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THE MARKETING SYSTEM FOR FRESH VEGETABLES IN LESOTHO

EXECUTIVE SUMMARY

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(AGRICULTURAL MARKETING RESEARCH PROJECT)

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PREFACE

The research reported below was undertaken as part of the Agricultural Marketing Research Project at the Institute of Southern African Studies (ISAS) at the National University of Lesotho (NUL). This thirty month project began in September 1984 and is being conducted jointly by the University of Saskatchewan and the NUL with funding provided by the International Development Research Centre (Canada). The project is supervised by Prof. G. Storey of the Department of Agricultural Economics, University of Saskatchewan, and by the Director of ISAS. Dr. M. Sefali filled this role until January of 1986. Prof. K. Prah is now Acting Director of ISAS and co-supervisor of the project. The project is staffed by a Project Leader, two permanent research assistants and a number of temporary assistants.

A Steering Committee, composed of key NUL and Government of Lesotho personnel, provides overall direction for the Agricultural Marketing Research Project. This committee helped formulate the original project objectives and monitors the progress in meeting those objectives. The Steering Committee is comprised of the Project Supervisors, project staff, and the following individuals, all of whom have contributed to the current research through their active participation in that committee:

Mr. F. Ronsholt, formerly Agricultural Advisor to the Cabinet Office;
Dr. C. Fritsch, Policy Advisor with the Ministry of Agriculture (MOA);
Mr. W. Ntsekhe, Director of Technical Services, MOA;
Ms. M. Morojele, Chief Planning Advisor, MOA;
Ms. Moji, Central Planning and Development Office;
Dr. D. Lee, Team Leader, Farming System Research Project, MOA;
Mr. M. Matli, former Acting Director, Research Division, MOA.

Research on fresh vegetable marketing began in early 1985 and will continue throughout the term of the project. Two summary reports will be produced: the current report is primarily descriptive, the second report will be primarily diagnostic and prescriptive.

A large number of donor, Government and industry representatives contributed particular information to this report and to the authors' understanding of the fresh vegetable marketing system. While they are too numerous to mention here, many are listed in the references section at the end of this report. We are indebted to them all. In particular, the personnel at the District Agricultural Offices were unfailing courteous and helpful in every district. Not only were they important sources of information, but they also arranged interviews and visits with local farmers and project managers. Special thanks must go to the members and chairman of the Berea District Vegetable Growers Cooperative for providing detailed information about their enterprises and for allowing us to attend their monthly and annual meetings.

The authors engaged in stimulating and valuable discussions with Dr. Job Savage, Mr. Michael Kraib, and Mr. Harold Mannion, who also conducted research on vegetable marketing during 1985. Readers are

referred to Savage (1985) and Savage, Kraidy and Mannion (1985), for the findings of their research.

Mr. M. Mochebelele and Mr. N. Mokitimi provided some research assistance and advise. Ms. P. Hargreaves performed roles of research assistant, editor and graphic artist, and contributed invaluable in all of these facilities. Ms. J. Tomkins of the ISAS Documentation Centre made the resources of that facility easily available and edited some sections. Mr. D. Ambrose, formerly of the ISAS Documentation Centre, assisted in deriving the population estimates. Mr. T. Lynn, of the English Department, NUL, read the entire body of the final draft and suggested a large number of final touches to the report.

Previous drafts of this report were presented at seminars held at the Research Division of the MOA in October 1985, and at the University as an ISAS seminar in December 1985. Helpful comments were received at those two seminars and many were incorporated into this version of the report. Mr. F. Ronsholt and Dr. A. M. Maruping, Pro-Vice Chancellor of the NUL led the discussion at the ISAS seminar and provided a number of helpful written comments.

Dr. R. Brokken, Marketing Specialist with the Farming Systems Research Project, MOA, has provided many helpful ideas and suggestions to the researchers throughout the period of the research. His detailed written comments on the previous version of the report were also of great help.

Responsibility for the views expressed, errors and omissions remains with the authors and not with the University of Saskatchewan, the National University of Lesotho, or the International Development Research Centre who fund the research.

