

SOYBEAN VALUE CHAIN ANALYSIS:

Experiences from Zambia, Malawi and South
Africa

Chelsea Markowitz, SAIIA, 6 November 2017

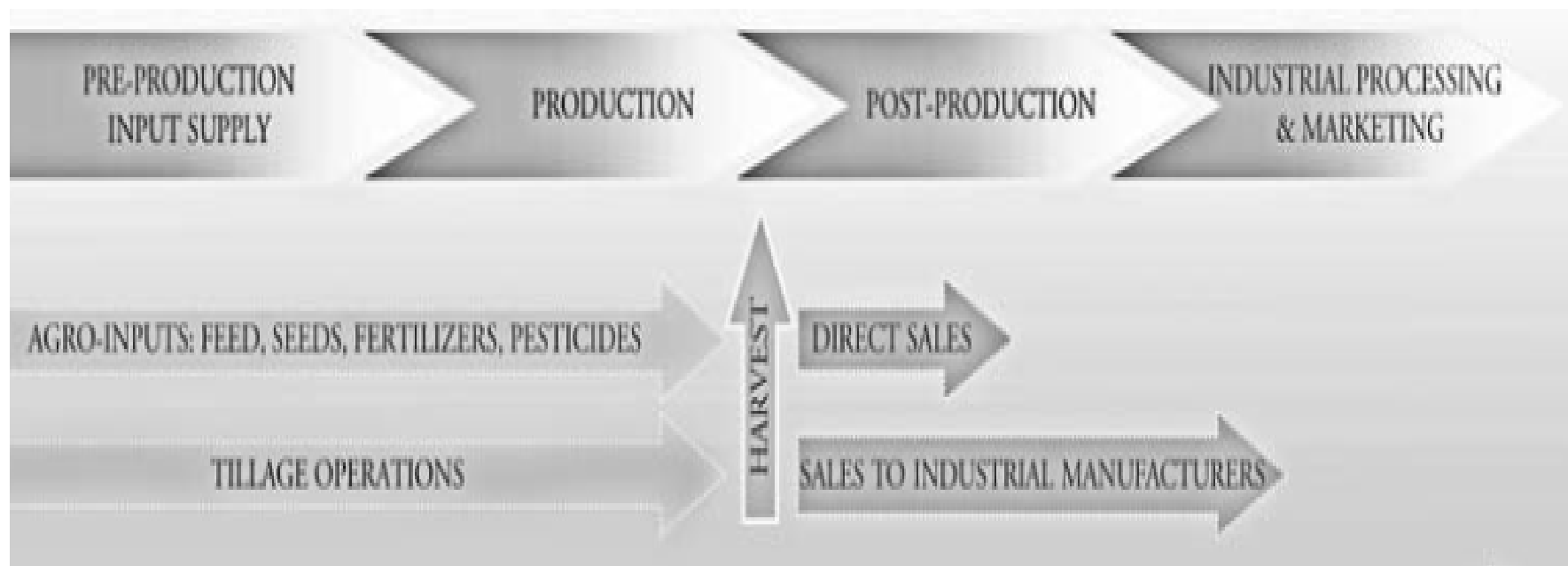


OBJECTIVES

- **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?**

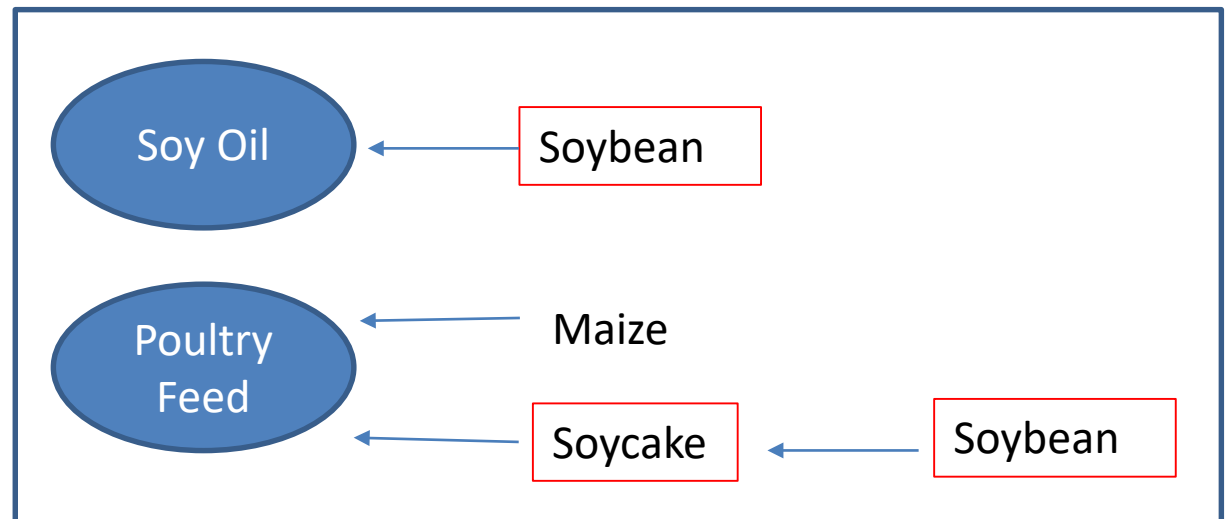
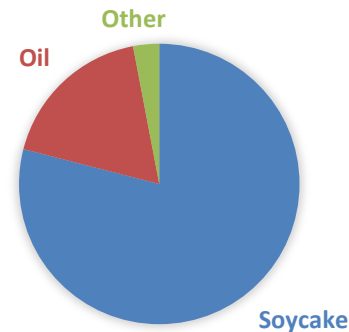
SADC Industrialisation Strategy (2015)

