

Regoverning Markets

small-scale producers in modern agrifood markets

Information Sheet

April 2007

Zambia

Trends in growth of modern retail and wholesale chains and related agribusiness

The food retail sector in Zambia consists of formal and non-formal sectors. The non-formal sector consists of producers who produce for subsistence and sell surplus to their neighbours and neighbouring markets. The sector also consists of street vendors, hawkers and those traders selling food products in housing estates. The formal retail sector in Zambia consists of supermarkets and neighbourhood stores, 'cash-and-carry' and other independent retail stores.

Shoprite Holdings Ltd holds the majority of the food retail share within the dynamic modern retail sector at 7% with other actors being Woolworths (RSA) and Massmart. The latter holding jointly some 1% of the retail market share (Planet Retail). Shoprite operates over 18 stores each with a floor space of some 2,000m². The store concepts are similar to those in South Africa and include in-store bakeries. Even though food retail accounts for 90% of sales in supermarket stores, this still represents a small proportion of overall food retailed where other market channels from small independent stores to street vendors dominate the market (Emongor *et al.*, 2004).

Demand for **horticultural products** grows rapidly with urbanisation and increased income. Worldwide demand for fresh fruit and vegetables has doubled since the 1960s while that for cereals increased by only 20% per capita. In spite of this, Africa among the developing countries saw per capita decline of fresh produce during this same period. Zambia did not escape this trend due to similar macro-economic performance and the state of infrastructure. According to FAO estimates, Zambia's world share of production of fruit and vegetables declined from 0.05% in the period 1979 to 1991 to 0.03% since the last decade of the twentieth century.

Both large and small-scale farmers produce and sell fresh produce in Zambia. Large commercial farmers, however, tend to produce exotic produce for the export market while small-scale farmers produce mostly for the local markets. Small-scale farmers' remain very important suppliers of fresh

Key points

- The agrifood system is changing in response to a number of factors both internal and external to Zambia
- Domestic policies such as market liberalisation, regional integration and foreign direct investments (FDI) have brought private companies and corporations into the supply chains of most agricultural products
- Zambia is a signatory to regional and international trade organisations which opens its border to regional and international trade
- The entry of large firms especially in food retail and processing, has been accompanied by increasing concentration of the processing and retail sectors of the food chain and hence problems related to governance issues. The new food systems evolving from this affect the small-scale farmers and small to medium-scale enterprises
- The increased involvement of supermarkets has opened up opportunities for local small and large-scale farmers and processors. Stringent quality and consistent supply requirements tend to exclude small-scale producers from participating in these supply chains

produce (except Irish potato) to urban markets such as Lusaka. However, their sales of fresh produce are highly concentrated with only up to 20% of households indicating selling some fresh produce in 2001 and 2004 (Food Security Research Project/ Central Statistical Office national surveys).

This series of Information Sheets provides a summary of market changes taking place at national level within key high value agrifood commodity chains. The intention is to serve as a point for public sector, donor and private sector discussions with particular focus on securing and improving income among the rural poor through their participation in new and dynamic markets.

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Some farm-gate marketing of fresh produce for household consumption takes place in Zambia but most of the fresh produce goes into the urban markets through farmers/traders who usually sell in the main urban wholesale markets. These markets have significant effects on prices and volumes traded. Some of the fresh produce in these markets come from within the region e.g. dry onion from Malawi, Tanzania and South Africa, and, oranges and bananas from Zimbabwe as well as South Africa. Usually these products are sourced by private traders who come together and purchase truck-loads for wholesaling at the main wholesale markets depending on local supply and seasonal fluctuations.

Shoprite uses its subsidiary company Freshmark to procure fresh produce mostly for its outlets country-wide and supplies about 10% to other supermarkets. It purchases its supplies from a combination of domestic farmers and traders, and imports from neighbouring countries. Freshpikt is a large processor which started operation in 2005, after the renovation of the then defunct Zambia Horticultural Products (a former parastatal company) by a combination of Zimbabwean and local investors. Freshpikt has quickly become a major buyer of tomato, dry beans, pineapple, and other products. With donor assistance and working through the Lubulima Agricultural Commercial Cooperatives Union (LACCU), the company currently contracts about 200 small-scale producers to grow sweet corn and beans. The company has an aggressive regional marketing plan including selling to much of Southern and some of Eastern Africa. If this success continues Freshpikt will provide a stable source of demand for fresh produce from Zambian farmers.