EXECUTIVE SUMMARY

This short paper contains a summary of the research method, major findings, conclusions and suggestions for future research, which are contained in the longer report. It is intended for a broad audience. It is hoped that many readers will wish to obtain copies of the complete research report. Copies of the report can be ordered from:

Documentation and Publications Division
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1. Introduction

Increased domestic production of fresh vegetables is now a high priority of the Government of Lesotho. Increased production, stimulated by new programmes and policies, will either have to replace imports in existing marketing channels or be routed through new marketing channels. Recent studies have recommended Government action ranging from refinement of existing marketing channels to the development of new marketing systems. However, none of the previous studies have had a solid descriptive foundation on which to base their problem diagnosis and policy prescription. In this report a more complete description of the vegetable marketing system is presented. This information will be useful to policy makers charged with designing appropriate Government action, and to researchers conducting further research.

2. Research Method

The analysis in this report has drawn on both primary and secondary data sources. Primary data on the identity, location and size of private commercial farms were obtained from interviews with personnel at District Agricultural Offices, interviews with farmers, and, in Berea District, actual measurement of fields. Personal interviews were also conducted with project managers, with representatives of Government and donor institutions, with chairs of District Horticultural Associations, and with managers of wholesale and retail businesses. Additional primary data were collected from producers in Berea District and from wholesalers in lowland urban areas.

Import data were collected from the Bureau of Statistics and from

the Planning Division of the Ministry of Agriculture. Simple linear regression was used to extrapolate the Bureau of Statistics data forward to 1985. Survey data from a number of recent reports were used in the analysis of production. Additional secondary data from the Bureau of Statistics, the Food and Nutrition Coordinating Office, the Research Division of the Ministry of Agriculture, and the Planning Division of the Ministry of Agriculture, were used in the construction of the supply-disposition balance sheet. Data published by the Directorate of Agricultural Economic Trends in South Africa were used in the analysis of prices.

3. Major Findings

Structure of Production

Fresh vegetables are produced in six situations in Lesotho: (i) private kitchen gardens; (ii) commercial gardens; (iii) institutional vegetable plots; (iv) state farms; (v) private commercial vegetable farms; and (vi) vegetable production projects. Of an estimated 239,000 rural households in Lesotho, approximately 167,000 produce some fresh vegetables and 57,000 derive some income from their sale. This kitchen garden production is generally subsistence oriented as is the production conducted in communal gardens. Over 2,200 households participate in the 83 communal gardens now in operation in Lesotho. The average size of these gardens is 0.7 hectare and the average membership is 25.

Of the total of 57,000 households which sell some vegetables, only a few hundred can be classified as commercial producers. During investigations for this report, approximately 100 commercial fresh vegetable producers and 300 asparagus producers were identified. Fresh vegetable producers grow vegetables on plots ranging from 0.5 hectare to 45.5 hectares, with the average plot size being 2.0 hectares. Asparagus plots are much smaller and more even in size. The average asparagus plot measures 0.2 hectares.

Institutions, state farms and projects also produce significant quantities of fresh vegetables. Four of the major institutions (missions, prisons, farm institutes) produce vegetables on a total of 18.4 hectares. Two state farms, one in Maseru and one in Mafeteng, produce on 34.9 hectares. Six projects located in Butha-Buthe, Leribe, Berea, Mafeteng and Qacha's Nek Districts, produce vegetables on a total of 67.1 hectares.

Imports

As Lesotho is completely surrounded by South Africa and is a member of both the Rand Monetary Area and the South African Customs Union, it is natural that its marketing systems are highly integrated with those in South Africa. This integration is nearly complete for

fresh produce, so that the Lesotho fresh produce marketing system is basically an extension of a large South African market. Approximately 1.1 percent of the vegetables produced in South Africa are consumed in Lesotho.