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

SOYBEAN



SOYBEAN INDUSTRIES IN SOUTH AFRICA, ZAMBIA AND MALAWI

South Africa

- Commercial production
- Deficit in soybean and soycake
 - *Soybean Strategy* (2012) and *MCEP* (2013) to drive feed VC, processing capacity

Zambia

- Tremendous spike in production, driven by poultry
 - Small surplus in bean/cake
- 60% commercial, 40% smallholder

Malawi

- 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

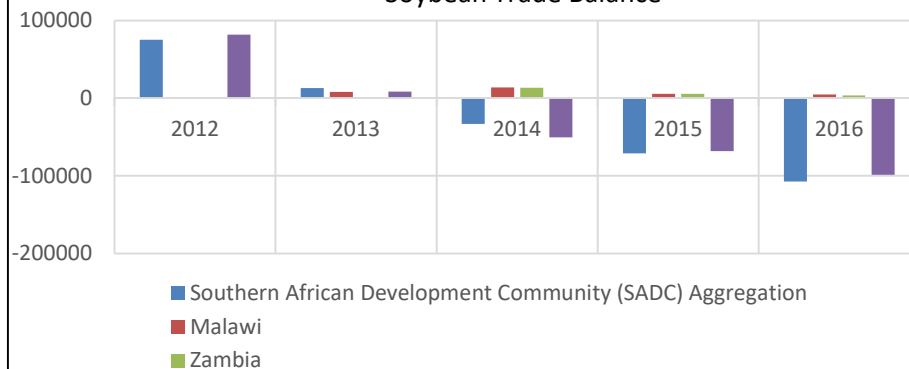
- *Soybean >> Soycake* input to feed biggest bottleneck in poultry VC
- Scale and cost structure (efficiency) still big barriers to linkages with SA
 - Price not comparable to deep sea imports
 - Export bans also impede
- *Malawi and Zambia: Smallholders with low margins, struggling to market surplus product*