Retail marketing of fresh produce in urban areas (e.g. Lusaka and Ndola) is highly diversified. Consumers obtain their produce from a range of places - open air markets ranging from large wholesale/ retail centres to smaller markets serving mostly low and middle-income consumers. Also there are small independent supermarkets and supermarket chains serving almost exclusively high and middle-income consumers. Street vendors and individual traditional shops are also common. Hichaambwa and Tschirely (2006) estimated that open air markets supply 70-80% of all fresh produce marketed in Lusaka and Ndola, with supermarket chains and independent supermarkets holding market share of between 7% to 11%, followed by street vendors with 9%, and other outlets with 2%. The dominance of open air markets is most pronounced in vegetables, where they hold an estimated share of 74% to 87%. It is estimated that, in comparison to fruit, vegetables take-up about 80% share of sales of fresh produce in open markets.

Local supermarkets sell mostly tomato, onion, cabbage, and other fresh produce preferred by high income groups. Shoprite sells primarily fruits such as apples, bananas, grapes and oranges, along with tomato, cabbage, onion, Irish potato, and other exotic produce. The range of leafy vegetables is limited in all supermarkets.

The key demands and issues of the domestic market chains of fresh produce are:

- The very low proportion of households selling horticultural produce suggests that new demand points could enjoy substantial supply response if they linked effectively to the sector

- The small-scale traditional marketing system has continued to dominate while showing itself to be adaptable, serving a broad range of consumers with lower affordable prices and comparable quality produce to and sometimes superior to that of supermarkets
- Zambia's horticultural sector operates in a regional market, exporting and importing all year.

Zambia's **dairy sector** is characterised by three types of producers, namely, commercial farmers, traditional/small-scale dairy farmers and emergent farmers. Small-scale dairy farmers contribute about 40% of the total annual marketed milk (190 million litres out of the required 253 litres/annum representing a 25% deficit) while the balance is produced by commercial and emergent farmers, (Mukumbuta and Sherchand, 2006). The sector is experiencing growth as a result of increased population and consumption of dairy products. Despite the growth, domestic consumption remains relatively low (about one-third of the FAO recommended per consumption of 45 litres per year).



About 70 to 80% of the milk consumed in Zambia is marketed directly to consumers through open air markets while 20 to 30% goes through the dairy processing industry. The Directory of Dairy Processors indicates that there are 19 processors many of which are small to medium in size. The biggest processors are Parmalat (formerly Dairy Produce Board) and Finta both with installed capacity of 120,000 litres per day but were by 2004 only utilising 50,000 and 20,000 litres respectively. Although Zammilk has an installed capacity of only 15,000 litres per day, it was utilising 75% of this capacity in 2004. Most of the milk produced by the traditional/small-scale farmers does not enter the commercial channels while the bulk of the milk handled by commercial dairy processing industry is produced by commercial farms.

Despite Zambia's milk production failing to meet national consumption demand, the country has been exporting milk to the Democratic Republic of Congo. The deficit is met by importing powdered milk from New Zealand and long life milk from South Africa and other countries.



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An increasing number of commercial dairy farmers near urban centres have purchased their own pasteurization equipment with capacities of 500-1000 litres per hour. The milk is in some instances standardized and packed in printed plastic sachets which are manually sealed. Milk sales from the commercial dairy farmers was approximately 35 million litres in 1993/94 of which 15 million litres was sold to Parmalat (43%) for processing, 8 million litres (23%) was processed and sold by the private sector and nearly 12 million litres (34%) was sold as raw milk.

Key demands and issues of dairy market chains

recommended by the National Dairy Workshop held in 1992 were:

- setting up of collection, quality controlled marketing and distribution centres in the traditional sector
- breeding dairy units in priority areas
- providing credit facilities to farmers at affordable interest rates
- training of specialised dairy extension staff
- committing more staff, facilities and funds to dairy farming research.