Most of the vegetables imported into Lesotho are purchased by traders at one of the 24 fresh produce markets scattered across South Africa. Fourteen of these markets are designated as national markets. Each of these markets is operated by the local city council and is managed by a market master. Market agents represent buyers and sellers on the markets and operate on a commission basis. Prices are established for each individual transaction and tend to vary a great deal even within a single day. These markets are among the most freely operating agricultural markets in South Africa.

Traders who wish to import fresh fruit or vegetables into Lesotho must obtain an import permit from a District Agricultural Office. These permits are issued free of charge and are generally not restricted in number. However, there are occasions when the Government judges that there are adequate local supplies available to meet local demand and restricts the issue of import permits. These decisions are usually taken at the district level.

Existing import data are suspect. Data from Customs Declaration forms used in this study are now only available up to the end of 1982 and required extrapolation to 1985. Data from the importer report forms are complete for 1984 and 1985 but are clearly inaccurate.

Consumption

No large scale consumption survey has been conducted on which reliable estimates of per capita consumption of vegetables may be based. In this report, the 1978 estimates of the Food and Nutrition Coordinating Office were used. Per capita consumption was multiplied by estimates of 1985 population to generate estimates of total consumption. Of a total 1985 consumption of 48 974 tonnes of vegetables, only 14 percent was consumed by urban residents. Maseru District had the largest consumption and Qacha's Nek District the smallest. The five central districts of Leribe, Berea, Maseru, Mafeteng and Mohale's Hoek accounted for 71 percent of total consumption.

Supply-Disposition Balance Sheet

Total consumption, stocks, production, import, wastage and exports were all related through a supply-disposition balance sheet. With beginning stocks assumed to equal ending stocks, wastage assumed to equal zero, and exports assumed to equal zero, the balancing equation became:

$$\begin{aligned}
\text{Consumption} &= \text{Private Commercial Production} + \text{Project Production} + \text{State Farm Production} + \text{Institution Production} \\
&+ \text{Communal Garden Production} + \text{Home Garden Production} + \text{Imports} \quad (1)
\end{aligned}$$

Of these eight variables, seven were estimated from primary and secondary data, while home garden production was estimated as a residual. The following estimates were generated: (i) consumption, 48 974 tonnes; (ii) imports, 27,722 tonnes or 56.6 percent of consumption; (iii) private commercial production, 4,551 tonnes or 9.3 percent of consumption; (iv) project production, 2,718 tonnes or 5.5 percent of consumption; (v) state farm production, 1,414 tonnes or 2.9 percent of consumption; (vi) institution production, 749 tonnes or 1.5 percent of consumption; and (vii) communal garden production, 1,158 tonnes or 2.4 percent of consumption. A residual of 10,662 tonnes or 21.8 percent of production is thus left.

Wholesaling

The wholesaling function is currently being carried out by a variety of traders. Of 93 traders found to be active in wholesaling in March 1986, only four fit the Commerce and Industry definition of a wholesaler. All of the other traders were also involved in retailing to some extent. A total of 11 traders deal exclusively in fruit and vegetables and appear to dominate wholesaling. Other types of businesses involved in wholesaling include general dealers (14), general cafes (9), grocers (3), and street vendors (52).

Retailing

Three categories of traders dominate the retail distribution of fresh produce in Lesotho: (i) general dealers (including supermarkets); (ii) general cafes and grocers; and (iii) street vendors. General dealers operate in every urban area, approximately 500 cafes which sell fresh vegetables are scattered throughout Lesotho, and over 500 vendors sell small quantities of fruit and vegetables in urban areas. This competitive structure ensures a broad distribution of produce and reasonable consumer prices.

Marketing Channels

The diverse group of producers, wholesalers and retailers has led to a marketing system comprising of a complex of marketing channels. A number of alternative marketing channels are traced by the arrows linking market participants shown in Figure 1. The most formal mar-

keting channels involve purchases at South African markets by Lesotho wholesalers. These wholesalers then market the produce to retailers. From retailers the produce finally reaches consumers. This complex marketing channel can be compared to the informal marketing channel which links producers and consumers in direct "over-the-fence" exchanges.

