

# **Agro-processing Value Chains in Zambia: Governance and Institutions in the vegetable and Grain processing sub-sectors**

**By**

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In a resource based economy such as Zambia which heavily depends on copper, diversification and developing industrial capabilities is a key solution to economic transformation. In Zambia, the government has identified agriculture as one of the sectors with a huge potential for value addition and thereby industrial development through agro-processing. However the sector is said to be underperforming as it has exhibited poor performance in terms of growth and contribution to GDP. Further, there is very low participation of locally owned processing firms in agro processing value chains. Local processing firms seem to be ‘left-out’ and have fallen short of their potential to contribute effectively to the country’s economic growth in this sector. Consequentially, the growth of the Zambia economy has not translated into significant reduction of income poverty which still remains high at 59.5 percent for the country as a whole while rural poverty remains defiant at 76.8 percent. In order to understand the bottle necks and dynamics of local firms’ participation in agro-processing, the paper takes an in-depth look at the vegetable processing and maize milling subsectors. It applies the Global Value Chain approach to explore the governance and institutional dynamics at play in the value chains of the two subsectors.

**Key words:** Global Value Chains; Governance; Institutions; Agro-processing; Zambia.