Understanding Zambia's Domestic Fresh Produce Value Chains

Main Patterns in Assembly, Wholesaling and Retailing in Lusaka and Ndola

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Main data sources

- Stakeholder consultations
  - Government institutions (MACO, MLGH)
  - City Councils of Lusaka and Ndola
  - Donor funded projects (UMDP, PROFIT)
  - Private sector traders and processors
    - Freshpikt, Freshmark, Shoprite Mgrs, Melissa, etc.
  - Farmers

Main data sources cont'd

- Interviews with
  - Large farms (6) in Lusaka
  - First sellers (31) in Lusaka Soweto market
    - Some traders, some farmers
  - Retail traders (107) in markets, and
  - Urban consumers (235) in Lusaka and Ndola
- Analysis of household survey data for smallholder marketing

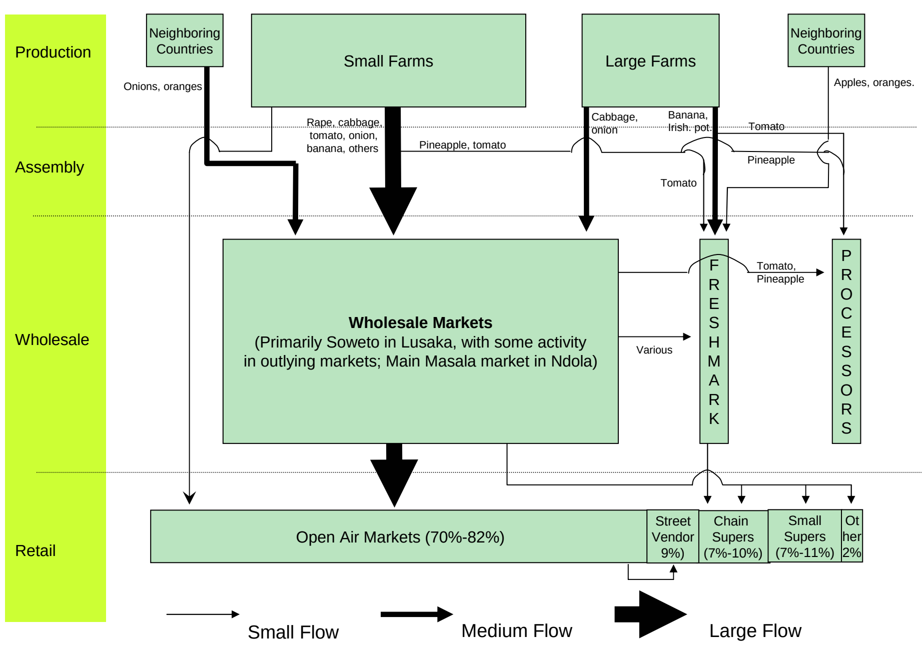
Overview of Wholesaling and Retailing

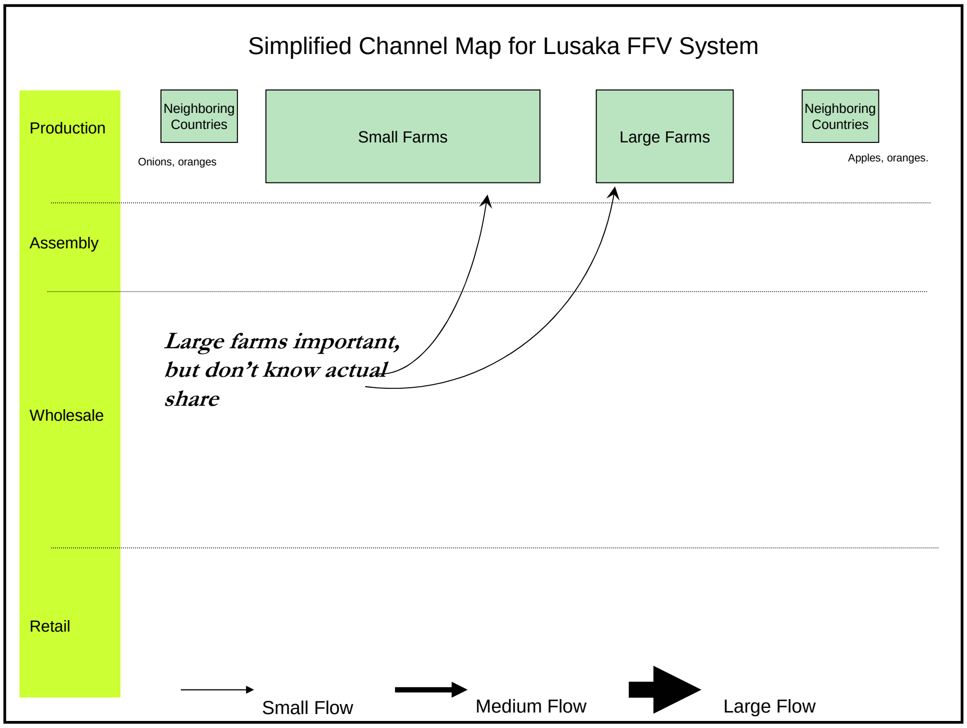
- Smallholders probably dominate production and marketing into smaller urban areas
  - But only 17% sell, compared to 70% in Kenya and 25% in Mozambique
- Large farms located close to Lusaka and Ndola play a major role in supplying those cities
- Much of produce comes from within 20-30 km of the cities
- But regional trade also important
  - Onions from Malawi, Tanzania, RSA
  - Oranges from Zimbabwe, RSA
  - Apples, other fruit from RSA
  - Exports to DRC

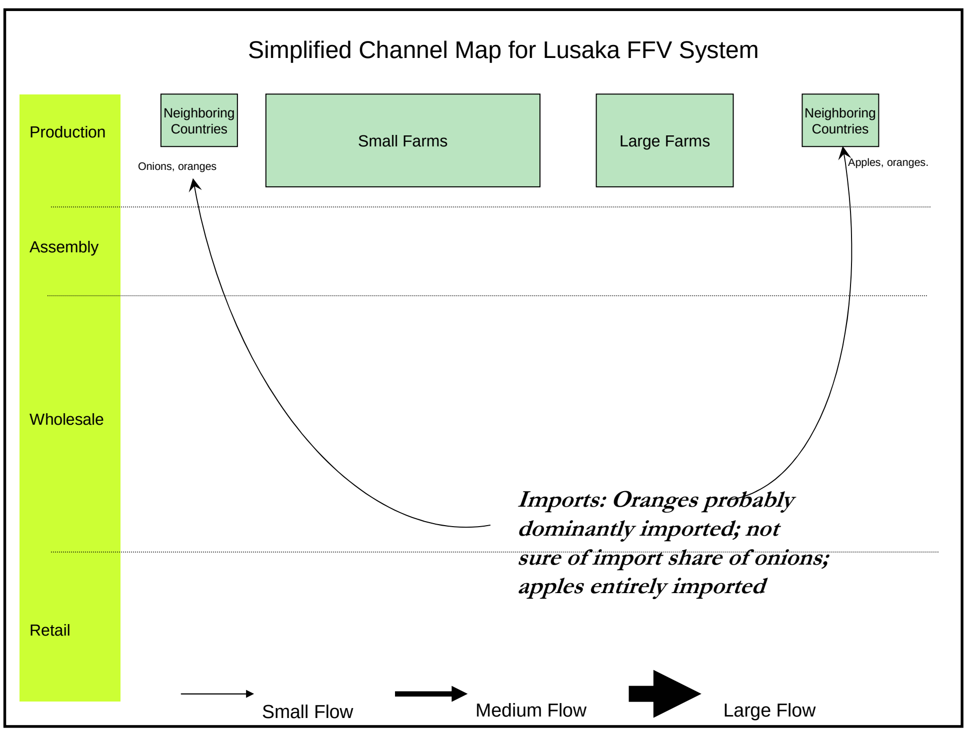
Overview of Wholesaling and Retailing (cont'd)

