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 guts
• 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 fright 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