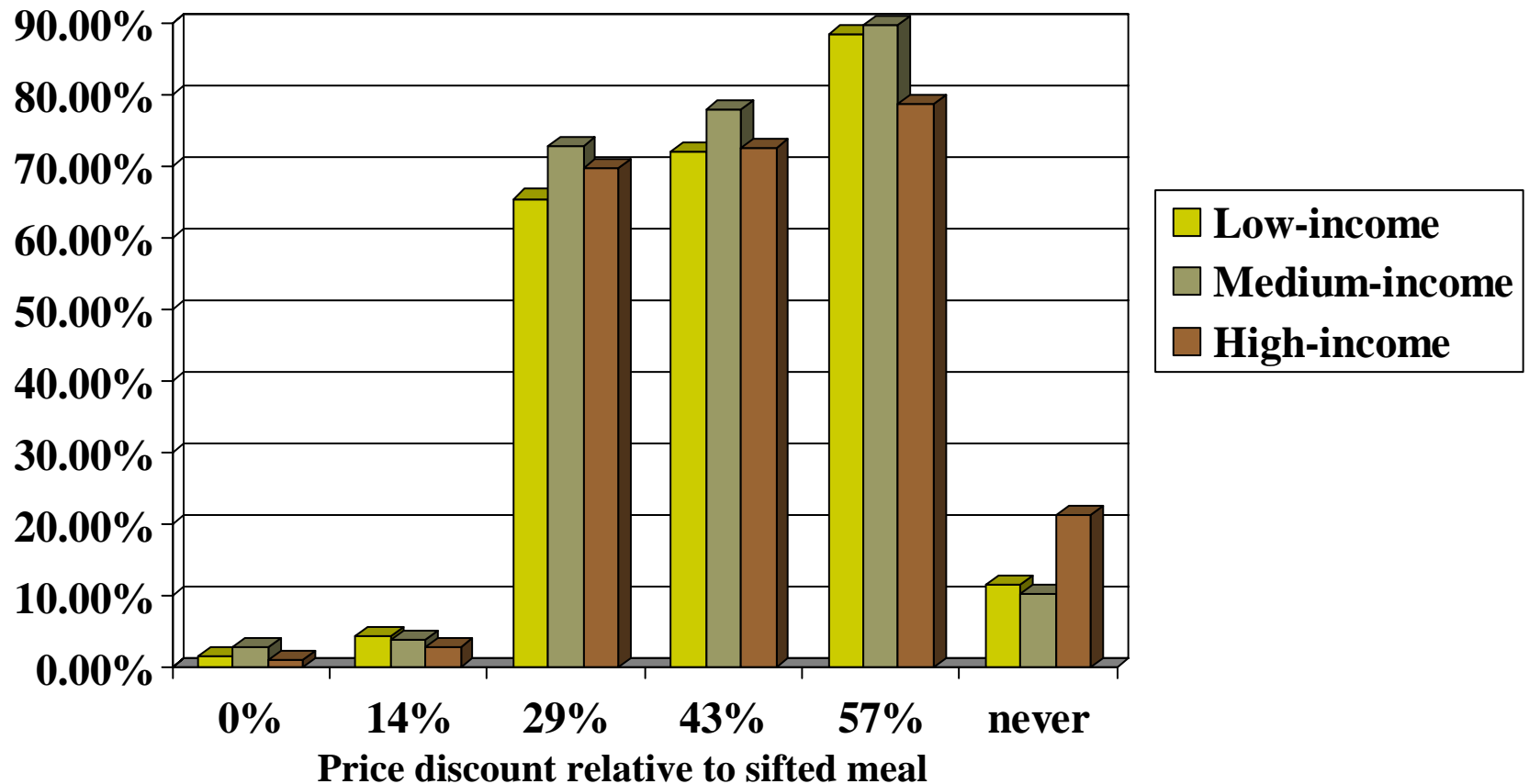


Source: Municipal Demarcation Board South Africa; [www.demarcation.org.za](http://www.demarcation.org.za) 2005



