

**ZAMBIA TRADE AND INVESTMENT ENHANCEMENT PROJECT  
(ZAMTIE)**

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**Report of the Mwinilunga Business Opportunities Workshop and  
Study Tour 15<sup>th</sup> & 16<sup>th</sup> June 2004**

Prepared by

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## **1. Introduction**

The Mwinilunga District Business Association requested ZAMTIE to assist in identifying and promoting business opportunities in Mwinilunga District and assisting local businesspersons improve their understanding of starting and building successful businesses. ZAMTIE responded positively to this request, and in liaison with the DBA and the Export Board of Zambia, organised a two-day workshop and study tour of Mwinilunga District.

ZAMTIE further took the opportunity of this workshop and its business linkages programme to facilitate a linkage between prospective honey producers / beekeepers in Eastern province and successful honey producers and exporters in North Western province<sup>1</sup>.

## **2. Objectives of the study tour and workshop**

- a. To identify business opportunities with the potential for export (out of Mwinilunga and out of the country)
- b. Discuss the possibility of developing a mechanism for:
  - i. Preparing/updating detailed feasibility studies and proposals (where these are not available or current)
  - ii. Identifying lead business persons that will devote time, resource and eventually investment capital to implement proposals
- c. To discuss the possibility and develop a mechanism for linking successful business operations to lesser developed businesses that have the potential to grow as a result of such linkages
- d. To show case the process of building a successful business operation (Honey operations; farming operations and feed lot programme in Western province)
- e. Provide a study tour of the successful honey production and exporting operations in Mwinilunga to the emerging honey producers of Eastern Province

## **3. Background Information on Mwinilunga (a synopsis based on data provided in the District Situation Analysis completed in August 2003)**

The district has a population of 131,515 with an area of 2,090,400 ha. Its average annual rainfall is 1386mm. Mwinilunga's major rivers are Zambezi, Kabompo & Lunga.

Typical of most rural areas in Zambia, peasant / small-scale farming is the most common economic activity. The farming community is detailed as follows: commercial farmers (20Ha +) nil, emergent farmers (5Ha+) 2, small scale (<5Ha) 15,982 (average individual holding .75Ha)

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<sup>1</sup> North Western Province is Zambia's principal honey producing and exporting region, with an annual performance (2003) of roughly 450 metric tonnes of organic honey exported in to the European Union.

Mwinilunga's infrastructure is grossly under developed: despite sufficient opportunities for establishing hydro-electric generating stations the district is primarily fed by a thermal power, providing a costly and unreliable energy source for industry and domestic consumption. There are a few privately constructed hydro-electric stations operated by mission station communities with existing work on another and a Government one still in the feasibility / planning stage.

The district has 35 feeder roads totalling 724Km mostly in poor condition. There is only one fuel station providing the diesel and petrol needs of the community. Telecommunications are in a very poor state. Equipment is old and in disrepair, there are only two Zamtel points where public calls can be made and one or two private business centres where this facility is available. There is no cellular communication. Total number of beds for the hospitality industry is around 50 but the quality of the rooms is very basic, with less than 10% of rooms having running water.

#### Agricultural and agro-forestry statistics

<b>Crop</b>	<b>Area</b>	<b>Year</b>	<b>Production (Tons)</b>
Cassava	(HA)	2002	42,740
Pineapples	6,750	2002	1,477
Maize	388	2002	24,994 x 90kg (2,249 tons)
Sweet potato	1,004	2002	4,986
<b>Product</b>	<b>District potential</b>		<b>2002 production</b>
Charcoal	3,600 x 90 kg		1,877 x 90kg
Timber	1,728 trees		116 trees
Honey	922 tons		150 tons
Beeswax	103 tons		25 tons
Fish	123 tons		55.6 tons

#### 4. Study tour & workshop

##### a. Programme and participants

The two-day programme was divided into a first day of field visits to existing, transitional and failed business initiatives. The second day was devoted to a lively discussion identifying the opportunities and challenges to business and culminating in a prioritisation of areas and activities to foster business and investment growth in the district. Participants were drawn from: the local business community, civic and political leadership, public sector, national and local press, prospective beekeepers from Eastern province and ZAMTIE. The programme and list of participants is attached as appendices A & B respectively.

