

OPTIONS FOR INVESTMENTS IN FRESH PRODUCE MARKETS

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Background

- Fresh produce growers/sellers more likely to increase their incomes than cereal growers
- Improved market performance for fresh produce can improve livelihoods in developing countries
 - Yields per unit area can be high
 - Opportunities for land constrained farmers (including female headed)
 - Opportunities for
 - Value addition
 - Off-farm employment (especially for women)
 - Improved nutrition

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Fresh produce an important smallholder income source

- Although only 20% sell due to poor markets
- Total per capita income for sellers is US\$183 compared to US\$139 for non sellers
- Fresh produce forms 18% of total hh income, and 39% of total hh cash income
- Unfortunately, only 15% of sellers are female headed households

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Urban consumption patterns

- A consumption and expenditure survey in the urban centers of Lusaka, Kitwe, Kasama and Mansa has shown that fresh produce form an important part of urban hh's budget
- This expenditure creates market for fresh produce produced by farmers
- The linkage between the 2 important as:
“It Is Markets That Stimulate Production And Not Vice Versa”.

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Fresh produce 2nd only to cereals & staples

Urban household expenditure shares of different food groups per adult equivalent

Food Items	Lusaka	Kitwe	Mansa	Kasama
Weighted No. of Households	267,934	78,398	9,305	20,769
	----- % of Food Expenditures-----			
Cereals & staples	24.1	27.4	28.0	27.2
Dairy items	5.2	3.6	1.7	2.0
Meat & eggs	16.8	15.6	12.7	14.5
Fish	7.6	8.4	12.4	12.5
Vegetables	13.7	15.0	11.4	14.2
Fruits	3.6	4.0	3.7	4.0
Legumes	3.7	3.4	3.7	3.7
Sugar & oils	7.9	8.9	8.5	8.7
Other foods	4.7	4.8	4.7	6.0
Tobacco & alcohol	5.3	4.6	6.3	4.0
Food away from home	7.3	4.3	6.9	3.2
Total %	100	100	100	100

Source: CSO/MACO/FSRP Urban Consumption Survey, 2007-2008

FFV share ranges from 15% to 19% of total expenditure on food

Fresh produce is predominantly channeled through traditional markets

Market channel	Percent fresh produce market share by urban centre			
	Lusaka	Kitwe	Mansa	Kasama
Traditional system	96.8	97.6	95.7	97.0
Modern system	3.2	2.4	4.3	3.0
Total	100.0	100.0	100.0	100.0

Supermarkets and minimarts

Traditional markets and informal selling points

% Share of modern market system by household income level

Urban area	Income level		
	Low	Medium	High
Lusaka	0.4	1.2	9.5
Kitwe	0.9	1.2	7.5
Mansa	0.2	2.8	9.8
Kasama	0.3	1.4	6.2

- *Modern market system (grocer/mini-mart/super-markets) share highest among the high income group.*
- *But still share is much less compared to that of the traditional market system (90.2% to 93.8%) within this income group*

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Role of Wholesale Markets (Soweto in Lusaka)



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Plays important role in collecting produce from different parts of the country, and even outside the country

The 3 main supply districts in Soweto (January 15, 2007 to January 15, 2009)

Tomato		Rape		Onion	
District	Share (%)	District	Share (%)	District	Share (%)
Chongwe	21.6	Chongwe	71.1	Mugabi	30.3
Lusaka	19.0	Chibombo	12.3	S/Africa	27.5
Mkushi	17.0	Mumbwa	12.0	Lusaka	21.0
Total	57.6		95.4		78.8

- Tomato supplied came from a total of 17 districts
- Rape came from 10 districts
- Onion came from 19 districts
 - Areas outside the country were also treated as districts
 - Mugabi, S/Africa, Tanzania and Zimbabwe
- Mugabi is an area on Zambia-Malawi border

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Nominal value of annual flow through Soweto very significant

Total nominal value of annual flow of the 3 staple vegetables in Soweto

Crop	Total nominal value of annual flow	
	K'000,000	US\$'000
Tomato	33,344	6,669
Rape	5,036	1,007
Onion	27,509	5,502
Total	65,889	13,178

Total value of flow for only 3 crops; consider the total number of fresh produce crops flowing through the market

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Soweto market redistributes produce to areas outside Lusaka

- 38% of onion entering the Lusaka market system is exported through Soweto Market to the Copperbelt, DRC
- 31% of tomato entering the Lusaka Market system is exported through Soweto Market to the Copperbelt, DRC, Livingstone, Namibia
- 21% and 16% of onion and tomato is distributed to institutional consumers within Lusaka

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Yet physical conditions are deplorable!



Extremely muddy
in the rain season

Very dusty in
the dry season

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Summing up and investment issues

- Fresh produce important in rural as well as urban areas
- Rural-urban linkages very important to link production to consumption
- Traditional wholesale markets such as Soweto play a particularly important role in this
- The modern market system is growing and is likely to continue doing so
- Rate of growth too slow to transform these systems (or have vertically integrated systems)

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Importance of traditional market systems for the foreseeable future can not be over emphasized

- Not precluding the need to improved soft infrastructure
 - Better ownership and management arrangements involving private sector
 - Market and other supply chain information
 - Grades and standards, etc
- There is need for well designed fresh produce wholesale market in Lusaka:
 - Concrete slab for cleaning and drainage, roofing
 - Designated enter/exit points for vehicular/human traffic
 - Loading/off loading bays
 - Storage facilities
 - etc

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Some essential aspects of fresh produce wholesale markets

Pictures courtesy of FAO Agricultural Wholesale Marketing Manual

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1. A WELL PLANNED MARKET FACILITATES MANAGEMENT AND OPERATIONAL EFFICIENCY



Easy access to the market with sufficient and orderly parking - Agricultural Market of Thailand



*Controls on vehicle entrance and exit and fee collection - Wholesale Market, Cairo, Egypt*¹⁷

2. WHILE EASY ACCESS TO BUILDINGS IS REQUIRED, CONGESTION MAY PREVENT THIS



*An example of well defined internal circulation around a market building - Agricultural Market of Thailand*¹⁸



Without careful control congestion may prevent access to market buildings - Agricultural Market of Thailand

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3. DISCIPLINE OF INTERNAL MOVEMENTS, TRAFFIC CONTROL, SUFFICIENT AND ORDERLY PARKING



Adequate parking is provided adjacent to the fresh vegetable market - Agricultural²⁰ Market of Thailand



Formation and enforcement of parking and circulation rules will help prevent congestion - Wholesale Market, Bogotá., Colombia

4. PRODUCE COMES TO THE MARKET USING A VARIETY OF TRANSPORT MEANS



Traditional transport methods continue to be used - Wholesale Market, Bogotá., Colombia



However, the large volumes transacted justify the use of modern equipment - Wholesale Market, Bogotá., Colombia

5. PRODUCE CONTINUES TO BE MOVED IN VARIOUS WAYS WITHIN THE MARKET



In many cases in-market circulation continues to be quite simple



But here large volumes of well-packed produce justify modern equipment, Bloemfontein, South Africa

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Should such wholesaling facilities be acceptable?



THANK YOU FOR YOUR ATTENTION