SOYBEAN VALUE CHAIN ANALYSIS:
Experiences from Zambia, Malawi and South Africa

Chelsea Markowitz, SAIIA, 6 November 2017
OBJECTIVES

- Why not greater regional value chain development in soybean?
- Domestic value chain bottlenecks
  - Exploration of interventions and policies to increase VC efficiency
- Potential for:
  - regional collaboration?
  - regional lessons?
SADC Industrialisation Strategy (2015)
Domestic, regional and global agro-processing VCs
Driven by animal feed
  - *Growth in poultry industry*

Easy entry for smallholders
  - *Low cost*
  - *Rotated with maize*
  - *Short season*

Requires high mechanisation for value add
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<th>South Africa</th>
<th>Zambia</th>
<th>Malawi</th>
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| - Commercial production  
- Deficit in soybean and soycake  
  - *Soybean Strategy* (2012) and *MCEP* (2013) to drive feed VC, processing capacity | - Tremendous spike in production, driven by poultry  
  - Small surplus in bean/cake  
  - 60% commercial, 40% smallholder | - Almost all smallholders  
- Smaller, self-sufficient poultry industry  
  - small surplus in bean/cake  
- National Export Strategy:  
  - Soybean, sunflower, cotton, groundnut  
  - MOST, Oilseeds Technical Working Group |
• **Soybean >> Soycake** input to feed biggest bottleneck in poultry VC
  • Scale and cost structure (efficiency) still big barriers to linkages with SA
    • Price not comparable to deep sea imports
    • Export bans also impede

• *Malawi and Zambia: Smallholders with low margins, struggling to market surplus product*
• Zambia and Malawi: competition from cheaper, better quality imports
  • Palm oil
• Greater regional trade in oil hampered by corruption
  • Smuggled palm oil from Moz.
  • Imports of “raw” oil, actually refined
• Struggle to produce oil for domestic market
  • Increases price of feed
• Malawi has removed VAT, Zambia still in discussion
  • Less attractive to bring mislabel refined oil as raw
VALUE CHAIN BOTTLENECKS

Pre-production
Input Supply

Pre-production
Input Supply

Post-production

Production

Industrial Processing & Marketing

Tillage Operations

Agro-Inputs: Feed, Seeds, Fertilizers, Pesticides

Harvest

Sales to Industrial Manufacturers

Direct Sales
VALUE CHAIN BOTTLENECKS

- **Seed**
  - Malawi: Corruption, counterfeit seed
    - New seed policy
    - Regional seed harmonisation must be domesticated

- **FISPs in Malawi and Zambia**
  - Bureaucratic inefficiencies/corruption
  - Crowding out non-FISP
  - Zambia: new *e-voucher system* an initial success
    - *Greater reach, diversification, crowds in PS, targets corruption*
VALUE CHAIN BOTTLENECKS

PRE-PRODUCTION
INPUT SUPPLY

PRODUCTION

POST-PRODUCTION

INDUSTRIAL PROCESSING & MARKETING

AGRO-INPUTS: FEED, SEEDS, FERTILIZERS, PESTICIDES

TILLAGE OPERATIONS

DIRECT SALES

SALES TO INDUSTRIAL MANUFACTURERS
VALUE CHAIN BOTTLENECKS

- **South Africa GrainSA**
  - study groups, demonstrations, networking
  - Individual business plans with farmers to upscale

- **Malawi MOST trial with IBCF for soybean**
  - Collaboration with commodities exchange (ACE)
  - Provided inputs, other incentives, agronomic support
  - Farmers pay back with grain on exchange
  - Rewarded with bigger packages, expand
  - Issues of sustainability, cost recovery
• **Need for better market information systems**
  - Prices in grain and oilseeds fluctuate
  - Important vehicle of empowerment and growth for smallholders
  - Decrease need for government intervention
  - Can facilitate greater regional oilseed trade

• **South Africa’s basket of grain and oilseed orgs**
  - **SAGIS**, BFAP, GrainSA, CEC, S&D Committee, Agbiz, JSE (Safex)

• Market information systems in Zambia and Malawi
  - Zambia: stocks monitoring committee, piloting “ZAGIS”
  - Malawi, no formal system
A FUTURE FOR REGIONAL VALUE CHAINS?

- Domestic challenges must be addressed to improve competitiveness before RVCs
  - Greater domestic offtake can help target some of these issues, but difficult business environment
  - Development strategies still domestic aim

Areas for regional collaboration?

- SADC Seed Harmonisation
- Market Information
- Cooperation on interventions to target oil regulation
- Sharing/lesson learning from VC development programmes/interventions
THANK YOU