## **b. Study tour**

**Former Mwinilunga Pineapple Factory:** The study tour commenced with a visit to the ruins of the state owned and run Mwinilunga pineapple Factory. Established by the government to process fresh pineapples grown in the district, into canned pineapple rings and juice, and exported out of the district to various other parts of the country, as well as outside of the country, the factory premises are totally vandalised with only foundations and irremovable steel frames remaining. As a result, pineapple production in the district has significantly reduced.

### **Hydroelectric power project**

A hydroelectric generating project along the Zambezi is under construction. The project is called the Zengamina Hydroelectric project - to honor the old chief in whose kingdom it is situated. The current capacity is 700 kW initially but this will double in the second phase

Zengamina hydroelectric project will cover an area of 33 km length of transmission line initially and affect about 1000 households, a hospital, clinics and 4 schools. The total cost is about 2 million USD and it will take 14 months more to complete - i.e. November 2005. Funding for the project is all from private donations and Christian Trusts in the UK.

### **Source of the Zambezi River**

The source of the largest Southern African river, the Zambezi River, is in Mwinilunga district. Despite this obviously unique tourism-marketing tool, little has been done to exploit it. No infrastructure exists that would provide the services required of visiting tourists, apart from a well maintained airstrip built by missionaries. The participants of the study tour, were however informed that Government was looking into the possibility of a day tour that included a visit to the Victoria Falls and the source of the Zambezi using the Livingstone International Airport and the Mwinilunga Airstrip.

### **Forest Fruits Ltd**

Forest Fruits Limited is a privately owned export oriented agri-processing business. It currently exports organic & non-organic honey, beeswax, bee venom and propolis. It is based on an out grower's scheme with 3000 members and a catchment area of 30,000sqKm.

In a presentation, the company outlined its achievements and challenges as follows:

<b>Achievements</b>	<b>Challenges</b>
Certified Organic Honey –	Increase quality & production
3000 male beekeepers trained & producing	Product development
250 women trained	Training
Incomes increase by 35% - 500%	Market penetration
220 tons exported	Limited by funds to train others
2500 waiting for training	Access to technical info, expertise and financing
Rural economic growth - ZK 700,000,000 pumped into the local economy in direct payments to beekeepers this year	

### c. Workshop

The Copperbelt Province Permanent Secretary, represented by the District Commissioner for Kabompo, opened the workshop. He expressed his delight at the organisation and hosting of this workshop in Mwinilunga and reiterated Government's support to private sector led economic growth.

The meeting facilitator then proceeded to outline the objectives and format of the workshop. After introductions, the participants discussed the major opportunities and challenges. The result was as indicated in the two tables below:

#### i. Identified opportunities

Honey & bees wax	Hydro electric power
Fish	Mining: precious stones / lime production
Pineapples	Bamboo & rattan
Mushroom	Caterpillars
Essential oils	“Chikanda” / orchids
Pressed oils	Cassava
Dairy & beef ranching	Cross border trading
Tourism	Beans
Game ranching	Border district / town

**ii. Major challenges**

Business proposal development support and capacity	Telecommunication
Market access	HIV / AIDS
Road network	Seed Capital
Energy supply	Operational finance
Skill	Local administration
Remote location	Telecommunication

**5. Synopsis of issues raised**

**a. Transportation**

As mentioned earlier the meeting stated the need to improve the synergies between importers / transporters delivering goods into or through Mwinilunga and those wishing to “export” produce from the district

**b. Marketing**

The business community requires consistent and reliable support in marketing their produce. E.g. a single marketing system for pineapples, sweet potatoes, sugar beans etc in urban centres like Lusaka, Copperbelt etc. The marketing vehicle would also provide backward linkages, encouraging more local production of products that have a reliable and profitable market

**c. Standards attainment and maintenance**

A major impediment in exploiting non-Mwinilunga market opportunities (including international markets) is the inability of local producers to attain and adhere to international standards. Workshop participants noted the need for technical support to businesses focusing on an external (non-Mwinilunga) market in meeting the standards required in those markets.