- Very large open air wholesale markets are hubs
  - Soweto, Main Masala
  - These are also large, diversified retail centers
- Retail open air markets dominate

Simplified Channel Map for Lusaka FFV System




Simplified Channel Map for Lusaka FFV System
Production
Assembly
Wholesale
Retail
Neighboring Countries
Onions, oranges
Small Farms
Large Farms
Neighboring Countries
Apples, oranges.
Large farms important, but don't know actual share
Small Flow
Medium Flow
Large Flow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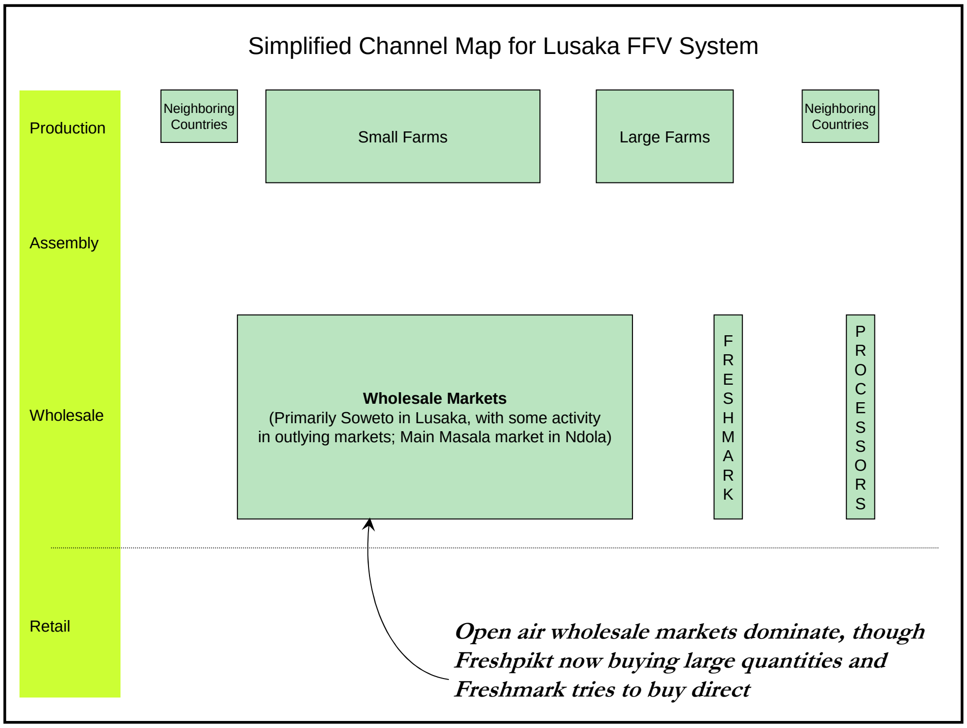
Apples, oranges.
Imports: Oranges probably dominantly imported; not sure of import share of onions; apples entirely imported
Small Flow
Medium Flow