It is in this light that Land O Lakes started implementing a project working with local partners, Zambia Agricultural Technical Assistance Centre (ZATAC) and Heifer International, training small-scale farmers in the principles of dairy farming including animal husbandry, nutrition, forage production, milk handling, and marketing. The project provides support for the dairy processors to improve their output, efficiency, and quality, and research and development for the development of higher value products. It also provides support by conducting promotional activities designed to increase the awareness of the benefits of the nutritional levels of consuming milk and other dairy products and assists in the establishment of new regional markets.

Meat including poultry plays an important role in the socio-economic welfare of Zambia. Cattle, goats, sheep, pigs and poultry form the main types of meat in the country. These are produced by both the traditional and commercial sectors. However, the sector has been dogged by constraints in the form of diseases and low productivity especially among the traditional sector. According to the FAO Livestock Brief of 2005, the livestock population in Zambia in 2002 stood at 1.8 million livestock units compared to about 1.4 million in 1980. This value grew by about 2.3% from 1980 to 1990 but the growth rate reduced to 0.5% between 1990 and 2000. In terms of annual meat production, however, the volume was 127,100 metric tonnes in 2002 compared to 82,700 metric tonnes in 1980. Production grew by about 1.4% between 1980 and 1990 while the rate increased to 2.7% in the following decade, (FAOSTAT).

Following market liberalisation in 1993 the Zambian beef and poultry sectors has rapidly changed. Where there was a monopoly buying and processing of beef and chicken through the CSBZ and its agents, there are now new players in beef and chicken processing.

Large producers of chickens are promoting broiler contract farming. Contracts are usually of short duration, one to three years within a stipulated distance of not more than 50 km from the processing plant to avoid weight loss during transportation.

Since processing plants are located in Lusaka, with only one in Central province, most producers are located closer to these locations. Two producers, Hybrid Poultry and Crest Breeders, control more than 90 percent of the market followed by Zamchicken, owned by Zambeef. The chicken market is characterised by younger chickens (six to eight weeks old) due to the preference by fast food chains for tender chicken.

Both large scale and traditional beef producers are active in the beef market. The large-scale farmers own ranches and also strive to own or have access to slaughterhouses. Some commercial producers have taken advantage of the possible improvement in quality and profits by fattening small-scale sourced cattle before slaughtering. Some traditional producers are also taking to this trend of fencing and night grazing and reducing their herd sizes in order to improve management systems.

A number of marketing channels for beef exist in Zambia ranging from the farm-gate markets through to open markets, butcheries and supermarkets. There are five models in operation in the beef sub-sector in Zambia currently as follows:

- operations which are integrated from production to retail such as the model used by Zambeef
- the integration of operations encompassing production to wholesaling of first stage processed meat as in the model used by Dar Farms
- the Zamzam model which concentrates on first and second stage processing only before selling on to retailers
- retailers who purchase first stage processed beef and prepare it for marketing to supermarkets and traditional butcheries
- retailing of processed products with no interest in the up stream operations.

Small-scale producers mainly sell their live animals through middlemen. The Provincial Livestock Officer (PLO) estimates that 70 to 95% of animals reaching the abattoirs in Mongu/Senanga and Namwala do so through cattle traders as the system for trading does not have well established channels. Small-scale producers will tend to sell whenever they find an attractive market, although they tend to sell to consistent traders with whom they are familiar.

Quite often sector traders source live animals from the traditional livestock sector and transport them for sale in butcheries or to processing companies in urban areas especially Lusaka and the Copperbelt. Although there is restriction in stock movement to urban areas due to outbreak of diseases, sometime cattle are moved without permits and traceability becomes an issue. Only traders with access to cold trucks are able to supply beef to the urban markets.

There are three distinctive stages along the processing chain of meat. The first stage comprises the slaughter of cattle and dressing to sides or quarters for wholesale. Most of the abattoirs at district level stop at this stage. Meat is transported in refrigerated trucks to the central processing units if follow-on operations are not undertaken under one unit. The second processing stage involves cutting the meat into consumer-manageable sizes. The third stage is for the processing of beef into ready-to-eat products.