Locally-grown produce is routed to consumers through a number of marketing channels. While some of the produce is marketed to wholesalers, and more is marketed to retailers, the most common practice is to have direct producer-consumer exchanges. Produce is either sold to consumers directly from farm sites, or is transported to them by a variety of vehicles. Some private producers have erected stalls in towns from which vegetables are sold directly to consumers.

Direct sale to consumers is also a major marketing channel for projects, institutions and state farms. However, a much greater percentage of production is marketed through wholesalers and retailers.

The formal marketing channels are dominated by South African produce. In many respects, traders find the South African produce markets more convenient than the domestic market. They are generally able to get the desired quantity of each type of vegetable at one place, thus saving on transportation costs and time. Before making purchases from local producers, wholesalers need to be assured of filling their trucks with standardized produce available in accessible locations. Even when plentiful supplies of good quality produce are available, trade is often hampered by the rudimentary transportation and communication systems.

Geographical Nature of the Marketing System

In many ways there is no single market for fresh vegetables in Lesotho. Rather, there are a number of regional markets which are linked together and to the South African markets (Figure 1). The links between markets vary from region to region with the strength of each link largely determined by the transportation and communication barriers separating the regions.

The Power Network

The large numbers of both wholesalers and retailers and easy entry conditions indicate both the wholesaling and retailing functions are being performed with little exploitation of buying or selling power. Private commercial producers also appear to wield little market power. Three factors are important in limiting that market power: (i) private commercial producers supply only 10.7 percent of total sales; (ii) all but one of the producers are very small; and (iii) private commercial producers have been very reluctant to band together in cooperatives or associations. State farms and projects,

on the other hand, appear to command considerable market power. A number of reasons may be suggested for this: (i) the number of projects is small; (ii) projects often tend to dominate markets in their local proximity because of the concentration of the production; (iii) projects can amass sufficient volumes of marketable produce to attract wholesalers and large retailers; and (vi) some projects appear to be willing to accept low prices for the sake of making sales.

The Communication Network

The marketing system appears to have a fairly effective network for communicating information about the South African produce which dominates the formal marketing channels in Lesotho.

The South African Fresh Produce Markets provide daily price information which appears to be swiftly disseminated throughout Lesotho. Price information is received daily by the Planning Division of the Ministry of Agriculture and is disseminated through the District Agricultural Offices and occasionally over Radio Lesotho. Many of the large traders are in frequent telephone contact with market agents at many of the South African markets. The large number of traders who deal directly with the produce markets ensure that there is no monopoly of information and that the information is swiftly passed on to retailers and consumers. It appears that the information which is communicated is well understood by all the market participants. South African grades, standards, and packages thus appear to provide a fairly effective language for communication.

These grades and standards have generally not been adopted by Lesotho producers. Most Lesotho producers have a limited understanding of markets and marketing, and have a lack of market information. This situation may not be serious while producers deal directly with consumers or with street vendors where an adequate level of communication is maintained during producer-consumer negotiations. However, when producers are exposed to more formal marketing channels they are likely to be disadvantaged vis-a-vis South African producers.

Prices

Lesotho wholesalers purchase the bulk of their produce at the South African Fresh Produce Markets. Conditions at those markets thus determine the wholesale purchase environment faced by Lesotho wholesalers and average prices established at those markets are a good proxy for Lesotho wholesaler purchase prices. Comparison of prices for two of those markets, Bloemfontein and Johannesburg, indicates significant price differences between the markets. Market prices for cabbage, carrots and tomatoes are significantly lower at the Johannesburg market than at the Bloemfontein market, while prices for onions and potatoes are similar at the two markets. Average monthly prices for cabbage were 20 to 60 percent lower in Johannesburg than in Bloemfontein, a difference likely to offset the higher transportation

costs to and from Johannesburg. These differences explain why Lesotho wholesalers report that they trade on several of the 24 South African markets.

Average Lesotho import prices are similar to average prices established at the Bloemfontein market, though generally higher than those at the Johannesburg market.

