Impressions of a Country: *Zambia*

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VALUE CHAIN SOLUTIONS

Valuechainsolutions (VCS) is currently involved in Zambia to re-engineer various Agriculture and Food value chains on an end-to-end basis – from input supplier to consumer (local and exports). Following several recent visits, VCS hereby highlight some impressions of Zambia with the focus on some key issues and trends.

The **Zambian consumer** is currently under pressure. Visits to the trade confirm economy brands generally hold their position, whilst premium brands see a decline in demand. Premium brand consumption pockets exist in some areas in Lusaka and some other key consumer hubs in Zambia, but my impression is that these areas have become more isolated compared to a couple of years ago. Interesting enough, despite pressure on consumer income, consumers remain sensitive to product composition especially in the case of discretionary products; Agriculture materials used as an input and deemed as inferior by consumers don't sell easy except if branded in a very clever way. Packaging remains a key distinguishing factor in all brand categories. Lastly, **route to market tactics** are changing rapidly in the main consumer hubs given economic pressures; it is therefore critical to review and reshape these on an ongoing basis to ensure products are relevant, available and affordable at all times.

Given the general economic pressures experienced in Zambia, the **political economy** is changing and has become very unpredictable. It reminds me a lot of the early 2000's, except that economic growth is lagging far behind to what was experienced then. This implies that relationships with government and some of the key private sector players tops the list in terms of getting business done in Zambia. A key impact of this trend is that labour legislation has changed significantly during the past two to three years, and especially during the past couple of months. It makes it very costly and onerous to firstly employ people, but also to expand operations. Expect government involvement in Agriculture and Food markets to increase as we approach elections in 2021 and expect the unexpected.

Climatic conditions in Zambia are very contrasting this season. We firstly visited the Far North bordering the DRC and Tanzania. Crops generally look good and yields and product quality are expected to be reasonable. As one moves to the central parts, conditions are still fair but water availability for irrigation might become an issue if early rains are not on time and good. Moving South and West of Lusaka, conditions are critical and in most cases crop failure is the norm. **Imports of some key crops or products** will therefore be required until the next crop to support food security.

New investment, as well as industry expansions, is not happening at this stage, or at least only at a very small scale. It is clear that new investors are watching and waiting, whilst existing players are only doing the necessary. In some instances, players are either scaling down or fundamentally re-organizing business to ensure sustainability. **Opportunities** however still exist and will remain in future, given the natural agriculture potential of Zambia. Utilizing these opportunities will however depend on the ability to **setup or re-engineer value chains that are globally competitive to allow exports of key products**, whilst managing the political economy of Zambia and the related risks.

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