
**Facilitating the effective production and
marketing of processed food products by small-
scale producers in Zimbabwe**

Output 6: Report of Policy Recommendations

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CONTENTS

- 1. Introduction**
 - 1.1 Project background
 - 1.2 Objectives of Phase III
 - 1.3. Methodology
 - 1.4. Organisation of the report

- 2. Major Project Findings**
 - 2.1 Retail survey
 - 2.2 Focus group discussions
 - 2.3 Producer/processor case studies
 - 2.4 Formal producer/processor questionnaire survey
 - 2.5 Consumer survey
 - 2.6 Identification of potential solutions
 - 2.7 Validation exercise

- 3. Government Policy on Small, Micro and Medium Enterprises (SMMEs)**
 - 3.1 Introduction
 - 3.2 Government support for SMMEs
 - 3.3 The New National Policy and Strategy for SMMEs
 - 3.3.1 Enabling legal and regulatory environment
 - 3.3.2 Investment promotion
 - 3.3.3 Access to finance
 - 3.3.4 Market promotion
 - 3.3.5 Technology and infrastructure support
 - 3.3.6 Entrepreneurship, management and skills development
 - 3.3.7 Targeted support
 - 3.3.8 Relationships and partnerships
 - 3.3.9 Institutional reform

- 4. Policy Recommendations by Stakeholders**
 - 4.1 Introduction
 - 4.2 Recommended policies
 - 4.2.1 Policy issues on food safety, hygiene, standards and legislation
 - 4.2.2 Policy issues relating to appropriate technology
 - 4.2.3 Business development policy
 - 4.2.4 Training policy
 - 4.2.5 Credit policy
 - 4.3 Discussion and recommendations

- 5. Conclusions**

- 6. References**

- 7. Appendix**

1. Introduction

1.1 Project background

Sub-Saharan Africa is still faced by acute food insecurity, extreme poverty, hunger and child malnutrition at the household level especially in rural areas, among commercial farming labourers and low-income urban families, particularly those which are female-headed. Zimbabwe is no exception to such challenges. Recent research demonstrates that up to 70% of rural households in Zimbabwe are living in absolute poverty and between 75% and 90% are below the Government of Zimbabwe's official poverty lines (Chipika, 1992). It is also becoming increasingly apparent that small-scale farming on its own rarely provides a sufficient means of survival in many areas of rural Zimbabwe. Small-scale producers face a number of challenges, most of which are production-related, especially with respect to size of operation and lack of key resources, for example fixed and working capital, and land. They also face marketing problems, due often to seasonality of production, poor access to markets, and a lack of marketing resources, e.g. transportation. These problems are particularly acute in the case of horticultural products. As a solution to the above highlighted problems, it has been demonstrated that agro-processing activities are an effective way of eliminating poverty and improving the quality of life of marginalized people (Richter, *et al*, 1996; McPherson, 1991).

The overall purpose of this project is to improve processing technologies so as to increase the value of crops of poor farmers. More specifically, the objectives of the project are to:-

- i) Identify opportunities for small-scale processing of horticultural products in peri-urban areas of Zimbabwe;
- ii) Assess the potential returns to small-scale processing of horticultural products in Zimbabwe;
- iii) Assess constraints to the effective production and marketing of horticultural products by peri-urban producers and processors;
- iv) Identify mechanisms to overcome constraints and exploit opportunities for small-scale processing of horticultural products;
- v) Communicate such knowledge to users including small-scale producers and processors, policy-makers and NGOs;

The research project was conducted in three separate phases. Phase I of the study included consultations with key informants, a retail survey of processed fruit and vegetable products currently on the market in Zimbabwe, a series of focus group discussions with consumers, and a series of case studies with small-scale producers/processors. Information gathered from these activities was key to the design and elaboration of research conducted under Phase II of the project. The latter included conducting a producer/processor survey with 300 cottage and micro-enterprises across three provinces of Zimbabwe, involved in processing dried fruit, dried vegetables and fruit preserves (i.e. jams, marmalade and jellies). The research also involved a consumer survey with 500 low-, middle- and high-income households in Harare, which focused on the purchasing and consumption patterns of the products indicated. Constraints to the production and marketing of processed horticultural products by small-scale producers/processors were identified during Phase II.

Phase III has involved the identification of potential solutions to the constraints highlighted above, and the validation of identified solutions through discussions with small-scale producers/processors themselves. The project has concluded by producing a series of policy recommendations, that are considered both technically and economically feasible instruments for facilitating the effective production and marketing of value-added products (based on horticultural and/or fruit crops) by small-scale producers. Policy recommendations, as explained in greater detail in later sections, were developed through a process of consultation with key informants, including national and municipal government departments, NGOs, producer/processor organisations, etc. This report is an output that then details the various recommended policies as well as discussions *vis à vis* their economic, technical and political feasibility.