**d. Business skills**

Market driven vs. supply driven production. . Businesses need to develop the ability to research their markets and get a clear understanding of market tastes and demands as opposed to the current trend where production is virtually irrespective of market demands.

**e. Other points of discussion**

- i. **Value adding** – due to the remoteness of the district, it was important that emphasis be placed on value addition to products, in order to mitigate the transport costs incurred in exporting any products from the district.
- ii. **Community management of natural resources** – the management of the natural resources was key providing additional income through tourism, irrigation for agriculture and NTE's of honey and related products, forest fruits and timber products. The participants emphasised the importance on community involvement in the management of natural resources.
- iii. **Leadership in planning and execution** – for any private sector led business development initiative reliable and capable definitive private sector leadership needed to emerge. This included the development of effective public / private partnerships. To this effect the Mwinilunga DBA was charged with firstly expanding their membership base to bring on board some of the more successful businesses that hitherto were not members.

The DBA was also charged with developing a structured and full time business support service that the business community could utilise to improve their performance. The support would include: research, proposal preparation, advocacy, market linkages etc. The meeting requested the Hon. Member of Parliament for Mwinilunga Eats, Mr. Richard Kapita (former Private Sector Development Specialist with ZAMTIE) to provide initial consultancy services free of charge to the DBA.

- iv. **Improved technical skill including improved educational standards generally** – the private sector lamented the low level of technical and general academic standards in the district, resulting in insufficient skilled manpower for businesses. They recommended a targeted and focused approach in liaison with the Government and cooperating partners, to address this gap.
- v. **Finance**: seed capital and operational finance – the business community emphasised the need for sufficient capital and operational finance to service business in Mwinilunga. They

noted that not only did the district have only one commercial bank but that facilities offered by the bank were mainly focused on civil servants because of security of job tenure. They indicated that most of the conditions for accessing operational or capital finance were beyond the means of SME's in the district. They requested the Managing Director of Finance Bank (Z) Ltd, Mr. Anthony Grant to develop mechanisms for accessing finance that were more conducive to a rural area. *(Note that in response Mr. Grant indicated that the bank would work out measures were more in reach with the business community in Mwinilunga without compromising the security of depositors' finances. Further as at the release of this report, three new applications had been received and in line with developing alternative approaches to evaluating applications, two had been approved. The third for a considerably larger amount was still being processed. All three applications were for trade.)*

- vi. ***Individual project development*** – the meeting noted that whilst potential for development abounded in the district, no further success would be registered without a focused and strategic approach. It was recommended that those areas with the highest potential for growth be isolated and focused on by developing business plans / project proposals. Promoters, technical assistance and financing for these plans / proposals would then be solicited. One immediate example of an area that would provide results in the short term was synergy in the import/export of products. The workshop noted that many suppliers of products to the District, or across the Angolan border, returned to the Copperbelt / Lusaka empty. Another possibility raised in the District Situation Analysis (D.S.A.) was aquaculture. However participants were sceptical about the veracity of information on fish and requested that further study be done to ascertain the feasibility of aquaculture in Mwinilunga.

vii. ***Project / business opportunities continued:***

1. ***Livestock:*** whilst many beef and dairy cattle farmers seemed to be pulling out of the sector, the prospect of commercialising the rearing of sheep seemed to offer some possibility. A feasibility study would need to be done.
2. ***Tourism:*** four issues were raised to promote this sector:
  - a. Preservation of existing tourist sites
  - b. Niche marketing



- c. Market linkages e.g. day flight connecting Victoria Falls visitors with the source of the Zambezi

3. **Game ranching:** the meeting indicated that community and private based game ranching ventures were possible

4. **Hydroelectric power:** the meeting emphasised the importance of the provision of affordable, reliable supply of hydroelectric power. They pointed out the following:

- a. Using the Rural Electrification Act, concerted efforts must be made for community based / local developments to improve the power supply to Mwinilunga district

- b. The business and public sectors should rally behind any plausible existing initiatives and work to promote other initiatives to compete with and compliment current power supply in the district e.g. the hydroelectric generating project which is managed by Charles Rea