The choice of abattoir for traders depends on the period it takes before livestock is slaughtered, (the queues for slaughter are particularly long during January when waiting times can reach up to 2 weeks). For traders who are selling live beasts to the abattoirs, the period before payment is important. The choice of wholesale marketing of carcasses depends on price offered and familiarity with market and traders (Ndiyoi and Mudenda 2006). The current trend is towards establishment of own processing units, where the operator is a rancher or a supermarket. Some supermarkets may choose to avail the processing space to a meat supplier.

Urban consumers buy meat either in its raw or processed form (raw includes live chickens) from open air markets, shops, butcheries, street vendors and supermarkets. Traders in these outlets source their products from different sources but mostly from large abattoirs and processing companies. Some commercial livestock producers such as Zambeef run processing facilities as well as chains of wholesale and retail outlets, while others may end up at only having butcheries or just processing facilities which then supply other retail outlets. Other big notable producers include Keembe Cold Storage Company (former Zambia Cold Storage Board a parastatal), Galaun Holdings, Chobro, and Best Beef.

Supermarkets as a market channel seem to be increasing in importance compared to open markets and other outlets as consumers become more aware of food safety issues but still falls short of the share held by butcheries. In a rapid appraisal assessing consumer outlet preferences in Lusaka and Ndola, Hichaambwa and Tschirely, (2006) found that of the consumers shopping at supermarkets (including the Shoprite chain of stores), about 56% purchased meat and its related products. Among these, over half indicated that they usually bought their meat from these outlets. Of those that did not buy meat from the supermarkets, 66% said they usually purchased meat from butcheries.

Of the consumers shopping at open air market, about 25% purchased meat/meat products and about 22% indicated this was their usual source of supplies. About 49% of those who did not buy meat in open air markets said they usually got it from butcheries and 31% from supermarkets. Supermarkets tend to aim for higher income consumers and are usually located in high income areas. There is increasing demand for food quality and safety standards.

Thus, both the beef and chicken markets are skewed towards established commercial farmers. Low or non-participation by small-scale farmers in restructured markets is one of the reasons for their limited success in agricultural production. The adoption of new and innovative organisational forms could increase market access for the small-scale producers by reducing the risks and increasing their access to production and marketing information.

Regional and international export sectors and linkages with national market channels

Zambia's fresh **fruit and vegetable sector** operates in a regional context exporting and importing through both informal and formal channels. Imports largely come from

South Africa, Zimbabwe, Malawi and Tanzania while significant informal exports go to the Democratic Republic of Congo (DRC). However, information on this trade is largely missing leading to little understanding of this market. The exports to the DRC help stimulate demand for produce from producers especially on the Copperbelt and surrounding areas such as Mkushi and Serenje, while imports help consumers to have access to fresh produce when domestic supply, which is largely seasonal, is low. A year long study of informal cross border trade estimates that approximately US\$60m worth of agricultural produce (approximately 20% of total) were traded in the year ending 1998 without government recordings of these transactions (Hantuba, 2003).

On the international scene, fruit and vegetables are produced mostly by commercial growers for export mostly to Europe with a focus on high value vegetables. Some horticultural farms such as York Farms engage vegetable outgrowers, both individual farmers and cooperatives. The horticultural sector contributes significantly to the country's non traditional exports, accounting for between 7% and 12%. The Export Board of Zambia 2004 Exporters Audit estimates the total value of horticulture exports to have increased by about 67% from US\$27m in 2000 to US\$45m in 2003 before dropping to about US\$36m in 2004 after the fall of Agriflora (Export Board of Zambia, 2005).

Apart from York Farms, the other major export horticultural companies are Chalimbana (former Agriflora) and Borassus Estates. Other players are Majoru Investments and Rose Blooms. All these companies as of 2004 accounted for a total irrigated area of 5,000 hectares. The firms have been increasing their outgrower base in order to meet increasing international market demand. They provide extension services through monitoring the production and quality control activities in order to meet international standards. The demise of Agriflora had a huge blow on the horticulture sector as evidenced by reduction in export revenue in 2004. However, future prospects look good due to infrastructure put in place over time and that the major players are continuously increasing production with increasing emphasis on production of organic vegetables in line with international consumer demands.

Zambia trades in **dairy products** with several countries within COMESA, SADC and the rest of the world. Both imports and exports have been increasing from 1998 by 76% to US\$6m and 574% to US\$600,000 respectively in 2003 (Valeta, 2004).

