



## Sustainable Agriculture and Natural Resource Management Collaborative Research Support Program

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### Trip Report: Zambia

29 April - 10 May 2007

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**Purpose of Trip:** Assess COMACO financial condition and progress toward economic self-sufficiency; determine costs to date of establishing COMACO Community Trading Centres in order to provide better insight into costs involved in exporting this model linking rural development and biodiversity conservation

**Sites Visited:** Lusaka – WCS Zambian HQ  
Lundazi – COMACO Community Trading Centre  
Mfuwe – COMACO Community Trading Centre

#### **Description of activities:**

This trip entailed visiting two of the three Community Trading Centres (CTCs), Lundazi and Mfuwe, and collecting/analyzing data compiled with the Lusaka based staff. Both CTCs have made significant progress in production and have begun to develop markets to sell their products.

#### ***Lundazi***

With respect to Lundazi, there has been significant progress in production capabilities over the past year. Operations have improved and are much more process orientated, with full procedures in place for rice polishing and peanut butter processing. Infrastructure is also much improved with new storage sheds completed and an increased staff to boost production. In addition, a fully functioning soy processing plant is nearly complete in Lundazi and will soon be producing high energy protein supplement (HEPS; a product needed in treatment of HIV/AIDS and recovery from malnutrition) and soy milk. The Lundazi organization has also begun to develop marketing channels and outlets for sales. There are outlets now in Lundazi and all along the road from Lundazi, through Chipata to Lusaka. These are mostly informal agreements; however, two larger agreements are in place with the Lusaka grocery store Spara and with a Malawian NGO which intends to increase peanut butter purchasing to 2 tons/month. Sales figures were not well organized or complete, making an analysis of this year's sales impossible at the time of this assessment. However through working with the WCS accountants in both Lundazi and Lusaka, a rough estimate of costs since December 2005 reveal significant expenses to get the Lundazi center to where it is today. The total costs are approximately \$1,087,000 to date (these data will be included in a Lundazi Model spreadsheet to be submitted once sales data collection has been completed), this includes expenses that can be associated with a learning curve and would not be

necessary in replicating an expansion CTC. COMACO has been closely aligned and shares expenses with the WFP, therefore assumptions were necessary to back out WFP expenses from strictly COMACO expenses.

### ***Mfuwe***

The Mfuwe center has also made modest gains over the past 12 months. They are focused on selling rice, honey and produce to the local area, including both professional safari lodges and the tourist lodges throughout South Luangwa. This was the first year of sales and a base has been established to build from for future growth. A financial analysis since December 2006 shows sales of approximately \$31,500 US for the first year of selling, all to local markets. This serves as a solid base to build sales channels. However, the expenses over this time period, including both HQ support and operational expenses, are approximately \$299,000 US, after backing out WFP expenditures with revenue of approximately \$116,000US.

In addition, I met with the World Food Program Logistics Officer Felix Edwards at his office in Lusaka to map out the process towards gaining HACCP approval for the soya factory, which is necessary for selling to the WFP, which is one of the main buyers of HEPS in Zambia and the region. I outlined our discussion for the WCS staff and provided recommendations on how to leverage further SANREM support to help gain this certification.

### **Suggestions and Recommendations:**

Continue to build market-based approaches by securing contracts for products before the crop has been produced, which can further influence crop mix and farming techniques in target areas. While some market development has occurred over the past year, continued market development is key to the long-term viability of COMACO. Also continuing to work towards finding and establishing higher margin goods will be crucial (HEPS provides an excellent opportunity for such higher margin products), as selling commodities such as rice will not provide the margins in the long run to move COMACO away from donor subsidies. In addition to market development, it will be essential to better understand Lusaka Headquarter's support and have a better accounting system of sales, this will be crucial to understanding all costs associated with COMACO and will help to allocate resources more judiciously in the future. COMACO has moved to a cost center accounting system which will help to provide better insight into all expenses and thus better understand all costs associated with each CTC. Overall, COMACO has made strides to improve production and begun to make inroads into finding markets for its products, however it will be crucial to develop some large scale permanent contracts in order to allow COMACO to take on a more market orientated approach and continue to influence producers' behavior.

### **List of Contacts Made:**

Name	Title/Organization	Contact Info (address, phone, email)
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