1.2 Objectives of Phase III

For this particular research activity, the objective was to develop policy recommendations that are designed to improve the effective production and marketing of processed horticultural products. However, in general, the main objectives of activities under Phase III were:-

- i) To draw up a list of potential solutions to the constraints (i.e. to the production and marketing of processed food products) identified from the producer/processor and consumer surveys, through a process of consultation with key informants.
- ii) To validate the potential solutions identified above, through in-depth interviews with a sub-sample of small-scale producers/processors.
- iii) To draw up a list of policy recommendations that are considered both technically and economically feasible instruments, for facilitating the effective production and marketing of value-added products (based on horticultural and/or fruit crops) by small-scale producers.

1.3 Methodology

Policy recommendations were developed through a process of consultation with key informants, including national and municipal government departments, NGOs, producer/processor organizations, and other stakeholders. The policy recommendations were developed within the context of a consultative workshop held at The Quality International Hotel, in Harare on the 3rd of September 2003, and targeted at about 25 participants.

Project researchers were of the opinion that the development of policy recommendations could be more effective within the context of a workshop forum, given that to do this would act as both a dissemination activity (where project researchers would present key research findings) and at the same time this platform could act to facilitate a process of discussion with workshop participants in order to develop policy recommendations.

Based on this perception, researchers involved in the research project made a number of critical/selected PowerPoint presentations on aspects of the research activities already conducted. PowerPoint presentations by project team members focused on project objectives, and highlights of findings of the retail survey, consumer survey, producer/processor survey, and a summary of identified constraints faced by producers/processors and the possible solutions. The presentations not only acted as ways of disseminating research findings but

also as a means of getting feedback on major findings, verifying collected information and gaining new insights on the research issues.

Presentations were also made on the role of policy makers and advocacy, and government's stand-point by reviewing current national policies on small-scale processors. Participants were later divided into buzz groups on the basis of their areas of expertise and the organizations that they represented. Discussions within buzz groups, presentations by the various groups and the plenary discussions that followed produced the policy recommendations detailed in this report. The choice of approximately 25 participants was based on the need to strike a balance between the objective of ensuring the widest possible dissemination width and getting the most representative feedback on the one hand, and ensuring manageable numbers as a way of facilitating effective discussion on the other.

1.4 Organisation of the report

As already highlighted, this report details the various recommended policies as well as discussions of their economic, technical and political feasibility. A foundation has been laid by providing background information on the project, highlighting the overall purpose of the project as well as the specific objectives of the various research activities, and the methodology used to draw up a set of policy recommendations. The report continues by looking specifically at various research activities that have been conducted by the research project team. These various research activities include a retail survey, focus group discussions, producer/processor case studies, formal producer/processor questionnaire survey, a consumer survey, identification of potential solutions, and a validation exercise. For each of these research activities, the report highlights the specific objectives of the research activity, the methodologies used and the major findings. Later, the report gives a briefing on the current national policy being advocated for the small, micro and medium enterprises. The report concludes by focusing on the different policy recommendations as suggested by different stakeholders in the sector and how feasible can these be under different socio-politico-economic conditions.

2. Major Project Findings

As highlighted in the introduction, various activities have been conducted during the three phases of the research project as part of the main research study. Detailed reports have been compiled as outputs of the research project. This section thus gives only highlights of the activities and the major findings of the various research activities.

2.1 Retail Survey

The retail survey instrument was designed to capture a wide range of information relating to the characteristics of processed fruit and vegetable products currently on the market in urban areas of Zimbabwe. The specific objectives of the retail survey were to consider the existing urban market for processed fruit and vegetable products and to consider the range and diversity of processed horticultural products currently on the market and in particular products such as dried fruits and vegetables and jams/marmalades. The study also considered issues relating to the labelling and packaging of processed fruit and vegetable products.

The survey was conducted across a random sample of retail outlets (34 in total) across the greater metropolitan area of Harare and covered a total of 184 food items. Given the specific focus of the project, the survey was only conducted for a particular set of products that were defined in advance. Of particular interest were jams, juices, dried fruit and vegetable products, canned or bottled fruits and vegetables and other preserves. On the other hand, the type of retail outlets surveyed in low-, medium-, and high-density residential areas included supermarkets, grocery/general stores, speciality/tourist outlets, stalls, kiosks in formal markets, informal markets and street vendors.

