The Zambian Horticulture Sector: Opportunities & Challenges

by

Presented by Ballard A.M Zulu (MSC, DBA (abd))
Slides Courtesy of Eustensia Munsaka & Munguzwe Hichaambwa

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The needs of the many outweigh the needs of the few
THE ROAD MAP

1. Importance of horticulture (fruits and vegetables)
2. Consumption and purchases
3. Production and sales
4. The role of markets
5. Main market channels
6. Recommendations
Importance of Vegetables and Fruits

Income generation for smallholder households

Important component of Zambian diets
# Main food expenditure shares by region

<table>
<thead>
<tr>
<th>Food Category</th>
<th>Percent Share by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
</tr>
<tr>
<td>Vegetables</td>
<td>29</td>
</tr>
<tr>
<td>Meats</td>
<td>15</td>
</tr>
<tr>
<td>Fish</td>
<td>13</td>
</tr>
<tr>
<td>Other cereals</td>
<td>9</td>
</tr>
<tr>
<td>Maize</td>
<td>13</td>
</tr>
<tr>
<td>Legumes</td>
<td>8</td>
</tr>
<tr>
<td>Tubers</td>
<td>8</td>
</tr>
<tr>
<td>Dairy &amp; eggs</td>
<td>2</td>
</tr>
<tr>
<td>Fruits</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Consumption and Purchases

**Monthly Consumption and Purchases (MT'000)**

- **Fruits**
  - **Purchased**: Urban 0.4, Rural 4.6
  - **Total**: Urban 2, Rural 5

- **Vegetables**
  - **Purchased**: Urban 8, Rural 25
  - **Total**: Urban 28, Rural 32

**Legend**
- Green: Urban
- Blue: Rural
Fruits and Vegetables Production and Sales

<table>
<thead>
<tr>
<th></th>
<th>Production</th>
<th>Sales</th>
<th>Production</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruits</td>
<td>9</td>
<td>2</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>Vegetables</td>
<td></td>
<td></td>
<td>47</td>
<td></td>
</tr>
</tbody>
</table>

Average Quantity per Month (MT '000)

Commodity Production/Sales (MT '000)
The Role of Markets

- Sales and purchases underscore the importance of horticultural markets.
- Demand for horticulture in urban areas is increasing with increasing population and income growth.
- Farmers who sell horticulture are more likely to move out of poverty than cereal growers.
- Smallholder participation in horticultural markets results in net income increase of 157% compared to 22% for maize markets at the national level.
The proportion of smallholder farmers who sale horticulture in Zambia has remained at about 20%.

Why is this the case?
The reason lies in the main market channels of horticulture and the state of the markets.

The market share of supermarkets in SSA countries including Zambia remains small.

Market share of the traditional market system is about 95% with the modern sector at 5% (2008).
Main Market Channels

- Up to 95% FFV sold via open-air wholesale markets characterized by:
  - Lack of transparency & competitiveness - very high opportunity cost of wrong prices
  - Supply unpredictability – quantity/quality inconsistencies leading to huge price fluctuations
  - Huge post-harvest loses - up to 20% between farm-market and high between wholesale to consumer
  - Highly unhygienic trading conditions - mkts now communicable diseases hubs
  - Rising food safety concerns confounded by lack of traceability
Main Market Channels

The state of the traditional market system - especially the wholesale

- Poorly organized
- Highly congested
- Poor drainage and sanitation
- Very little investment for infrastructure
Main Market Channels

The Soweto Market
The value of horticultural imports has increased—a heavy reliance on imported fruit due to quality considerations and inability to produce.

Commercial production has sharply declined, especially for exports. Yet smallholder production is on the rise.

**Trends in the ratio of horticultural imports to exports (2011-2017)**
Main Market Channels

- The modern market system is growing, but not fast enough to transform the traditional market system.

- The importance of the traditional market system for the foreseeable future cannot be over emphasized.
What should be done?

Develop a new fresh produce wholesale market

Employ public private partnerships for improved coordination

Only trained and certified brokers should be allowed to operate in the market within a framework of rules and regulations
What should be done?

Development and implementation of a horticultural market information system

Better transportation and communication infrastructure should be complemented with public extension support for horticultural production
Increased smallholder participation in the horticultural supply chains would:

- Increase their chances of moving out of poverty
- Urban supply of high quality fresh produce at competitive prices
The needs of the many outweigh the needs of the few