# Key Findings: Consumers' Willingness-to-pay

Percentage of hh's Preferring Straight-run Meal at Given Discounted Prices



# Key Findings: Maize Grain Cost Build-up

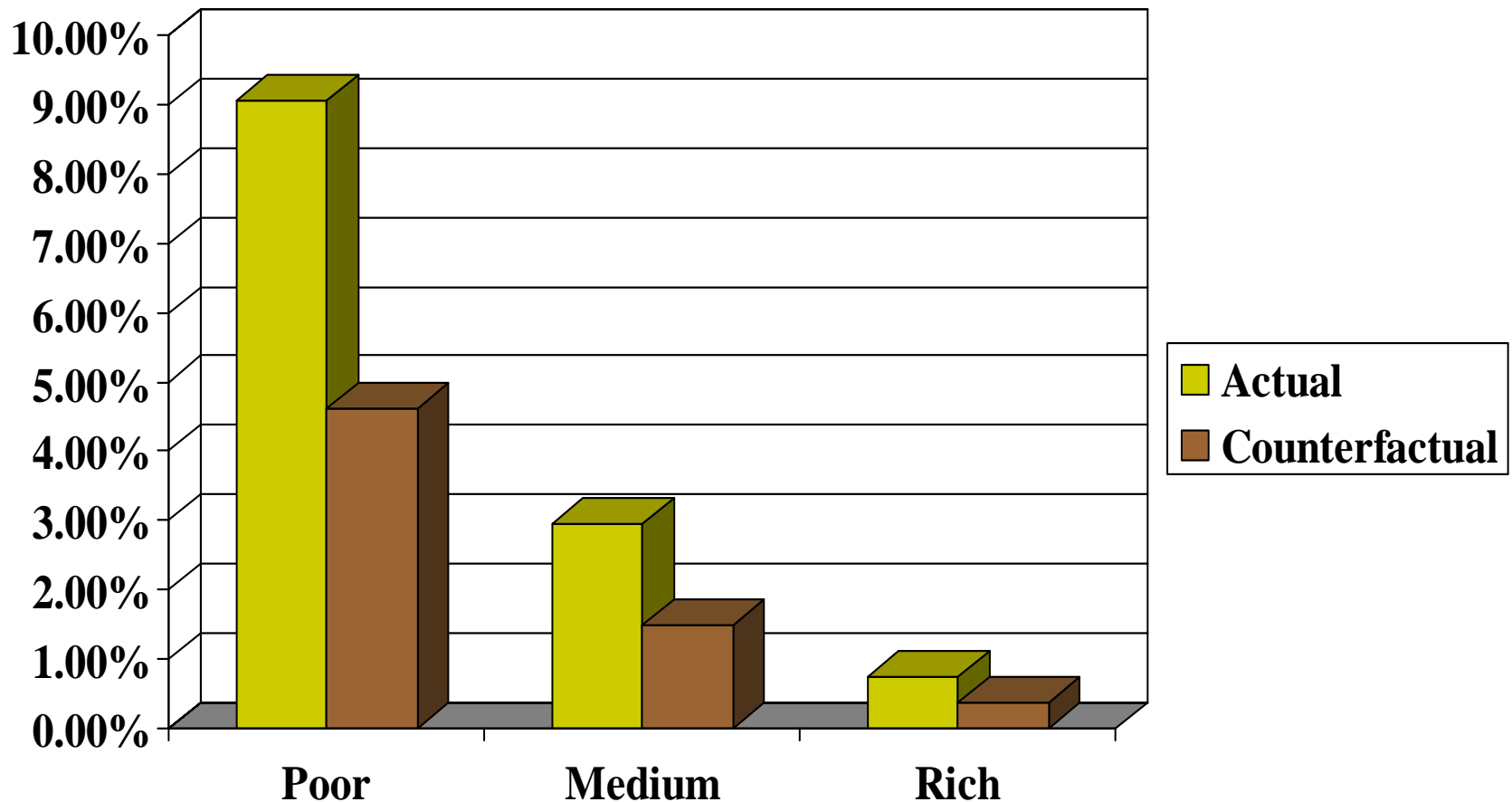
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	Commodity (R/12.5kg)			
	Maize Grain	Super-sifted	Special	Sifted
Formal Marketing System	11.08	36.71	30.54	24.30
Informal Production Miller	13.09	18.41	18.41	18.41
Price % Discount	15%	50%	40%	24%

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# Key Findings: Cost Savings to Consumers from Sourcing Maize from Informal Millers

Percentage of Monthly Income Spent on Super-Sifted Meal: Aug – Oct 2004





# Key Findings: Market Barriers

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## **Main Reasons Stated by Small-millers for not Engaging in Production Milling**

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Customers bring their own grain	58.8%
Didn't think of it	43.2%
Consumers prefer commercial meal	35.3%
No access to credit	15.7%
Not profitable	13.7%

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# Summary of Key Points

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- Evidence of consumer demand
- Cost-savings Available through Informal Markets
- Information Gap
- Dumping Practice



# Policy Implications

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- ❑ Close Information Gap
- ❑ Dumping Practices
- ❑ Re-evaluate the impact of the Food Fortification Initiative

Thank You

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