Collected data suggests that quite a wide variety of processed horticultural products are being sold on the market including dried fruits and vegetables, fruit jams and marmalades, fruit juices, canned and bottled fruits and vegetables, and other preserves including chutneys, relishes and pickled fruits and vegetables. The findings also suggested, however, that products such as candied sweets and fruit rolls, for example, are not popular among urban consumers as they were seldom found in retail outlets in Harare. Processed horticultural products were found across all income areas, but certain types of processed fruits and vegetables, such as canned or bottled fruit products are more likely to be found in high-income than in low- and middle-income areas. The nature of packaging of different products also tended to be differentiated across different income areas. Finally, although the vast majority of products were labelled, the information contained on labels differed greatly, with a generally low prevalence of SAZ accreditation among processed products sold on the formal market.

2.2 Focus Group Discussions

Focus group discussions were conducted as a follow-up to the retail survey conducted earlier on. The main objective of the focus group discussions was primarily to appreciate consumer perceptions, feelings and attitudes (particularly that of urban consumers) towards processed fruit and vegetable products in Zimbabwe. The discussions, which were conducted in Harare, also sought to establish variations in consumer preferences of processed fruits and vegetables, among low-, middle-, and high-income urban consumers, and among consumers from different ethnic backgrounds. This research activity was also designed to generate key information for the development of a formal consumer survey instrument.

The Focus Group Discussions established that both price and quality are important considerations for consumer preferences in urban areas. Price was the overriding factor that influenced consumer food preferences among low-income urban consumers. Product quality was more important for some middle-income consumers, while quality and food safety were seemingly the main factors that influenced the purchase intentions and consumer preferences of high-income urban consumers.

Low-income urban households consume a narrower range of fresh and processed fruits and vegetables than upper income groups. However, they do consume a wider variety of traditional foodstuffs (fresh and processed varieties, e.g. dried leafy green vegetables) than middle- and high-income consumers. High-income consumers suggested that the main reason they do not purchase foodstuffs made from indigenous horticultural varieties is because such products are not available in the supermarkets or other retail outlets in the consumers' areas of residence.

Attitudes to processed fruits and vegetables did not vary significantly among income groups. Changing lifestyles, i.e. patterns in which people live and spend time and money, again had little influence on consumption patterns of processed fruits and vegetables. Furthermore, there were no great distinctions in eating patterns due to ethnic considerations. Socio-economic status seemingly had more influence over purchasing patterns than cultural specificity. Numerous focus group participants also highlighted the importance of product attributes such as packaging and labelling, particularly among small-scale producers/processors, for consumer preferences and purchase intentions.

2.3 Producer/Processor Case Studies

Producer/processor case studies involved in-depth interviews with small-scale horticultural producers/processors using a standard interview guide and checklist, which was developed on the basis of results from previous research work. The main objective of the case studies was to identify the necessary requirements for small-scale producers/processors to effectively manufacture and market processed horticultural crop products and hence access the potential market for processed food products. This included the identification of potential externalities associated with the processing of horticultural products in selected study areas, as well as the identification of constraints that might prevent small-scale producers of horticultural crops from manufacturing and marketing processed food products effectively.

A total of 26 case studies were conducted throughout the eastern districts of Zimbabwe. Of these selected case studies, 15 enterprises were involved in the processing of fruit jam, jelly and marmalades; 14 were involved in drying vegetables and 5 in the drying of fruits. Only two enterprises processed vegetable soups, chutney and piccalilli.

Small-scale processors located in the tourist zones of Nyanga and the Eastern Highlands lost business due to the general decline in tourism in the country owing to socio-political-economic problems and the shortage of fuel. Fruit and vegetable production declined due to increased production costs, while the prices of basic commodities that are essential for food processing such as sugar, pectin and salt increased sharply resulting in highly priced processed products. Small-scale producers complained of limited access to fertile land and irrigation water. On the other hand, small-scale processors lacked appropriate processing technology and facilities for storing raw or semi-processed products for use during the off-season. Accessing appropriate packaging material for processed food products was also identified as a major constraint especially for those enterprises which had a strong market focus.

The marketing of small-scale processed food products was found to be largely informal, in a context where enterprises located in rural areas relied on demand from local informal markets, which are small and unreliable. A few of the producers/processors interviewed had received formal training in food processing techniques. The majority, however, relied on informal training, informal sources of information and recipes found in magazines, books or from neighbours. Various processors interviewed indicated poor cash flow as a constraint. It was also established that the majority of processors were aware of the general food safety requirements although attention to such requirements tended to be limited amongst producers and/or processors.