- c. The 1.2 Megawatt hydroelectric project at Ilunga West, earmarked by the Zambian Government through ZESCO should be the focus of concerted lobbying to prioritise implementation

5. **Mining:** Amethyst, tourmaline, quartz and citrine are among the semi-precious stones available in the district. The critical aspects to successfully develop this NTM activity are:

- a. Organisation of the sector – i.e. form an association
- b. Technical assistance for feasibility studies etc
- c. Reliable power supply
- d. Competent manpower
- e. Licensing issues
- f. Financing

6. **Industrial processing:** one key operation currently in progress is an agricultural lime production facility. Production is expected to commence in October. Reliable and sufficient power was the biggest unresolved issue at the time of this report.

7. **Arts and crafts:** the district has the potential to grow a considerable bamboo and rattan furniture making industry, either for local consumption within Zambia or for export. However considerable support needs to be provided with regard to design and quality of workmanship.
8. **Cross Border Trading:** Mwinilunga hosts two official border points between Zambia and Angola: Jimbe and Kamapanda border posts. Due to the recently ended war, there is very little industrial / commercial agricultural production in Angola. Further, the remoteness of the Eastern part of Angola from Luanda makes it a perfect market for a wide variety of products. Participants strongly recommended the establishment of a trading market on the Zambian side of each of these border posts.

The workshop also noted the need for enhance synergies between Zambian producers/exporters to more effectively compete in providing goods and services in the Angolan market.

9. **Timber:** Three issues were raised with regard to successfully exploiting the districts timber potential:
  - a. Accessing pit saw licenses: Firstly there is a tendency for timber “merchants” to dispense with the need for licences, secondly members indicated that the process of issuing pit saw licences was not transparent and very few locals were able to access licences.
  - b. Community resource management; many natural resource management schemes left out the communities, usually causing tension between the scheme managers and the communities who live within and sometimes derive a living from the natural resource (in this case, the forest). Indiscriminate logging for agriculture activities or burning may affect the quality of honey and other forest fruits. The result is that the communities refuse to identify with the resource management mechanisms development by the scheme manager, resulting in a failure to implement or effectively police the mechanisms. For illegal logging, poaching and indiscriminate burning to end, communities have to be part of the natural resource management process

- c. Equipment – power saws: for enhanced capacity in logging, loggers should have basic equipment, in this case power saws. However a lack of finance to procure this equipment results in most loggers using axes and manual saws, making the logging process time consuming and labour intensive.

**10. Business skills:** the workshop participants noted the need to improve business skills in the district and noted problems in quality of products, consistency of supply as some of the areas where smaller businesses were not performing well. It was noted that a more structured link between the successful businesses and the budding businesses would be a useful tool

**11. Branding:** establishing a reputation for products from Mwinilunga was identified as another marketing tool. E.g. focusing on organically produced crops or forest products

**12. Public private partnership:** the workshop noted that little could be achieved in the district without a vibrant and fulfilling partnership between the private and public sectors. A mechanism needs to be developed for a regional dialogue structure that would ensure regular address of issues relevant to improved business and investment for the sector

**13. Infrastructure:** as with the rest of the country, the issue of infrastructure to support business and investment was a critical issue. Highest on the agenda was the erratic supply of electrical power and the poor telecommunications services. Road network was next on the list. It is important that the dialogue structure mentioned in (ix) tackles the power and communications issue as a matter of urgency

**14. Reporting:** the workshop agreed that the DBA would be given three months in which to report back to stakeholders regarding progress made on:

- a. Membership recruitment drive and
- b. 1 year action plan

***15. ZAMTIE proposed areas of support***

- a. Work with the business community to establish and operationalise a district business and investment Forum comprising public and private stakeholders
- b. Provide technical support for pre-feasibility and feasibility studies for selected business opportunities