With the exception of cabbage, Johannesburg retail prices are higher than the retail prices reported in Bloemfontein. This is in spite of the generally lower market prices in Johannesburg and is indicative of higher marketing margins in Johannesburg. Average urban retail prices in Lesotho are generally lower than those in the South African urban markets. These price differences could result from the consumption of different qualities of produce, different marketing services offered by the retailers, different retail cost structures, or different degrees of competition in the wholesale and retail sectors.

Price risk was measured by the standard deviation statistic. Standard deviations were calculated for average monthly prices for the South African markets, South African urban retailers, and Lesotho imports. Generally retail prices vary more than market prices. Cabbage has the most stable prices and tomatoes the most variable.

Marketing Margins

Average marketing margins were calculated for four fresh vegetables in Bloemfontein, Johannesburg and urban Lesotho. Marketing margins vary from M 1.21 / kg for tomatoes in Bloemfontein to M 0.17 / kg for cabbage in Lesotho. All of the margins were calculated to be over 100 percent, with the highest being over 400 percent. The Lesotho marketing margins were found to be lowest for cabbage and tomatoes, and to be roughly equivalent to the South African margins for onions and potatoes.

4. Conclusions

The descriptive analysis presented in the previous chapters largely forms a base for future descriptive, diagnostic and prescriptive research. Suggestions for necessary research are presented in the following and final section. However, some tentative conclusions can be formed on the the descriptive base. These are presented in this section.

Production

A large percentage of Basotho households produce vegetables in

their home gardens and generate small amounts of income from the local sale of vegetables. Very few households, however, produce vegetables on what would be called a commercial scale. Most of the private commercial producers operate on small tracts of land in the lowland areas and sell the bulk of their produce locally. Larger tracts of land have been assembled by the two state farms and six functioning production projects. These large production units market their produce through a variety of marketing outlets including consumers, street vendors, cafes, supermarkets and wholesalers. With several of the projects planning major expansions, and other new projects planned, many of the projects are likely to encounter severe marketing problems unless their production timing is careful and more of their produce is channeled into the large urban markets. Unless projects are forced to compete directly with South African imports, they will saturate the traditional market outlets for the private commercial producers. Private commercial producers should be encouraged, rather than discouraged by government and donor efforts.

Imports

Information about imports is inadequate, unreliable and untimely. Data from Customs Declarations appear to be quite reasonable in magnitude, but are almost obsolete before available. Even when available, they are aggregated by quarter and for all of Lesotho. On the other hand, the data compiled by the Planning Division of the Ministry of Agriculture is quite timely and is disaggregated by district, by commodity, and by month. Unfortunately, however, it appears to be very unreliable.

With the limited data which are available, it is clear that imports from South Africa are a major component of total Lesotho supply of fresh vegetables. Easy access to the South African markets guarantees that Basotho consumers have year-around access to a variety of fresh vegetables at reasonable prices. At certain times of the year it may be advisable to restrict imports of those types of vegetables which are available locally. However, caution must be exercised that these restrictions do not cause undue shortages for consumers. Appropriate restriction of imports requires information about Lesotho markets which is not currently available. This information must be current, accurate, and rapidly disseminated. Information on available supplies is particularly important and must be made available to District Agricultural Offices and to potential purchasers.

Wholesaling

The wholesaling of fresh vegetables is currently being conducted by a variety of types of traders. Registered wholesalers actually handle a very small percentage of the wholesale trade. Specialty traders dominate the wholesale trade but also do varying amounts of retailing. A small number of general dealers, general cafes, grocers and a larger number of street vendors also do some wholesaling, though

some do more direct retailing than wholesaling. The large number and variety of traders who wholesale keep the trade very competitive. These traders are all conditioned to deal with the grades, packages and standards of the South African produce. Locally produced vegetables must satisfy wholesaler expectations before it will effectively challenge South African produce on the wholesale market.