2.4 Formal Producer/Processor Questionnaire Survey

The formal survey involved 294 small-scale producers/processors of horticultural crops and was conducted in Manicaland, Mashonaland East and Mashonaland West provinces of Zimbabwe. The survey was preceded by a series of case studies that had been carried out earlier with the objective of gaining a general understanding of the operations of small-scale food processors. The survey research involved interviews that were conducted using a standard interview questionnaire, which was developed on the basis of the results from the case study research. The objective of the formal survey was to identify in more detail the necessary requirements for small-scale producers/processors to effectively manufacture and market processed products based on horticultural and/or fruit crops, and hence access the potential market for processed products. The study also sought to identify technical, financial, infrastructural, institutional, social and informational constraints that might prevent small-scale producers of horticultural and/or fruit crops from manufacturing and marketing processed products effectively.

Almost 84% of the enterprises produced dried vegetables, making dried vegetables the most popular products of the three. Dried fruit producers comprised 26% of the enterprises, jam producers made up 15%, while about 27% of the enterprises belonged to at least two of three categories of producers. Most enterprises (up to 90%) of the small-scale enterprises operated from residential homes, while the formal registration of processing enterprises was uncommon. The technology used in the enterprises can broadly be classified into small-scale (manual) and medium-scale (motorised) technologies. The survey revealed that 83% of the processors did not own any processing machinery. The majority of the processors (85%) processed crops that were produced on-farm. Approximately 60% of the surveyed processors used packaging material frequently. Another 35% used the materials infrequently. This suggests a fairly high level of informal trading or/and processing for domestic consumption.

About 86% of producers/processors specializing in the processing of a single horticultural product market the product. On the other hand, comparatively less producers/processors who are more diversified in their processing enterprises tended to market their products. The average quantities sold were 340kg (where the standard deviation is 357.7) from an average production of 375.6kg (std. dev. = 356.7). Results from the formal survey confirmed earlier findings from the case studies that suggested that producers/processors used several channels to market their products; including both direct sales to consumers and sales through intermediaries such as retailers, wholesalers and other middlemen. About 70% of the producers/processors said that they were either well-informed or very-well informed about consumer requirements and ranked various factors according to their importance for determining consumer demand. The major constraints that were identified by small-scale producers/processors and rated as either significant or very significant include the unavailability of sufficient inputs for production and processing purposes, identified by 48.3% of the respondents, prohibitively high costs of inputs (38.5%), inadequate water supplies (37.5%), difficulties in transporting inputs (29.9%), failure to receive inputs on time (18.5%), poor quality of inputs (16.3%) and the large minimum orders requested by suppliers of packaging material (11.9%).

2.5 Consumer Survey

The main objective of the consumer survey research activity was to obtain information on the consumption and purchasing patterns of urban households in relation to a range of processed horticultural products, i.e. dried fruit and vegetables, and fruit preserves. In addition, the consumer survey also set out to establish consumer preferences for, and consumer perceptions of small-scale and large-scale processors and their products. The consumer survey was carried out with 500 households across various residential areas of Harare incorporating all consumer groups *viz*: the high-, middle- and low-income consumer groups.

The survey established that the consumption of dried fruit products was much more pronounced among low- and middle-income households, than the high-income group. Indigenous varieties of dried fruit products were much more popular among low- and middle-income households, especially fruits such as *masau*, *mawuyu* and *matohwe*, while high-income households preferred dried exotic fruits such as raisins, sultanas and currants. Most households that purchased dried fruits also preferred products processed by small- than large-scale enterprises largely due to the favourable prices of their products.

Most households consumed fruit preserves, regardless of their income status. The study findings also suggested little difference in the quantity of fruit preserves consumed among the different income groups. Most households consume about 1kg of product per month, with the average family consuming approximately two pots of jam, marmalade or fruit jelly per month. Products from the large-scale sector are much more popular than those produced by small-scale enterprises, given the perception that such products, although more expensive, are safe, well-packaged and labelled. However, almost half the household sample that purchase fruit preserves (n=443) have actually reduced the quantity of product consumed during the last three years, mainly due to adverse economic conditions.

Of the 500 households surveyed, 58.4% were accustomed to purchasing dried vegetables. The most common varieties were beans, tomatoes, *covo*, okra, rape, *nyevhe*, cabbage, *tsunga*, chillies and *rugare*, in that order. Low-income households made the most frequent purchases of dried vegetables. However, when considering the median quantity of product purchased per month, the data suggested that high- and middle-income households purchased larger quantities of dried vegetables per month than low-income households. 32.5% of the households that purchase dried vegetables had at some time purchased a product processed by a small-scale enterprise. In most cases, the consumer knew the processor personally or was a relative, with the choice of processor based on hygiene or cleanliness of the processor, and availability of credit.