Large Flow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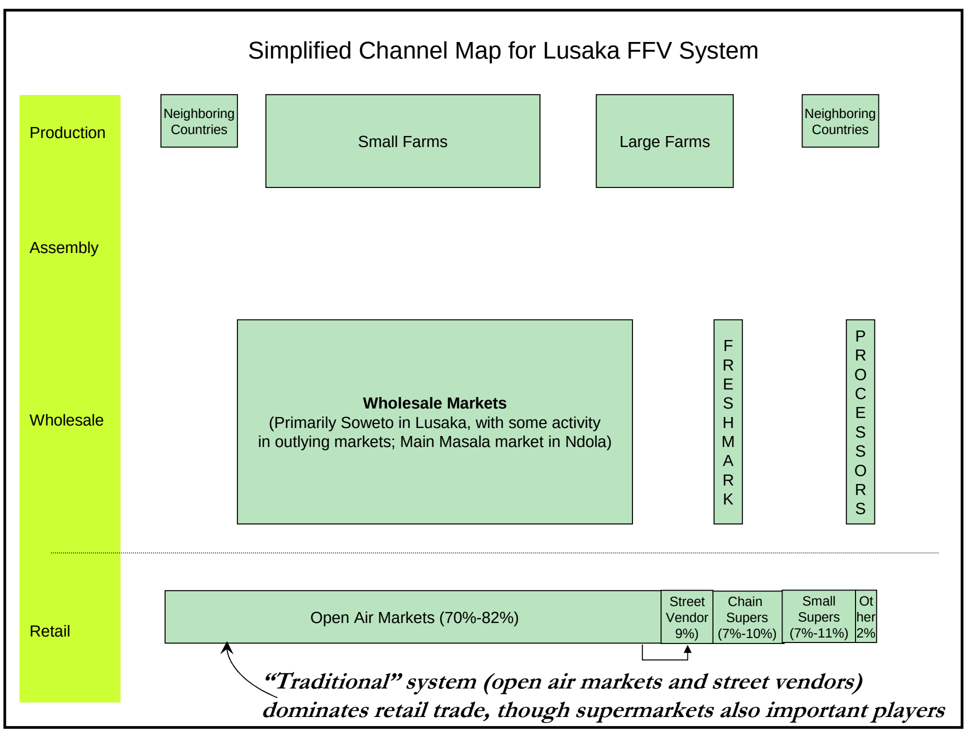
Neighboring Countries
Wholesale Markets
(Primarily Soweto in Lusaka, with some activity in outlying markets; Main Masala market in Ndola)
FRESHMARK
PROCESSORS
Open air wholesale markets dominate, though Freshpikt now buying large quantities and Freshmark tries to buy direct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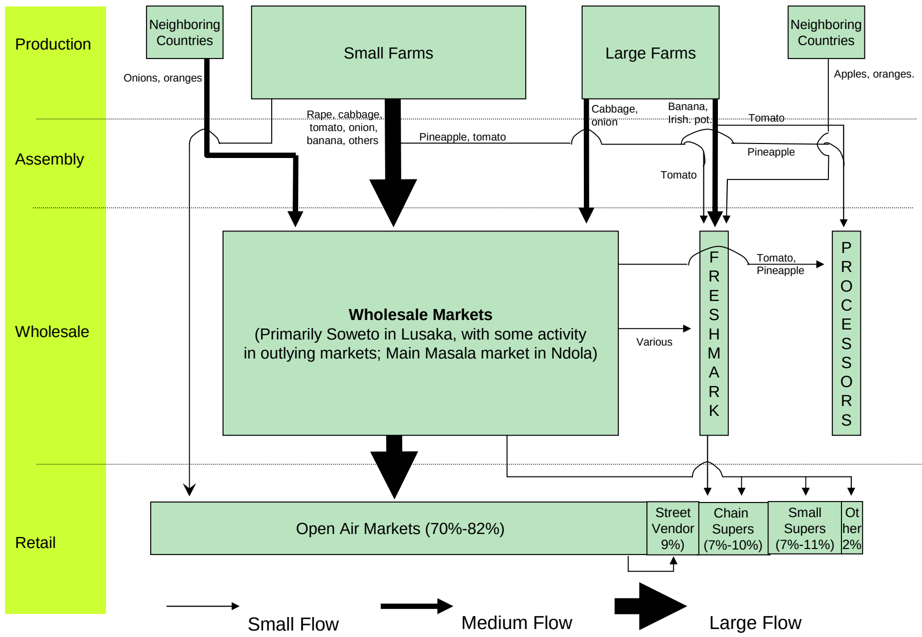
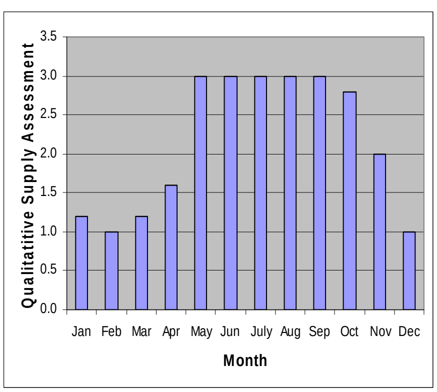
FRESHMARK
PROCESSORS
Open Air Markets (70%-82%)
Street Vendor 9%)
Chain Supers (7%-10%)
Small Supers (7%-11%)
Other 2%
"Traditional" system (open air markets and street vendors) dominates retail trade, though supermarkets also important players