Oilcake Trade Balance



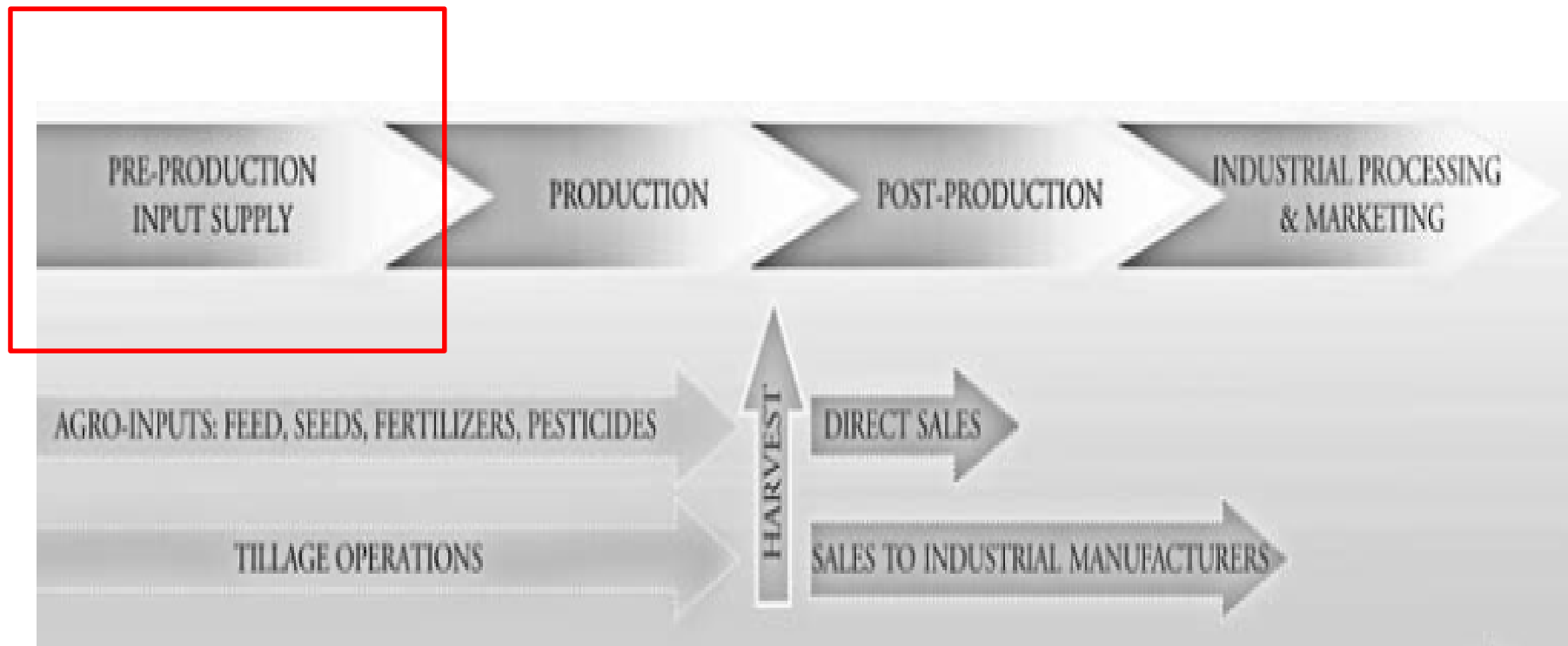
Soybean Trade Balance



- 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

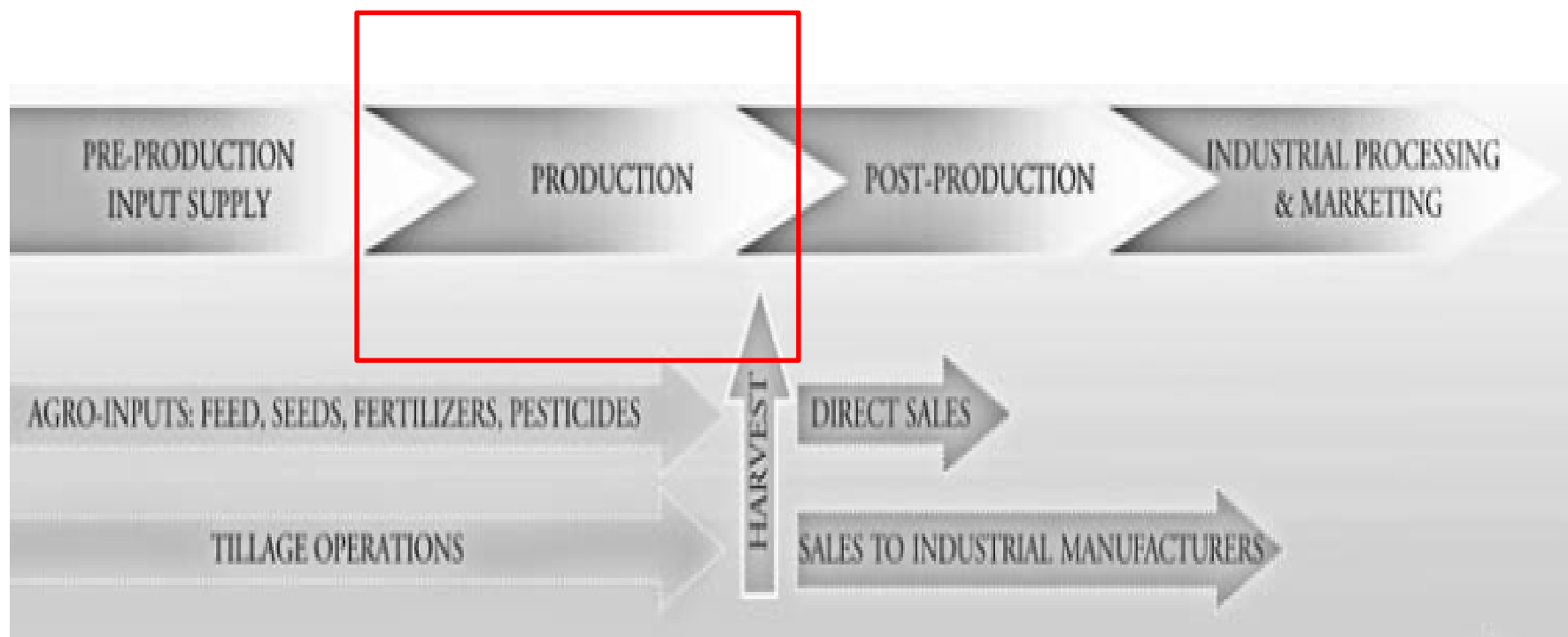


VALUE CHAIN BOTTLENECKS



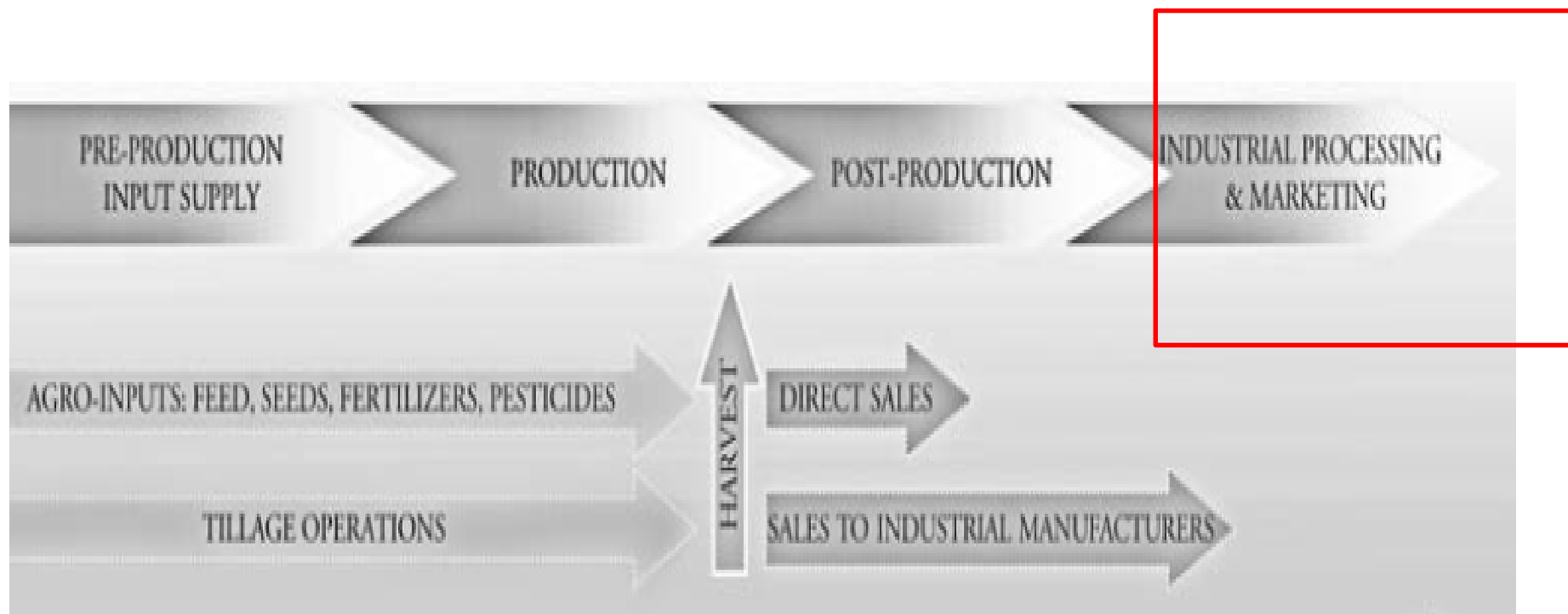
- **Seed**
 - Malawi: Corruption, counterfeit seed
 - New seed policy
 - Regional seed harmonisation must be domesticated
- **FISPs in Malawi and Zambia**
 - Bureaucratic inefficiencies/corruption
 - crowding out non-FISP
 - Zambia: new **e-voucher system** an initial success
 - *Greater reach, diversification, crowds in PS, targets corruption*

VALUE CHAIN BOTTLENECKS



- **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

VALUE CHAIN BOTTLENECKS



- **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

- *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



African perspectives. Global insights.

THANK YOU