2.6 Identification of Potential Solutions

In order to identify potential solutions to the constraints (to the production and marketing of processed food products) highlighted from the producer/processor and consumer surveys, a series of semi-structured interviews (n=15) were carried out with providers of technical assistance, policy-makers and producer/processor organisations, among others. The identification of informants to participate in the exercise was facilitated by previous consultation exercises carried out under the research project, and other links that the project team had built up with various organisations during the course of the project.

The interviews conducted to identify potential solutions followed a standard semi-structured interview schedule that was designed on the basis of results from previous research conducted under the project. Where consent was given, interviews were taped and the discussions transcribed, in order to facilitate the effective analysis of the data. Two members of the project team attended each interview. Therefore, where the recording of the interview was not possible, one individual steered the interview, while the other took on the task of making notes of the discussion. Detailed notes were then written up immediately after the interview was conducted. The qualitative data was analysed manually and solutions to the respective constraints recorded as notes were synthesised to concise solutions by members of the project team as a group.

The majority of organisations interviewed felt that there was need for a review of the land tenure and water rights legislation to enable more small-scale producers/processors to have access to land and water. Most organizations interviewed were also of the opinion that there is need for a coordinated and decentralized approach to training, where there is integration of different institutions with different areas of specialization/expertise. As a way of going around the problem of lack of access to appropriate technology, organisations suggested the need to encourage commodity associations to build processing plants that serve them as a group. Most organizations also felt that there was need for training in food legislation before enforcing it and that there should be continued interaction between law enforcement agencies/training institutions and producers/processors.

It was notable that the majority of organisations interviewed gave once again the idea of formation of commodity associations as the prime solution to the problem of lack of access to credit facilities. Organisations were in agreement of the need to diversify their product portfolios and target local and international markets as a solution to the constraint of declining tourism. In order to promote their products, producer/processor organizations felt that the solution was in small-scale processors working as an organized group in product promotion work/programmes to benefit from economies of scale and for effective promotion. Most organisations interviewed also noted the need to promote good packaging of processed material. An example of the technique of vacuum packing was suggested. It was noted, however, that an exercise to validate the potential solutions identified was necessary.

2.7 Validation Exercise

To validate the potential solutions identified above, in-depth interviews were held with a sub-sample (n=15) of small-scale producers/processors that participated in the formal survey carried out at the end of 2002. The interviewees included representatives of the three study products (i.e. dried fruit, dried vegetables and fruit preserves). All in all, the response from the sub-sample of small-scale producers/processors was very positive. Interviews were largely held at the production sites of the respective producers/processors. The interviews conducted to validate potential solutions followed a standard semi-structured interview schedule that was designed on the basis of results from the Identification of Potential Solutions Exercise conducted under the project. Most interviews lasted approximately 2 hours.

The validation of solutions exercise revealed that of the 50 solutions given for the various constraints identified, 48 were validated as workable and adequately addressing the needs of small-scale processors of fruits and vegetables. Only 2 solutions were not considered valid by

those small-scale processors interviewed in the validation exercise. It was, therefore, concluded that the 48 solutions validated can be the basis for formulation of policies and recommendations that enable improved production and marketing of food products by the small-scale sector.

3. Government Policy on Small, Micro and Medium Enterprises (SMMEs)

3.4 Introduction

In recent years there has been increasing awareness and recognition of the role played by small and medium-scale enterprises and their contribution to the economy. The government has also realised that the opportunities on formal employment are shrinking, hence the need to turn the focus to the small, micro and medium enterprises (SMMEs) sector as the potential for investment and for making a meaningful contribution to employment generation (MSMME, 2003). The development of the small business sector is also regarded as crucial for achievement of broader development objectives such as poverty alleviation, spreading employment opportunities to rural areas, improving the situation of women and increasing indigenous ownership of investment in the economy.

3.2 Government Support for SMMEs

Having realized that SMMEs are an important catalyst for employment creation and economic growth, government's support for the sector has been repeatedly enunciated in various policy documents such as the "Framework for Economic Reform", the "Zimbabwe Programme for Economic and Social Transformation" (ZIMPREST) and the "Economic Recovery Programme". Furthermore, given the SMME's high labour-to-capital ratios, the Industrial Policy Framework recognizes SMMEs and their need to be encouraged to spread and grow in order to reduce unemployment. For this reason, various government support programmes have been put in place for the SMME sector. These are Small Enterprise Development Corporation (SEDCO), Zimbabwe Development Bank, Credit Guarantee Company of Zimbabwe, Agricultural Development Bank (Agribank), and the Venture Capital Company of Zimbabwe. However, this support has been piecemeal and uncoordinated. Various barriers to entry also still constraint the development of the sector *viz.* a hostile regulatory environment, limited access and prohibitive cost of finance, and inadequate management and entrepreneurial skills.