Zambia trades in **meat and meat products** within the region and the world over. FAO (2005) estimates meat to have accounted for about 0.10% of the country's exports in 2002 having increased steadily from about 0.01% in 1980. It accounted for about 0.12% in 1990 which increased to 0.35% in 2000 and then dropped to 0.15% in 2002. Meat exports as a proportion of net exports in Zambia have been insignificant while imports as a proportion of net imports have also ranged from 0.05 to 0.28% between 1990 and 2002. Net trade in livestock and livestock products has been reported as being negative in the same period.

Meat exports are greatly hampered by livestock diseases which have been ravaging the industry for a long time especially in the traditional sector. Government budgetary allocations for

livestock disease control are severely constrained while the private sector is yet to fully service the traditional livestock sector due to a myriad of constraints.

Implications of market change to procurement practice

Horticulture production and marketing has great potential in increasing rural as well as peri-urban, and to a certain extent urban, wealth creation. Experience from across the world has shown that farmers who grow and market horticultural products earn more income than cereal growers. However, for this potential to be realised these growers need to have ready and efficient access to markets. In order to achieve this, procurement and practices, especially for the small-scale farmers, need to evolve. Within domestic markets, initiatives have been developed to market produce as farmer cooperatives. One such cooperative in Lusaka's Makeni area which, with donor support, has developed infrastructure with cooling facilities for selling fresh produce among other items on behalf of members (members who have bought shares are entitled to a share of the profits). Increased access to supermarket entails increased investment in quality and grades and standards and consistency in supply of produce. This calls for capacity building of small-scale farmers in production, post-harvest and marketing skills.

The Sanitary and Phyto-Sanitary (SPS)/Food Safety Laws affect trade between Zambia and the other COMESA and SADC member states. Most of the key players in the import and export of agricultural products have knowledge of **SPS/ Food Safety** requirements and have adjusted their operations accordingly. However, in Zambia when dealing with the local market, they do not apply the same level of diligence as they would when produce is for the export market. This is slowly changing as the local consumers become aware of food safety and demand good quality and safe foods. This in turn forces the traders to be more diligent in terms of food safety regulations. Ultimately, this has had the effect of increasing the manufacturers' awareness of the importance of SPS/Food Safety Laws.

Consumer demand for quality and **safe meat and meat products** entails that producers will need to employ stringent production and disease management practices in order to take advantage of the evolving market scenario. Not only will diseased carcasses be rejected by the market, but it is also common nowadays for even small butcheries in medium and low income residential neighbourhood in urban areas to price meat by quality standards and grades.

Public sector policy and role

The vision for the agricultural sector is as outlined by the National Agriculture Policy *"to promote development of an efficient, competitive and sustainable agricultural sector, which assures food security and increased income"*. It recognizes the need to strengthen and expand the emerging opportunities and to also deal with the challenges facing the agricultural sector. This vision also strives to contribute to the overall goal of the Poverty Reduction Strategy Paper (PSRP), which is to achieve *"poverty reduction and economic growth"*.

As a way of encouraging FDI, the government formulated incentives under the Zambia Investments Centre Act which among other things allowed for tax breaks of about 5 years. Currently, all investment related regulations and incentives have been amalgamated under the Zambia Development Act (ZDA). The ZDA also provides for the establishment of Multi-Facility Economic Zones with tax and other incentives meant for promoting manufacturing and agricultural value adding.

Zambia is a signatory to regional and international trade organisations such as the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and World Trade Organisation (WTO) which opens its border to regional and international trade.

Zambia has put into place the appropriate institutional framework for addressing concerns related to SPS and food safety. All matters pertaining to SPS and food safety are collectively the responsibilities of the Ministries of Agriculture and Cooperatives, Science and Technology, Health, and the Zambia Bureau of Standards. The day-to-day oversight and operational matters fall to the appropriate departments and agencies. However, there is very little co-ordination between the various Government institutions in the enforcement of SPS regulations. There is an absence of suitably qualified personnel, and inadequate equipment needed to enforce the laws and regulations at all the border entry points of the country effectively. There is also a lack of proper communication channels within the current staff and other line departments tasked with attending to SPS/Food Safety issues at border posts. Developing strategies designed to correct these problems would contribute to a thriving **horticultural sector**.

