

This briefing note summarises the preliminary case study findings for discussion and comment.

Zambia's fresh market sector needs supportive policies, better controls on brokers and infrastructure investment to meet growing demand.

The Opportunity

Only 20% of the smallholder farmers in Zambia engage in the irrigated production and sale of horticultural or 'fresh' produce. In the next 30 years, urban populations are set to rise by 170% increasing the demand for fresh produce. Therefore, if smallholder farmers can be effectively linked with markets there could be a considerable increase in demand and supply of fresh produce. This would improve the lives of the farmers, their families and urban populations. Currently farmers derive 40% of their cash income from the sale of fresh produce and the income of fresh produce selling farmers is 35% higher than that of non-selling ones.

The government, non-governmental organizations (NGOs) and donors are supporting the small-scale irrigation sector, and the rise in the use of motorized pumps in particular has increased production, but the lack of physical market infrastructure and management systems are blocking the supply chain.

Fresh produce marketing systems are the biggest users of public marketing infrastructure yet they have been most affected by under-investment in these systems. As formal public market places have been overwhelmed by rising volumes of commodities and numbers of traders, the informal marketing sector has exploded, raising major concerns about congestion and hygiene among city planners.

Market Channels in Zambia: Fast Facts

Soweto, the largest market in Lusaka, has been upgraded, but fresh produce has largely been forced out and is traded on a piece of land without formal title. Here, there are no facilities such as good paving with provision for drainage, refuse disposal, designated loading bays, and storage facilities.

Retail channels for fresh produce include open air markets like Soweto; *ka* sector markets (small vendors outside organized market places who sell from pedestrian walkways and in residential neighborhoods); modern supermarkets; and private households producing in or near the city and selling to other households.

Supermarkets account for approximately 10% of the fresh produce sold in the city and usually have links to larger suppliers for specific commodities.

IMPROVING HORTICULTURAL MARKETS IN ZAMBIA

Based on a report and recommendations by Munguzwe Hichaambwa

The Research

Researchers examined the organizational and physical structure and procedures (price setting, respective fees) of the Lusaka fresh produce market with special emphasis on Soweto Market. Primary data came from four sources: Michigan State University's Food Security Research (FSRP) Urban Consumption Survey (UCS) conducted in August 2007 and February 2008 and a follow-up survey supported by the International Water Management Institute (IWMI) during the months of December 2009 to February 2010. These included: interviews with first sellers (male and female farmers and traders); interviews with brokers; and tracking of prices paid by retailers and received by first sellers.



Photo Credit: Dr. Munguzwe Hichaambwa



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Main Findings

Vegetables rank third in the share of the urban households' monthly food budget in all the sampled cities of Lusaka, Kitwe, Mansa and Kasama. The Lusaka fresh vegetable market plays a very important role in fresh produce trade within Lusaka, and to and from other parts of the country and even other countries in the region. About 38% and 31% respectively of the onion and tomato crops entering the market is re-distributed outside Lusaka. The FSRP estimates that about US\$13 million worth of tomato, rape and onion flow through the market annually.

Despite its obvious importance, it does not legally exist and therefore not only has a poor infrastructure but it is also not protected adequately by the laws and institutions that are established for the sector: the City Council, the Ministry of Local Government and Housing (MLGH), the Ministry of Commerce Trade and Industry (MCTI), the traders, brokers, farmers and consumers.

In practice the brokers control the market and this produces an unfair environment for farmers. Brokers were found to take as commission about 20% of the price of goods sold to mostly retail traders when the official, agreed rate is 10%. In addition farmers feel the need to wait near the market all day to ensure that the brokers pay them. This negates the benefit of trading through a broker, which is to have time to do other things while their produce is being sold.

No official market information system exists leaving farmers to rely on information obtained from other farmers or the brokers, who quite often manipulate the information they give to suit their own needs.

All these act as barriers to smallholder farmers entering the fresh produce supply chain, denying them much needed income generating opportunities.

Solutions

Develop a legal framework in which all major stakeholders (private sector investors, government, city council, traders, brokers and farmers) participate as stipulated under the Bus Stations and Markets Act and/or Public Private Partnership Act.

Build a new market facility at a new legally acquired location in Lusaka, with proper facilities for wholesaling fresh produce.

Develop a legal framework in which all major stakeholders have a voice. This could build on the National Working Group, now hosted by the FSRP.

Implement a market information system. The FSRP together with the Zambia National Farmer Union (ZNFU) have already developed such a system but lack the means to implement it.



Photo Credit: Dr. Munguzwe Hichaambwa

Potential impact

The legal framework ensures that the farmers' interests are being heard and can be acted upon, and that sellers get the marketing services they need. It also breaks the brokers' monopoly.

The new market infrastructure will allow for a larger volume of fresh vegetables to be traded in a more transparent way. This makes it easier for new sellers, often farmers, to enter the market and will improve the hygienic conditions in which the fresh vegetables are handled. Urban consumers also benefit from cleaner vegetables at a lower price.

These findings and recommendations are preliminary and are reproduced here for the purposes of discussion. The AgWater Solutions Project welcomes all comments and suggestions. These should be directed to AWMSolutions@cgiar.org, please write "Zambia" in the address line.