3.3 The New National Policy and Strategy for SMMEs

What follows next is an outline of the new National Policy and Strategy for Small, Micro and Medium Scale Enterprises (SMMEs) for 2003. According to the policy document, the main goal of the SMME Policy is to generate sustainable jobs, reduce poverty, stimulate growth and generate foreign currency earnings thereby contributing to the well-being of all Zimbabweans (MSMME, 2003). The SMME Policy addresses the following areas of concern:- enabling legal and regulatory environment; investment promotion; financial assistance; market promotion; technology and infrastructure support; provision of

information; entrepreneurship, in management and skills development; targeted support; relationships and partnerships; and institutional reform.

3.3.1 Enabling Legal and Regulatory Environment

The complexity of the regulatory environment and the multiplicity of bureaucratic requirements are some of the constraints SMMEs face. For example, the process of registering a business, getting the necessary licences and the cost of compliance can be a major deterrent for small-scale entrepreneurs. Regulatory remedies will focus on simplifying complex regulations, improving access to information, and centralizing and streamlining procedures. In particular, the "Small Business Act" will be put in place as a legal instrument to facilitate the growth of the sector. The responsible authority for business formation will simplify and minimise procedures for establishing a business. The second phase of legal reform will be undertaken to remove legal impediments of starting and growing a business. Reporting and administrative requirements for SMMEs will be minimised such as taxation requirements.

3.3.2 Investment Promotion

High interest rates and high inflation adversely affect the SMMEs. It will be critical for macro economic policies to create a conducive environment for SMME development. A number of incentives for SMMEs at their start-up phase and at their growth stage will be considered. The small businesses will get a tax relief, i.e. they will not be subject to the full rate of tax. Local authorities and utilities can use incentives such as rate rebates or discounts on land and services.

3.3.3 Access to Finance

The two principal constraints affecting the small-scale sector in Zimbabwe today are limited access to finance and the high cost of finance. This is aggravated by an absence of security and the lack of a track record on the part of SMMEs. Institutions that will assist the viability of SMMEs in obtaining unsecured funding at concessionary interest rates will be established, while incentives for existing financial institutions that are SMMEs friendly will be introduced. Credit Guarantee as an option to address finance accessibility and collateral constraints of SMMEs will be provided. A culture of saving among SMMEs will be encouraged. Risk Capital will be promoted and incentives for initiatives such as tax breaks for those investing their own equity into high growth businesses will be introduced.

3.3.4 Market Penetration

Access to markets, both local and foreign, remains a significant constraint facing the small-scale entrepreneur. Information on market trends through industry sector studies and other strategies will be continuously provided. Significant market access will also be gained through promotion of sub-contracting, franchising, licensing, joint ventures and other forms of business linkages. Data banks will be developed and marketing houses as well as distribution networks enhanced to support SMME exports. Quality assurance measures and

accreditation to international standards will be encouraged in order to enhance product competitiveness. A facilitative trading environment will also be created by simplifying procedures for exporting and importing, and constantly reviewing tariff regimes.

3.3.5 Technology and Infrastructure Support

SMMEs are unable to identify sources of technologies appropriate to their specific activities. Surveys of the sector often cite respondents complaining about not knowing where to go for procuring the most cost effective technology to enable them to service their clientele. Existing institutions such as the Scientific, Industrial, Research and Development Centre (SIRDC) and the Centre for Innovation and Enterprise Development will strengthen their programmes to assist SMMEs. These programmes will assist SMMEs in identifying appropriate technologies and providing information update on technological advancements that will enhance quality and competitiveness of their products. Local authorities will consider revising the operative master plans and local plans in order to site facilities for the informal sector close to both the market and suppliers of raw materials. Business incubators for start-up SMMEs will be established, while support programmes will be established to assist SMMEs to enhance their productivity.

3.3.6 Entrepreneurial, Management and Skills Development

Lack of management skills and business know-how is a major constraint impeding the progress of the small-scale sector. Several studies in Zimbabwe suggest that entrepreneurs in the SMME sector attach low priority to training and are often unwilling to participate in programmes which require them to finance even a small proportion of total training costs. As part of the strategies, entrepreneurship training will be carried out on a national basis targeted at women, the youth and the unemployed. Training will focus on areas such as strategic marketing, business planning, financial management, general business management, business ethics, and information technology (IT) skills. In addition, extension services will be strengthened to mentor and monitor small business ventures to reduce their failure rates, while technical skills training will be provided to sharpen production skills of SMMEs. Information on service providers and their areas of expertise will also be published as a way of facilitating the access of SMMEs to various forms of assistance.

