

DEVELOPMENTS IN THE HORTICULTURAL SUPPLY CHAINS IN ZAMBIA

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OUTLINE

- Background
- Importance of horticultural sector
- Main market channels
- Regional market perspectives
- Post harvest challenges
- Opportunities in alternative freight ways
- Anticipated future trends

BACKGROUND

- Commercial horticultural developed in the 1980s by ZEGA with support from EU
 - Cold storage
 - Airfreight
 - Member capacity building
- Independent and professional body with 50 members (35 exporters): advise members and address issues challenging their interests including marketing, freight, crop management, etc

BACKGROUND cont'd

- Sector regarded as promising non traditional export sector
- However, 100% export oriented and suffered from over valuing of the local currency in 2005/6
- A lot more needs to be done with the development of the domestic horticultural sector
- System is larger and employs more people

BACKGROUND cont'd

- 21% medium and small-scale farmers involved
- Earns US\$116 million compared to US\$55 million for the export sector

IMPORTANCE OF THE SECTOR

- Smallholder farmers growing and selling fresh produce more likely to have income growth than cereal growers
- In Zambia, mean per capita income is US\$183 among fresh produce sellers compared to non-sellers
- Fresh produce sales account for 18% of total hh incomes, and 39% of total hh cash income

IMPORTANCE OF THE SECTOR

Cont'd

- Fresh produce account for 21% of Lusaka urban households expenditure on food
- Second only to cereals and staples which account for 24%
- Own production accounts for only 7%; thus over 90% goes through markets as purchases

MAIN MARKET CHANNELS

- Fresh produce mostly passes through wholesale markets from production areas e.g. Soweto in Lusaka
- This is a very important market handling about US\$13 million worth of tomato, rape and onion per annum (a lot more products pass through the market)
- Yet it has very inadequate investment in hard and soft market infrastructure
- From the wholesale markets to consumption, the traditional markets accounts for more than 90% of the retail markets
- The supermarkets or modern system only accounts for less than 10%

REGIONAL MARKETS PERSPECTIVES

- Domestic system operates in a regional market
 - Onion is imported from South Africa, Malawi and Tanzania
 - Oranges, apples, pears from South Africa. Some oranges from Zimbabwe
 - These once in Lusaka/mostly Soweto Market are re-distributed to other parts of the country and exported to DRC
 - Tomatoes are not imported but are re-distributed from Soweto to other parts of the country including DRC, Namibia

REGIONAL MARKETS PERSPECTIVES cont'd

- This regional trade is conducted by private (quite often small traders) who organise their own transport – any that can be hired
- Perishable products from South Africa are transported in refrigerated trucks
- Trade is largely informal and no statistics are available on its extent
- There are no trends on developing cold storage or cold supply chains

POST HARVEST CHALLENGES

- Transport related losses including produce physical damage
- Poor quality markets offering little protection from the weather elements
- Supply gaps
- Poor market infrastructure
- Lack of or limited storage capacity as well as cold chains
- Limited processing capacity

OPPORTUNITIES IN ALTERNATIVE FREIGHT WAYS

- Only avenue available to ZEGA is airfreight to Europe – members provide refrigerated transport to cold shed at airport
- Challenges have included high freight costs as well as unavailability of flights
- On the domestic and regional scene, only perishable products from SA are transported in refrigerated trucks
- Other traders use whatever is available quite often damaging produce in transit

ANTICIPATED FUTURE TRENDS

- Vision is growth in exports with increased smallholder participation
- Complementarity between export and domestic sectors essential
- Need investment in both hard and soft market infrastructure in the traditional market system
 - Developing wholesale markets under PPP concept in selected parts of the country, linked to retail markets in the country and regional markets
 - Building capacity of market managers
 - Developing brokerage services, market information, grades and standards
 - Rehabilitation of major road links and feeder roads
 - Investing in refrigerated transportation
 - Investing in improved local processing capacity

THANK YOU VERY MUCH