

MINISTRY OF AGRICULTURE AND COOPERATIVES

Bran Stocks Verification Report

September 2009.

1. BACKGROUND

Following several requests by some millers and traders to be allowed to export maize and wheat bran to their regional clients, the Ministry of Agriculture and Cooperatives called for a Stocks Monitoring Committee meeting to discuss the matter with all the relevant stakeholders. During this meeting, the Millers Association of Zambia reported that their members had 207 569 metric tons of bran in stock and they requested that they be allowed to export part of this bran during this period when local demand for livestock supplement feeding. Table 1 below indicates the figures reported by the Millers Association of Zambia.

During the same meeting, the farmers reported that their members were experiencing difficulties in securing adequate supplies of the commodity from the millers. Furthermore, the farmers argued that there was already an existing MoU between them and Government that restricted any bran exports during the critical months of September through to November.

Arising from this dispute, the Ministry of Agriculture and Cooperatives in collaboration with the Zambia National Farmers Union sent a team to conduct a verification exercise on the bran situation with all the major millers in Lusaka and Copper belt.

Bran Stocks position as at 15th September, 2009

	NAME OF MILLER	MAIZE BRAN IN MT	WHEAT BRAN IN MT	TOTAL BRAN IN MT	ROTTEN BRAN IN MT
1	National Milling Corporation	79	204	284	-
2	Simba Milling	150	175	325	-
3	Mpongwe Milling	146, 775	60,125	206,900	722,100
4	Chat Milling	60	-	60	
5	Others - 20 at an average of 100MT			2,000	
	TOTAL	289	60,504	209,569	722,100

(Source: Miller Association of Zambia).

2. TERMS OF REFERENCE

The following were the terms of reference for the verification exercise;

- Meet all the major milling company's on the copper belt and establish the among other things;
 - Installed Milling Capacity,
 - Current Daily Bran Production in metric tons,
 - Maize bran in stock at the time of the verification,
 - Average daily bran sales,
 - Main Buyers,
 - Existing Wholesale and Retail Prices,
- Hold discussion with some dairy farmers who use bran as an input in their various livestock production units.

3. METHODOLOGY

The methodology used in order to achieve the terms of reference above included:

- a) Physical visitation and inspection of the Mill plants in the Copper belt
- b) Physical count to establish the stocks at hand,
- c) Discussions with Management on their general marketing of bran.
- d) Discussion with some daily farmers.

4. VERIFICATION TEAM MEMBERS

The following officers under took the exercise;

1. Mr. David M. Mundia - **Acting Chief Agricultural Economist - Team leader,**
Ministry of Agriculture and
Cooperatives
2. Mr. Masiyaleti Mulozo - **Statistical Officer** Ministry of Agriculture and
Cooperatives
3. Mr. Nachiluzyi Chuba - **Agricultural Economist** Zambia National Farmers Union

5. FINDINGS.

5.1. Millers and Farmers Visited

The following millers and dairy farmer groups were visited;

1. Chimsoro Milling in Kapiri-mposhi
2. Olympic Milling in Ndola
3. Olympic Milling in Mufulira
4. Chimanga Changa in Ndola
5. Antelope Milling in Luanshya
6. Mpongwe Milling in Kitwe
7. Kwashuka Daily Cooperative
8. Bupe Dairy Cooperative
9. Jele Dairy Cooperative
10. Mlwanseba Dairy Cooperative
11. Tigwilizane Dairy Cooperative

With the exception of Mpongwe Milling, the rest of the Milling companies visited did not have significant quantities of bran in stock. The general scenario was that bran was being bought as it was produced. Even for Mpongwe Milling Company only a total of 313.8 metric tons was in stock at the time of the verification. When questioned over the reported excess bran to the tune of over 206 900 mt in stock and 722 100 mt rotten, the General Manager Mr. Mr. Riaan Rautenbach claimed that the rotten stocks had been disposed off at the Kitwe District Council damp site while some were disposed off in the company's disused plot adjacent to the mill plant. The remaining 206 900 mt was given away to a local commercial farmer called Cosmic Farm at no cost.

5.2. Current bran output per day in metric tons.

Currently all the major mills visited are producing about 100 metric tons of bran per day while the average daily sales stood at 85 metric tons per day. This is a situation of hand to mouth as daily production was more or less equal to daily effective demand.

It was also noted that Millers which have lines of Stock feed manufacturing reserve much of their bran for use as feed stock for their own stock feed manufacturing. Olympic Milling is one such miller.

5.3. Pricing.

The pricing strategy for all the milling company's visited is that of offering wholesale price to buyers who bought in excess of 5 metric tons of bran at a time while those buyers buying quantities below this were offered at retail price. Furthermore, the milling company's had standing contracts to supply to these bulk buyers. In view of this there were situations where small scale dairy farmers were turned down because milling company's had contractual

obligations fulfil. As a result, these farmers felt that they were being discriminated against by some milling companies.

It was also noted that some millers were quoting their daily prices in dollar terms and as such their kwacha prices fluctuated in response to the daily exchange rates. For more details refer to the table 2 below.

Table 2. Summary of verification data.

NAME OF THE MILLING COMPANY	INSTALLED MILLING CAPACITY PER DAY IN MT	CURRENT DAILY BRAN OUTPUT IN MTS	BRAN IN STOCK IN MT	AVERAGE DAILY SALES IN MTS	AVERAGE PRICE PER KG
Chimsoro Milling (Kapiri-mposhi)	100	11	3.6	5.2	500
Antelope Milling (Luanshya)	120	18	0	18	520
*Mpongwe Milling (Kitwe)	96	16	313.8	18	470
**Olympic Milling (Maize) Mufulila	130	20	0	20	358.8
Olympic Milling Ndola(Maize)	60	9	0	9	640 R,560B
Chimanga Changa (Ndola)	240	25	15	15	600 R, 400 B
TOTAL		99	332.4	85.2	

*The bran in Stock of 313.8 (Maize bran 196.8 MT, wheat bran 117 MT)

** The figures are combined for wheat and Maize

R - Retail price

B - Bulk buyers

5.4. Shelf Life.

All the millers indicated that bran as a product had a very limited shelf life. They indicated that during the dry season the shelf life was only up to 30 days while during the wet season the shelf life reduced further to only about 14 days. The implication therefore was that millers were likely to incur heavy losses if there was no effective demand within the indicated shelf life span.

6. CONCLUSION

The verification team concludes as follows;

- The bran currently produced was only enough to meet the local demand.
- Regarding Millers who had reported excessive quantities of bran in stock, this situation is no longer obtaining as there is a ready market for the bran locally.
- Regarding sentiments by the small scale dairy farmers visited about them being discriminated, our conclusion is that this was not the case. It's just that their individual procurement strategy does not mobilize enough volumes to warrant discounts from the millers.
- There is a lack of transparency and timely information flow between the key stakeholders, ZNFU and MAZ, regarding the availability of Stock feeds. This created unnecessary suspicions among the stakeholders.

7. RECOMMENDATIONS.

- The current MoU of restricting exports of bran during the critical months should be maintained. However only in very rare occasions should exports be considered during the critical period. In addition such situations should be tabled for consideration by all the stakeholders.
- The Stocks Monitoring committee should be strengthened to facilitate physical verifications of the various sensitive stocks on a regular basis.
- Small holder livestock farmers should be encourage to go for bulk procurement of bran as groups. This will enable them to benefit from the wholesale prices which large scale buyers are currently benefiting from.
- The Ministry should continue effort building rapport among the various stakeholders