Background and Methodology

This report contains information on the second round of emergency markets monitoring conducted between the 1st and 6th July 2019 after the announcement of the Statutory Instrument 142 of 2019 that introduced the ZWL as the sole legal tender in Zimbabwe and also the Statutory Instrument 145 of 2019 which controls the buying and selling of maize grain. The market spot checks were conducted in partnership with members of the Cash Assistance Working group and these include World Vision International, CARE, Christian Aid, Mercy Corp, IRC, Red Cross, Action Aid, CAFOD, Africare, ADRA, MDTC, Plan International and WeEffect. The market spot checks were conducted through the face to face market interviews and telephone interviews with traders in 60 markets across 11 districts (Buhera, Chimanimani, Mutasa, Nyanga, Mbire, Rushinga, Chiredzi, Masvingo, Mwenezi, Mudzi and Zvishavane). The actual field data was gathered by WFP and its partners in their areas of operation. The report provides a brief overview of the current market situation given the volatility of key market indicators (prices and availability) and their related proxies. It tracks the availability of maize grain and the accessibility of the Grain Marketing Board (GMB) by the vulnerable population. This information is indicative of changes in the food security status of rural livelihoods and the level of support required through the Lean season response being implemented by government and its partners.

Basic Food Basket Commodity Pricing and Availability

Maize Grain

Maize Grain was still available in 90% of the markets that were assessed even after the announcement of the statutory instrument 145 regulating the sale of maize grain. The market availability of maize grain increased from 53% in the last reporting period and this could be attributed to speculative behaviour of traders to dispose more stocks when prices become attractive. Maize grain prices have remained relatively stable for USD cash payments at an average selling price of $0.25/kg. In the first week of July grain was selling at $0.24/kg - the same price that was observed in the month of June 2019. (Figure 1). Other forms of payment using the ZWL (Bond Notes, RTGS (plastic, and mobile money)) has been on the increase from January 2019 to June 2019. Mobile money payments increased from ZWL0.65/kg to ZWL1.30/kg (Average of the month June 2019). As the shortage of bond notes cash continue to deepen maize grain market prices dropped by 4% from ZWL1.5/kg to the current ZWL1.11/kg. On the contrary the mobile money price increased by 27% from ZWL0.98/kg to ZWL1.24/kg.

Implications for Statutory Instrument 145 of 2019 – Control on Sale of Maize

The government of Zimbabwe has introduced the SI145/2019 that restricts the sale of maize to GMB only. It SI 145 states that no person or statutory body or company or entity shall sell or otherwise dispose of any maize except to a contractor or to the Grain Marketing Board. Any maize which is required to be sold to the Grain Marketing Board in terms of this section shall be delivered to the Grain Marketing Board at such time, place, and quantities as the Board may direct and under such terms and conditions as the Grain Marketing Board may provide. No person who is not a
producer of maize or who is not a contractor shall sell maize to the Grain Marketing Board. The Grain Marketing Board is hereby empowered to reject any maize delivered by a person other than a producer or a contractor.

While this is an attempt to eliminate the middlemen who buys grain for speculative purposes there is need to introduce more decentralised GMB buying depots to cater for deliveries countrywide and improve accessibility to the GMB depots by remote farmers who previously sold their grain to middlemen.

Sugar Beans

Sugar beans was available in 64% of the surveyed markets at an average price of ZWL12.71/kg and ZWL12.83/kg for cash and mobile money payments respectively. There were no traders accepting USD cash for sugar beans, there was a sharp increase in prices of sugar beans by 75% from an average of ZWL7.17/kg and ZWL7.41/kg for bond notes and mobile money payments respectively to an average of ZWL12.71/kg and ZWL12.83/kg for bond notes and mobile money respectively. (Figure 2)

Cooking Oil

Cooking Oil was available in all the markets that were monitored at an average price of $1.83/L for USD cash payments, ZWL12.70/L for bond note cash and ZWL13.13/L for mobile money payments. (Figure 3). The price of cooking oil dropped in response to the SI142/2019. Cooking Oil is a major basic food commodity high in demand and very sensitive to any changes in the macro-economic environment. The continuous shortage of bond notes cash on the market, has forced the price of cooking oil to drop by 6% from ZWL13.44/L in the previous period to ZWL12.70/L in the current reporting period. For mobile money payments the price dropped by 5% from ZWL13.79/L in the last reporting period to ZWL13.13/L in the current reporting period. The drop may result in improved access by the majority poor households contributing to their food security status.
Trading and Marketing: A Brief analysis

With effect from the 24th June 2019, Zimbabwe adopted the Zimbabwean dollar as the sole legal tender, ditching the multicurrency system which was effected in 2009 to ease economic challenges that had led to hyperinflation, and lack of basic commodities. This in effect means it is now illegal to transact in any currency other than the Zimbabwe dollar within the country’s borders. Overnight companies were no longer allowed to trade in US$ except for international transactions processed via a wire transfer. Local transfers of US$ from company to company or individual accounts were stopped with immediate effect. This measure might result in shortage of basic food commodities for those goods whose raw materials were procured with foreign currency. WFP will continue to monitor prices of both food and non-food commodities to establish the impact and results of the SI implementation for programming purposes.