Producer Marketing

Private commercial producers now market most of their vegetables either directly to consumers or to retail outlets. The vegetables are often sold in very small lots and are ungraded and unpackaged. Market information is communicated directly by producer/consumer negotiations. This informality is adequate and even appropriate as long as the marketing channels are this direct. However, when producers attempt to market through more formal channels they tend to encounter difficulties. Not only are prices offered lower, and transportation and packaging costs higher, but wholesalers are more specific about the type of produce that they will purchase. Some of these factors are inherent in a formal marketing channel, while some result from an imbalance of market intelligence and market information, and lack of packaging materials, standards and grades. The Government should initiate producer education programmes, information collection and dissemination systems, and appropriate grading and packaging procedures. In initiating such procedures as grading and packaging, it is important that the Government recognize when it should regulate trade, and when it should not.

The marketing margin between import prices and retail prices is quite large in Lesotho, though not as large as in the South African urban areas. From the width of this price band, one may conclude that the prices which producers actually receive may vary over 100 percent, depending on the marketing outlet to which they sell. Wholesalers will be willing to pay the lowest prices, retailers a somewhat higher price, and consumers the highest price.

Import Substitution

Lesotho's small size, geographic situation in Southern Africa, and geoclimatic conditions make strict self-sufficiency in fresh vegetables an unrealistic goal. Increased self sufficiency is feasible, however, for certain times of year and for certain vegetables. For some types of vegetables, Lesotho may actually have some export potential. Mannion (personal communication, 1985) suggested that cool weather crops may find a market in South Africa if grown at high altitudes in the summer months.

Two alternative approaches may be taken to reduce the quantity of imported vegetables. The first approach would be to identify deficit production areas which are relatively inaccessible, and support small-scale production to replace imports in those areas. The principal

marketing channel for this produce would be direct producer/consumer exchanges at relatively high prices.

The second approach would be to promote large-scale production near to the large urban markets and channel that produce to urban wholesalers. Produce from these schemes would therefore compete with imports f.o.b. the South African border. Prices would be much lower than the consumer price and may, in fact, not allow profitable production. Government or donor subsidisation may be necessary.

It is possible for both of these approaches to be pursued simultaneously. What is important is that the development policy be consistent and not a mix of the two approaches. That is, private, small scale producers cannot compete profitably with imported produce on the wholesale market; while large scale projects should not be allowed to compete with local production on the consumer market. Such competition could easily knock private producers out of the market.

5. Future Diagnostic and Prescriptive Research

This report does not terminate with a menu of policy recommendations as the analysis reported in previous chapters does not constitute an adequate basis for such recommendations. These can only emanate from a sustained programme of diagnostic and prescriptive research, and from a thorough appraisal of current marketing problems. What has been attempted and reported in this paper is a description of the technical, institutional, power and communication networks, and of the geographical nature of Lesotho's vegetable marketing system. Besides filling a conspicuous and important research vacuum, this descriptive work has been key to the identification of horizontal market subsectors and market interfaces requiring further analysis. It is therefore appropriate that this report ends with a list of those market components and market interfaces deserving diagnostic research. In addition, alternative remedial policies that demand further prescriptive research will be identified.

Horizontal Market Subsectors

SOUTH AFRICAN PRODUCE - If Lesotho is to replace imports with domestic production, it must know what items are to be replaced, at what level will they be replaced, and the market implications of such replacement. As domestic production expands it has to be decided whether imports will be restricted and if so, how this is to be accomplished. When domestic production is stimulated it must be known if there are any possibilities for export to South Africa or to other countries.

PRODUCER ASSOCIATIONS - With respect to producers' associations, relevant research questions include the following:

- (i) what is the potential for producers' associations or cooperatives to:
 - a) strengthen the market position of individual producers;
 - b) tap economies of size and scale in marketing; and
 - c) facilitate the

collection and communication of market information?

(ii) what factors make some producer groups relative successes and other groups decided failures?

(iii) under what conditions do cool or cold storage facilities become appropriate?

PROJECT PRODUCERS - The role of large-scale production projects in addressing Lesotho's policy objectives of self-sufficiency and income and employment generation needs to be studied. Particular problems are:

(i) does the competition of project producers threaten to impair the viability of private commercial producers?

(ii) should these large-scale production projects be forced to market their produce to wholesalers or should they be allowed to market directly to consumers or to retailers?