## ANNEX A – Workshop Programme

### Workshop & study tour programme

TIME	ACTIVITY	PERSON
<b>Tuesday 15<sup>th</sup> June 2004</b>		
<b>08 30</b>	<b>Assemble at Mwinilunga Post Office, board transport and proceed on site visits</b>	<b>Forest Fruits Ltd</b>
		<b>Lime stone operation</b>
		<b>Fisher Game Ranch</b>
		<b>Site of previous pineapple cannery</b>
		<b>Source of the Zambezi</b>
<b>12 30</b>	<b>Lunch – brown bag</b>	<b>At the Source</b>
<b>14 00</b>	<b>Site visits continue</b>	
<b>17 30</b>	<b>End of day activities</b>	
<b>DAY 2 – Wednesday 16<sup>th</sup> June</b>		
<b>08 30</b>	<b>Registration</b>	<b>(ZAMTIE)</b>
<b>09 00</b>	<b>Welcome remarks</b>	<b>J Kapepa – DBA</b>
<b>09 10</b>	<b>Opening Speech</b>	<b>PS – North-Western</b>
<b>09 30</b>	<b>Workshop objectives and programme review</b>	<b>C Nyalugwe - ZAMTIE</b>
<b>09 45</b>	<b>From opportunity, to idea to successful business – case study</b>	<b>Dan Ball</b>
<b>10 30</b>	<b>Business opportunities – Panel Discussion</b>	<b>District Council – DDC DBA Charles Ray Finance Bank Branch Manager Dan Ball – Forest Fruits</b>
<b>11 30</b>	<b>Tea break</b>	
<b>11 45</b>	<b>Business opportunities continued – including Q&amp;A</b>	
<b>13 00</b>	<b>Lunch</b>	
<b>14 00</b>	<b>Staging point for Angola exports</b>	<b>Alex Valetta / Chibembe Nyalugwe</b>
<b>14 30</b>	<b>Comments</b>	<b>Tony Grant – Finance Bank MD</b>
<b>15 00</b>	<b>Comments</b>	<b>Mr. Gabriel Namulambe – Permanent Secretary NWP</b>
<b>14 30</b>	<b>Way forward</b>	
<b>16 30</b>	<b>Wrap up of proposals for business development</b>	<b>Chibembe Nyalugwe</b>

## **ANNEX B – Workshop Invitation List**

### **Mwinilunga DBA Members**

1. Jackson Kapepa – DBA Chairperson
2. Mr G. Nkumba - DBA Secretary
3. Mr. J. Muhandu
4. Rogers Sande
5. Astone Masumba
6. Mr. G. Chipupa
7. Mr. M. Katema
8. Mrs S. Kapepa
9. Mr. D. Manjomba
10. Ms E. Kasongo
11. Mr I Ntambu
12. Ms R. Ikomba
13. Mr. G. Mulenga
14. Mr E.S. Sameta
15. Mr. L.S. Sameta

### **Prominent Mwinilunga Businessperson & Resource persons**

16. Mr Dan Ball –MD – Forest Fruits Ltd Mr. Fisher
17. Mr. Rahim
18. Mr. Charles Ray
19. North Western Bee – MD
20. Mr. Charles Sondashi

### **Government and political leadership**

21. Mr. Gabriel Namulambe - North Western PS
22. Dr Moses Banda, Economic Advisor – State House
23. Mr. Richard Kapita Hon. MP Mwinilunga West Constituency
24. Mr. James Katoka Hon. MP Mwinilunga East Constituency
25. District Commissioner – Mr. John Chidata

### **Organisations involved in supporting agriculture production or business development**

26. Ron Black – ZAMTIE Chief of Party
27. Chibembe Nyalugwe – ZAMTIE PSDS
28. Tony Grant - Finance Bank MD
29. Glyne Michelo – Executive Director -EBZ

### **Visiting business delegation**

30. Col. Panji Kaunda – Vubwi, Chadiza
31. Lulu Phiri – Petauke
32. Jane Kawama – Petauke
33. Peter Njovu – Nyimba
34. Fackson Sakala – Nyimba
35. Bee keeper from the ADRA group in Nyimba
36. Mr Kumbuyo – District Forestry Officer – Nyimba

### **Journalists**

37. Kingsley Kaswende – The Post
38. Cynthia Mwale – Daily Mail
39. ZNBC – Camera & reporter (2)
40. Radio breeze
41. Joseph Mwenda - Radio explorer