3.3.7 Targeted Support

Targeted support will focus on cluster based development, gender dimension, youth development and rural focus. Export promotion will receive high priority and the emphasis will shift to a cluster-based approach which focuses on adding value at every level of the manufacturing value chain. The clusters identified are food processing (which happens to be the major focus of this research project), light engineering and metal products, carpentry and furniture making, textiles and home crafts, and tourism. A plan of action for encouraging women entrepreneurs and the establishment of small and medium businesses by women will also be put in place in conjunction with a deliberate strategy to create an entrepreneurial culture and to prepare youth for self-employment. Lastly, special attention will be provided to small businesses in rural areas.

3.3.8 Relationships and Partnerships

In general, a large proportion of SMMEs have a limited range of skills, managerial know-how, and scarce resources to deal with new challenges such as the need to provide new products and services. In this regard, SMMEs will be encouraged to network and establish partnerships and joint ventures at local, regional and international levels. Partnerships, such as joint ventures franchise arrangement and subcontract arrangement, will facilitate capital injection and market access, as well as the transfer of managerial know-how, innovations and technological information.

3.3.9 Institutional Reform

The existing institutional infrastructure for SMME support is fragmented and needs to be rationalized to ensure better coordination. An institutional set-up will be put in place, with clearly defined roles and responsibilities. Capacities of institutions will be strengthened to enhance effective programme delivery. Strategies to enhance capacity will be through organized training programmes, attachments, hands-on technical assistance and study tours. Short-term and long-term capacity building programmes involving national, regional and international expertise will be undertaken using “best practise” recommendations. Existing structures to establish an institutional framework which facilitates the growth and the development of an SMME sector include the Ministry of Industry and International Trade (MIIT), Ministry of Youth Development, Gender and Employment Creation (MYGDEC), Small Business Advisory Council (SBAC), Small Business Authority (SBA), National Association of Small and Medium Enterprises (NASME), Business Associations, Scientific, Industrial Development and Research Centre (SIDRC), Standards Association of Zimbabwe (SAZ), Export Processing Zone Authority (EPZ), Zimbabwe Investment Centre, The National Productivity Centre, Industrial Task Force and Financial Institutions.

4. Policy Recommendations by Stakeholders

4.1 Introduction

Having identified constraints faced by small-scale producers/processors and their possible solutions together with the current government policy on SMMEs, this section outlines policy recommendations as suggested by various stakeholders who participated in the policy formulation workshop. As already highlighted, the objective of the workshop was to produce a series of policy recommendations, that are considered both technically and economically feasible instruments for facilitating the effective production and marketing of value-added products (based on horticultural and/or fruit crops) by small-scale producers. In addition, the section also discusses the economic, technical and political feasibility of recommended policies.

4.2 Recommended Policies

4.2.1 Policy Issues on Food Safety, Hygiene, Standards and Legislation Standards

- i) There is a need for the research project to collect all relevant standards and regulations.
- ii) Simplifying and translating standards through the Standards Association of Zimbabwe (SAZ) Technical Committees.
- iii) Register all service providers, as well as producers/processors through the Ministry of SMMEs in consultation with the Ministry of Lands, Agriculture and Rural Resettlement.
- iv) All packaging to be bought from reputable approved producers. Packaging Association should produce quality packaging.

Product shelf-life

- i) SAZ Technical committee to work out standards on shelf-life of horticultural products and Codex Standards to be used as point of reference (dried vegetables and fruits).
- ii) Encourage certification and incorporate standards into the regulation.
- iii) Local authorities to make sure that processing and marketing facilities meet the required or set standards.
- iv) Organizations, through the small-scale producers' associations, to carry out training programmes

Labelling

- i) Labeling should be done in English and/or other vernacular languages.
- ii) Awareness campaigns on the existing labeling regulations to be conducted.

4.2.2 Policy Issues Relating to Appropriate Technology

Policy Goals

To enhance access, promote proper use, promote affordability, sustainable use and production of appropriate technology.

Importation

- i) Should only import materials or technology that cannot be produced locally.
- ii) Scrap or control duties on the importation of technologies relevant to small-scale producers/processors.
- iii) Government should allow for heavy subsidies for the manufacture or importation of appropriate technologies.

Manufacturing

- i) Tax reduction for the manufacturers/distributors of appropriate technologies.
- ii) All products produced by small-scale producers/processors should meet the SAZ requirements.
- iii) Government should ensure protection of patents, trade marks and brands.