Simplified Channel Map for Lusaka FFV System



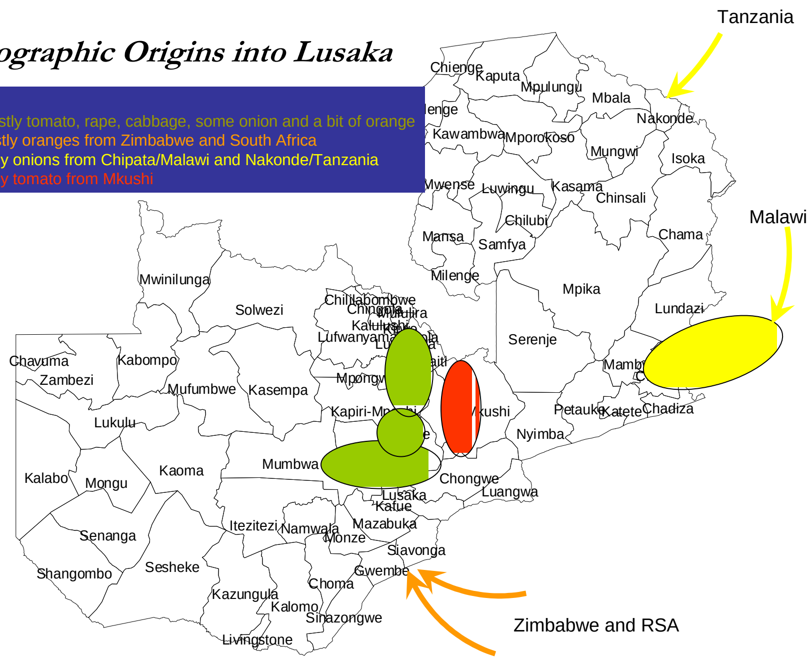
Marketing Seasonality



- Qualitative assessment of seasonality for rape, tomato, dry onion, cabbage, orange, banana in Lusaka and Ndola
- Example of rape in Lusaka to the left
- Peak season tends to start and end one month later in Ndola

Geographic Origins into Lusaka

Key
Green = Mostly tomato, rape, cabbage, some onion and a bit of orange
Orange =Mostly oranges from Zimbabwe and South Africa
Yellow= Mostly onions from Chipata/Malawi and Nakonde/Tanzania
Red = Mostly tomato from Mkushi



Produce reaches Lusaka and Ndola through 4 Main channels:

- Farmers/traders in Zambia/neighbouring countries into Soweto/Masala (at least 80% of produce)
- Domestic farmers/traders into Freshmark
- Traders in neighbouring countries into Freshmark
- Traders/farmers in Zambia to Freshpikt (Lusaka)
- Smaller volumes through Chilenje, Bauleni, Mandevu/Independence Markets

First seller characteristics-Soweto

- Both male and female
- More perishable items (tomato, rape) tend to be sold directly by farmers
- All cabbage, dry onion, banana and orange (less perishable items) sold by traders, not farmers
- Farmers more likely than traders to sell through brokers
  - Extra cost for farmers, who don't know market as well
- Brokers a controversial actor in the market
  - Their role and value need to be better understood
  - Mixed reactions of smallholder farmers