There is an Agriculture Markets Development Plan and a proposed Agriculture Markets Act under which the agriculture sector ministry is meant to promote local and international markets for agriculture products. However, issues relating to domestic horticulture markets are overlooked as these are governed by the Market Act under the Ministry of Local Government and Housing since fresh produce is marketed through city/council markets. As a result, inadequate attention is usually given to the needs of fresh produce wholesaling. An example is the improvement of city/council markets funded by donors without adequate design, space, etc for wholesale of fresh produce.

Several pieces of legislation specifically relating to the dairy industry need to be revised. Such acts/statutes include the Dairy Produce Marketing and Levy Act, Zambia Bureau of Standards Act, Public Health Act – Cap 295, etc. Many of these were enacted a long time ago within the controlled economic dispensation and are now inappropriate under a liberalised economic environment. A number of these legislations including others from other sectors are being reviewed but the process tends to take time.

Within the **livestock sector**, the government's overall objective is to improve the productive efficiency in a sustainable manner and support the marketing of both livestock and livestock products and contribute to food security and income. The productivity of livestock, particularly in the traditional

sector, is constrained by several factors including:

- the prevalence of animal diseases and the non availability of veterinary drugs and related high costs of the drugs
- inadequate livestock nutrition and water
- poor animal husbandry practices/management
- inadequate marketing infrastructure
- lack of appropriate livestock research, inadequate livestock extension and health services as well as the lack of linkages between livestock research and livestock extension

Government's role is to provide an enabling environment for different players and the private sector is expected to take a leading role in driving the sector. However, the private sector is yet to have capacity to service the traditional livestock production and market chain needs. This calls for continued Government intervention and support of the donor community.

Emerging implications for small-scale producers and potential opportunities for public and donor intervention

Strengthening the supply response There is potential for supply response leading to increased market participation of small-scale producers if the supply response is effectively linked to the sector. The small-scale traditional marketing system has continued to dominate and yet these markets suffer from serious structural problems due to a lack of public investment and little, if any, collaboration between public officials and traders in market management. It calls for public and private sector investment, including donor support, in both hard and soft market infrastructure. Zambia's horticultural sector operates in a regional market, exporting and importing. This requires better understanding and quantification as the first step in ensuring that policies and programmes are conducive to growth.

Build vertical linkages in all market chains Supermarket chains require, where appropriate, programmes to facilitate direct marketing by small-scale producers. These chains should be supported, but such programmes should not distract from an overall focus on improving urban wholesale and retail markets and linking these more effectively to rural producers.

Strengthening inputs markets and service providers

The **livestock** sub-sector including milk and meats continue to face a number of constraints. These include:

- Poor delivery of veterinary services
- Most commercial dairy farmers spend between US\$1,200 – US\$1,400 per year on private veterinary services. This increases the cost of production. In the words of one producer, "Government Veterinary officers often do not have transport. One has to organize transport for them. The veterinary staff usually does not have drugs and they charge high fees, approximately K 20,000 per day, and if they have to come 3-4 times in a week, the charge is colossal". One innovative approach that has worked with donor support to the private sector is the project by the USAID funded, PROFIT, which is supporting veterinary service providers in providing services to farmer groups on a regular basis. The small-scale producers are required to pay minimal monthly amounts in advance towards the meeting of various services

