

Promoting competition reforms in Zambian Maize Sector – findings from CREW Project

- **Farmers Input Support Program (FISP)**

Procedure of fertilisers procurement seem to enable participation of limited number of private fertiliser suppliers, thereby stifling competition.

This has resulted in participation of a handful of private firms in fertiliser supply in Zambia. Firms seem to have found it more convenient to collude than compete.

- **Behaviour of Miller**

Provision of ‘subsidised maize’ in 2011 to millers did not translate in benefits for consumers as mill-to-retail marketing margins increased significantly in the period when subsidy was provided.

This ‘subsidy’ policy excluded some millers from the programme, especially informal and small/medium-scale millers, who offered competition to the larger millers.

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- **FRA Price Setting of Maize**

- It has reduced price volatility as variation in prices reduced by 13.5%
- Prices were set at a high level, which positively impacted only a handful (28%) of Zambian farmers who are net-sellers of maize – while negatively affecting nearly half of the farming community (48%) and having no impact on the remaining 24%
- High prices offered by FRA for maize increased revenue burden on Govt., already bearing high costs in subsidising fertilisers (FISP programme). It also induced farmers towards a culture of mono-cropping (of maize due to its high prices) and reduced private sector engagement in the sector
- Floor pricing had a positive effect on maize production (by increasing the area cultivated) and productivity (by increasing fertiliser rate application and harvested produce) but had no direct effect on the yields of maize per hectare