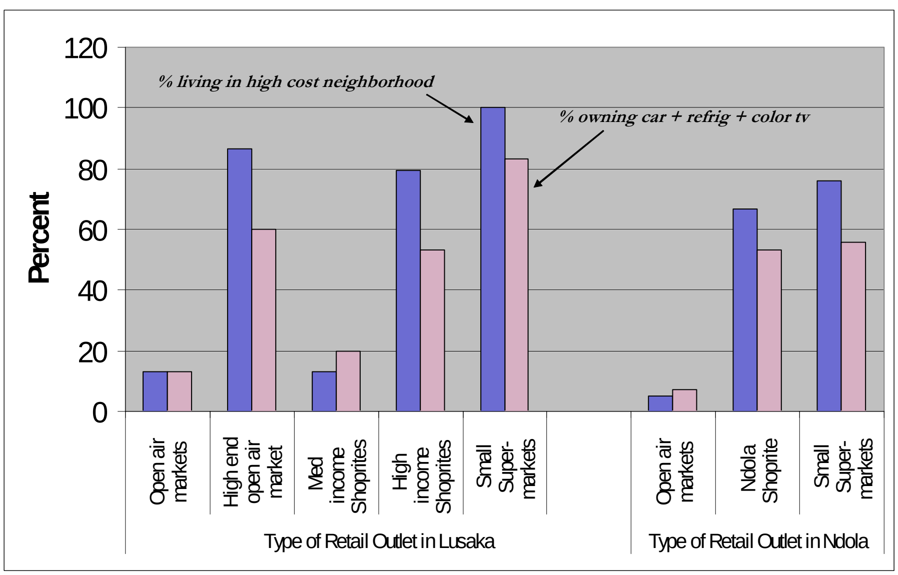
Retailing-System very diversified

- Open air markets (70-82%)–more in vegetables (up to 87%)
  - Very large wholesale/retail centers
  - Smaller markets serving mostly low/middle income consumers
  - Markets serving primarily high/middle income consumers
- Street vendors (9%)
- Small independent supermarkets (7%-10%)
- Chain supermarkets (7%-10%)
- Traditional Shops (2%)

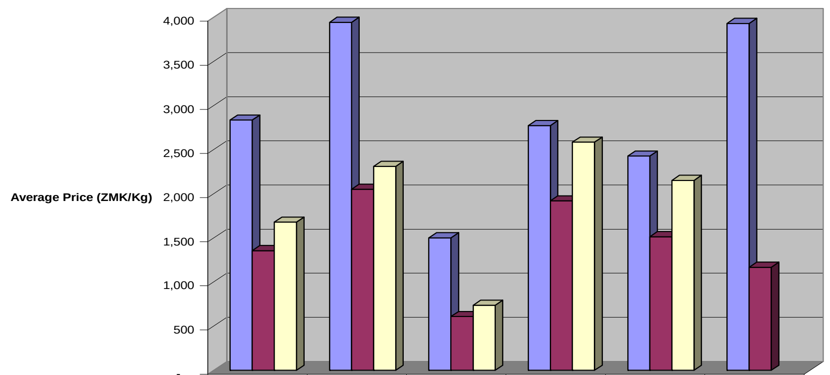
Retail trader behaviour

Market	Total # of traders interviewed	Share selling more than one FFV item	Average # of FFV items sold	Median weekly volume of four vegetable (kg)	Median gross value of sales per week over all four vegetables (ZKW)
Soweto	50	5/50 = 10%	1.2	Rape 132 Tomato 215 Cabbage 483 Dry onion 74	250,100
Kaunda Sq. Stage 1	30	29/30 = 97%	4.2	Rape 37 Tomato 50 Cabbage 104 Dry onion 10	90,000
Main Masala	27	22/27 = 81%	2.2	Rape 61 Tomato 107 Cabbage 107 Dry onion 28	160,000

Consumer behaviour-key income indicators



Price comparisons



	Rape	Tomato	Cabbage	Dry onion	Orange	Banana
Supermarkets	2,836	3,945	1,502	2,773	2,427	3,933
Soweto Market	1,356	2,052	608	1,922	1,514	1,168
Kaunda Square	1,680	2,311	737	2,586	2,152	

FFV Produce

Conclusions & Programme Issues

- Unrealized marketing potential from smallholders?
  - Only 17% currently sell
  - New markets, properly linked to smallholders, could get great supply response
- Small scale traditional marketing system dominant (80-90%), faces typical problems
  - Congestion, poor sanitation, wastage, lack of market information, lack of value adding
- Points to need in hard and soft market infrastructure investments
- UMDP attempting to tackle these
- We'll come back to program issues in final presentation and discussion