(iii) how should projects be designed to ensure sustainability after donor support terminates?

PRIVATE COMMERCIAL PRODUCERS - One of the ultimate objectives of government and donor interventions in the vegetable marketing system should be to encourage private farmers to produce vegetables in a manner that will ensure these farmers an adequate and relatively stable income. Appropriate interventions require a solid basis of information about these producers. Important questions to investigate include:

(i) what are the levels of market intelligence and market information held by producers?

(ii) what is the timing of planting and harvesting?

(iii) what are the major market and production impediments to expanded production?

(iv) what are the major problems in transportation of produce?

(v) what are the costs of alternative means of transport?

Vertical Market Interfaces

A number of the vertical market interfaces within the marketing system appear to deserve analytical attention. These are listed below. Since the Basotho farm subsector is the central target of development efforts, its market interfaces with consumers, vendors, shops/cafes and wholesalers are identified as deserving the highest priority for further analysis. Thus, the following list of market interfaces is presented in the order of research priority:

i) Farmer / consumer interface.

ii) Farmer / street vendor interface.

iii) Farmer / wholesaler interface.

iv) Farmer / cafe interface.

v) Wholesaler / cafe interface.

vi) Wholesaler / street vendor interface.

Alternative Policy Options

COLLECTION AND DISSEMINATION OF MARKET INFORMATION - The apparent benefits from a systematic campaign to monitor markets, collect and disseminate market information, and provide the background knowledge with which to utilize the information are numerous. Examples are as follows:

- (i) both private and project producers should be better able to plan the timing of their production as well as the mix of vegetables that they produce;
- (ii) wholesalers should be better able to plan the timing and location of rural produce collection;
- (iii) District Agricultural Offices should be able to become more systematic in taking decisions regarding the restriction of imports.

These benefits are easily stated. What remains to be identified, however, are the types of information to be collected, the method of collection, and the procedure for dissemination.

GRADING AND PACKAGING - Wholesalers are often reported to state the necessity of applying standard grades and packages to Lesotho produce. South African grading and packaging methods appear to be very appropriate at first glance. However, more important than the actual standards to be applied are the methods of implementing and regulating them. Also, those marketing channels where standards and grades should not be enforced need to be identified.

REGULATION OF IMPORTS - The restriction of imports is often cited as a means of encouraging local production. Rarely, however, are the negative consumer welfare implications discussed. These negative effects can be minimized through the very careful use of import restrictions. The infrastructure necessary to provide the basis for decisions about import restrictions requires elaboration.

ESTABLISHMENT OF CENTRAL MARKETS - Both the Wyeth and Moletsane and Savage reports recommended that more formal market places be established in the major urban centres. Improvements in market efficiency and health and sanitation conditions were stated as potential benefits of the formation of such formal market places. The unresolved issues are:

- (i) what structure should the markets take?
- (ii) should they be established as alternatives to the existing marketing channels (Savage), or as a modification?
- (iii) who should control the market places - producer associations, the municipal governments, a government agency, a parastatal body or a committee of market participants?
- (iv) should existing channels be restricted in order to promote alternatives?
- (v) should alternative markets be subsidized?

NEW MARKET INNOVATIONS - Asparagus production under contract with the Basotho Fruit and Vegetable Cannery is a relatively novel innovation in the vegetable marketing system in Lesotho. Perhaps this innovation should not be restricted to the securing of a supply source for a

cannery, or to asparagus. It is possible that production under contract, either with a processor, an exporter, or a state trading agency, has potential for stimulating the vegetable industry in Lesotho.

From the preceding list of areas for future diagnostic and prescriptive research, it will appear this report produced more questions than it has supplied answers. This is not unintentional. Marketing systems research as described in Appendix A is so designed that the descriptive stage lays the foundation for the problem diagnosis and policy prescription stages of the research. It is these two stages which must now be undertaken. The menu of problem areas sets an agenda for future research, both for the authors, and hopefully, for other interested analysts as well.