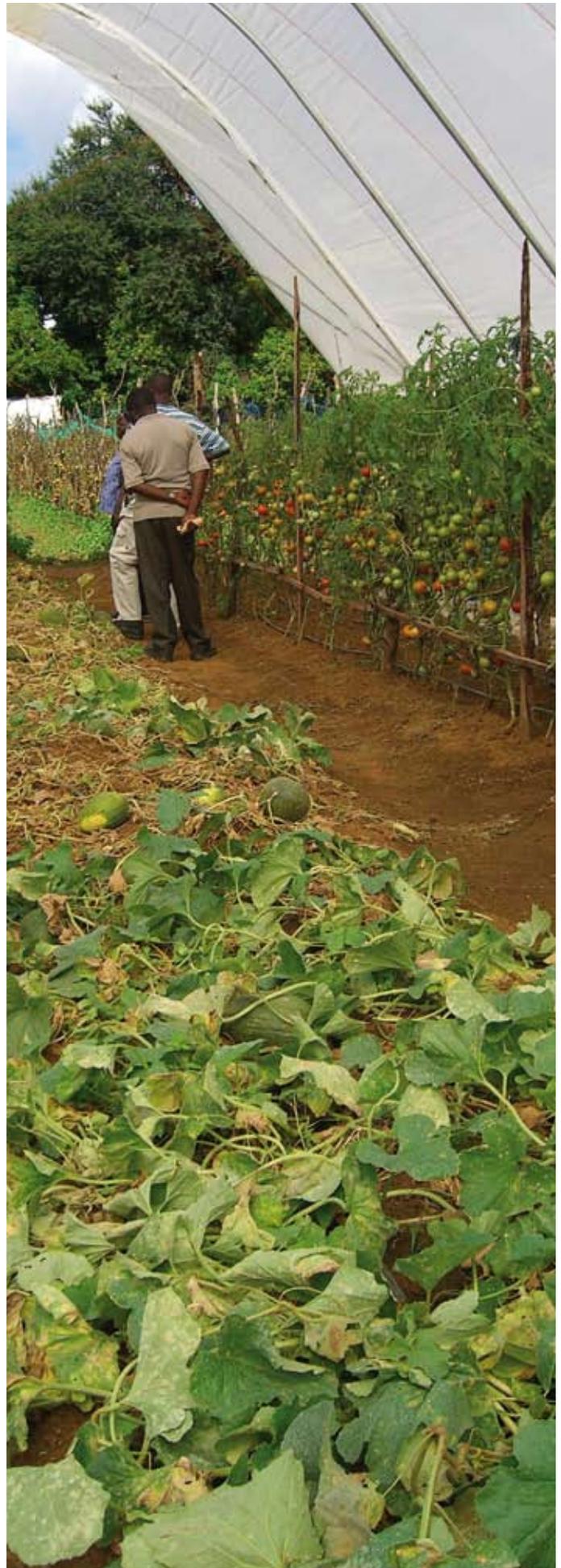
- Lack of export controls for critical ingredients for stock-feeds. Critical ingredients such as cottonseed cake, soya etc are exported thereby creating shortages in stock-feed
- High cost of finance. The cost of borrowing is too high and even in instances where the interest rate is low; other conditions such as tangible collateral preclude most small-scale farmers' access to finance.
- Access to breeding stock. Breeding is very expensive. For example, a *Batoka F1 cross* costs US\$500 which is a high amount of money for most small-scale farmers

Meet market requirements As much as possible the livestock sector (milk and meats), especially the traditional sector, should try to meet the needs of the consumers of quality and safe meat, through primarily improved management and control of livestock diseases.

Reduce transaction costs doing business with many small-scale farmers increases the transaction costs for the large retailers and processors. Individual small-scale and medium-scale farmers who have access to capital have been able, on their own, to access supermarkets to sell their fresh produce. However due to the structure of production, the majority of small-scale producers are not able to access markets especially the emerging markets such as supermarkets or processing firms. This is due to the fact that large food retailers and processing companies favour procurement from large-scale farms, which lowers their transaction costs and improves efficiency and profits hence enhances their ability to compete in the market. Without any intervention small and medium-scale farmers may be left out of the supply chain with a disastrous effect on rural and urban livelihoods.

Support the formation of collective and meso organizations Currently, some farmers who are organized in groups have been able to acquire inputs and skills required to produce high quality produce required by the supermarkets and processors. The formation of collective and meso organizations have shown that if small-scale farmers are organized in groups they can be linked to agribusinesses through contracting and forms of partnerships.

It is recognised that supermarket chains may be in Zambia for the long-term and that they provide opportunities for both large and small-scale food producers in the country. The major issue of concern is that many small-scale producers will be excluded from the mainstream economy. The majority of rural people depend on agriculture and other related agro-industries for their livelihood and therefore their inclusion into the supply chain is important. This notwithstanding, however, traditional marketing systems still handle the bulk of small-scale produce (especially fresh produce) and their development through investment in hard and soft market infrastructure should not be overlooked.



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