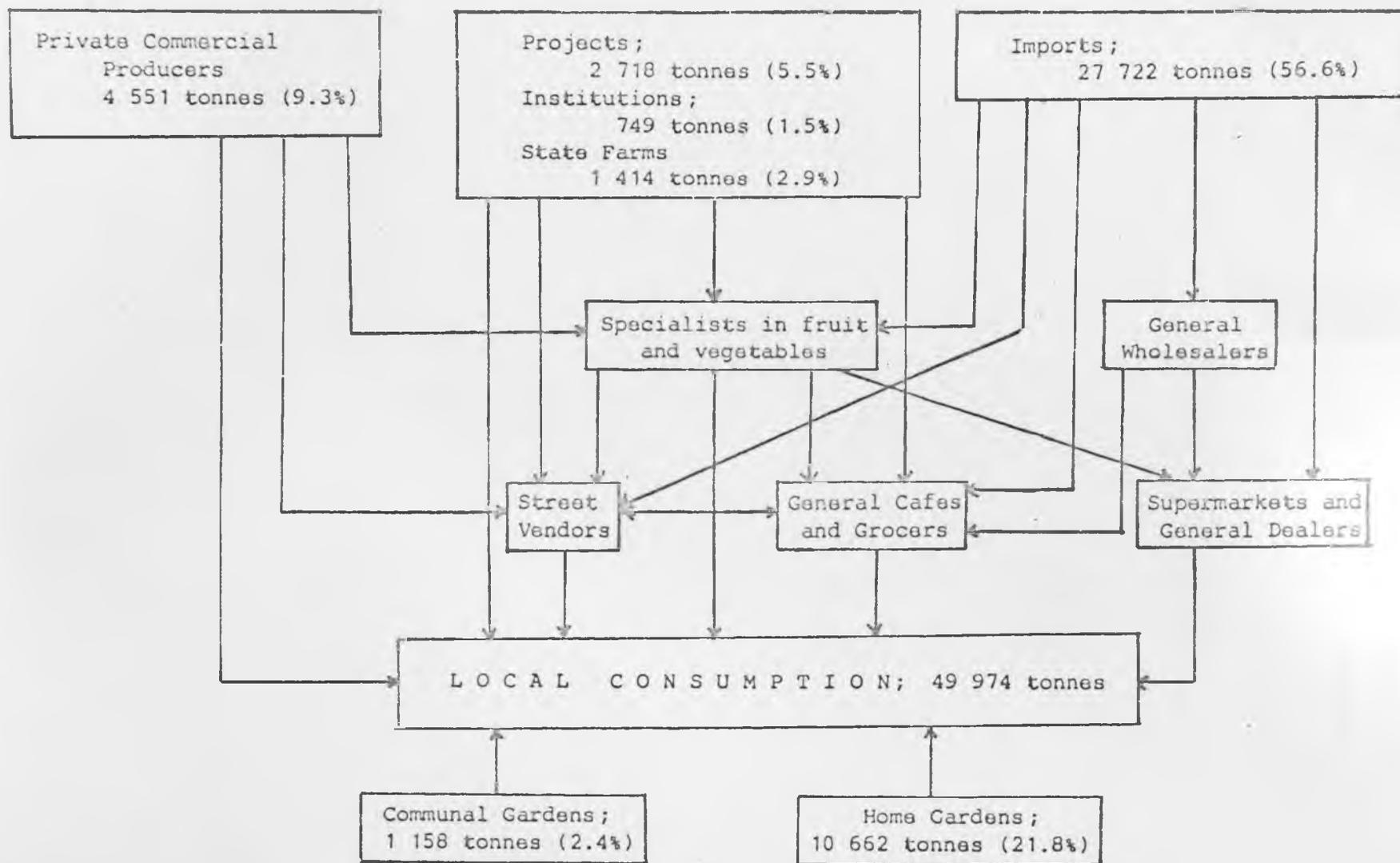


Fig. 1 Marketing Channels for Fresh Vegetables in Lesotho
Tonnes are consumption in 1985 (expressed as a per-cent).



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