Research

- i) Increased government investment and financing of research institutions and research programmes.
- ii) Government to give incentives for the private sector to invest in the development of appropriate technologies.
- iii) Government must promote small-scale sector technology exhibitions.
- iv) Promote the development and adaptation of large-scale technologies to suit small-scale needs.
- v) Encourage the adoption, improvement, and development of indigenous technologies.

Employment

- i) All the technology advances should help to create employment..

4.2.3 Business Development Policy

General Policy Recommendations

- i). Raising awareness, through the Ministry of SMMEs and the Ministry of Information, on incentives that already exist for upcoming SMMEs such as land and services available at growth points and rural service centers.
- ii) Encourage SMMEs to take up land through the on-going land reform programme as a way of addressing the constraint of lack of access to productive resources such as land.
- iii) Coordination and resource mobilization using facilities such as electro-bills to raise funds to expedite government initiatives such the Rural Electrification Programme that stands to benefit small-scale producers/processors.
- iv) Identification and designation of strategic business sites throughout the country for small to medium enterprises.

Institutional support in training

- i) Development of appropriate processing courses and skills imparting strategies.

Capitalization

- i) Government to act as a guarantee for loans borrowed from commercial financial institutions.
- ii) Farmer commodity associations encouraged and strengthened for pooling resources especially for initial capitalization.
- iii) Raising funds through agro-processing bills in the same way as petrofin and general agro-bills.
- iv) Establishment of a land bank to finance agro-processing activities and as a way of improving the access of small-scale producers/processors to credit facilities which do not require collateral security.

Marketing

- i) Assist small-scale producers/processors in developing a local market for processed horticultural products.
- ii) Facilitate external trade through strengthening institutes, e.g. the Export Processing Zone (EPZ) and ZIMTRADE to promote products.
- iii) Government should allow producers/processors to export within the EPZ framework.

4.2.4 Training Policy

- i) Broadening of curriculum to include training in all aspects of small-scale food processing in training institutions.
- ii) The Department of Agricultural Research and Extension (AREX) and NGO's agriculturalist training should incorporate all aspects of small-scale food processing in their extension work and training e.g. post harvest technology, food processing and preparation, marketing, legislation, safety, and quality assurance.
- iii) Institutions providing training should have a national budget set aside for them to provide training at subsidized prices or at no cost. Ministry of SMMEs to set up a national budget/fund.
- iv) Training and tertiary institutions, the Ministry of Health, and SAZ should come up with simplified training manuals that can be used at grassroots level, that should include issues on food safety, legislation, standards, etc.
- v) Small-scale processors should also access ZIMDEF funds through attachments to large-scale processors, or direct training or tertiary institution placements.
- vi) Government/private sector to fund promotion of technologies, techniques and training in small-scale food processing at agricultural shows, exchange visits, attachments to research and training institutions.
- vii) Registration of trained small-scale food processors.

4.2.5 Credit Policy

- i) Put in place legislation that push financial institutions to set aside a certain percentage of their loan portfolios for small-scale producers/processors, including a quota system for women.
- ii) Government, through the relevant line ministries, need to mobilize funds from NGOs, private and public sectors.
- iii) Government need to speed up the establishment of a land bank which takes into account the land tenure systems in Zimbabwe *vis à vis* the issue of collateral (Government guarantees the loans).
- iv) Formulation of specific loan packages for processors who are not necessarily producers.
- v) Incorporation of business training in schools/tertiary institutions.
- vi) Decentralization of business training to facilitate access and incorporation of local knowledge and ideas.
- vii) Making use of existing structures e.g. vocational training institutions.
- viii) Coordinate the formulation, dissemination and evaluation of business training curricula.

- ix) Ministry of Youth Development, Gender and Employment Creation and SMMEs should compile, update and disseminate information on sources of credit, e.g. through information kiosks.
- x) Ministry of SMMEs to create a desk to lobby for the small-scale producers/processors.

4.3 Discussion and Recommendations

In the plenary discussions that followed, participants agreed that small-scale producers/processors should be encouraged to meet SAZ requirements as part of efforts aimed at improving food safety and hygiene, while the government was tasked with the role of funding research and development activities to ensure the availability of appropriate processing technologies and the subsequent development of small-scale processing enterprises. The implementation and better coordination of initiatives such as resource mobilization using facilities such as electro-bills was recommended as a worthwhile initiative.

For organizations that offer training services, participants were of the opinion that there is need for the broadening of curriculum to include training in areas and/or aspects affecting small-scale producers/processors. A more contentious issue involved initiatives at improving the capacity of AREX as the major player in the provision of training services for small-scale producers/processors. Some participants argued that the role of training should be given to NGOs who have proved to be more effective in dealing with rural communities. Others were of the opinion that AREX should remain a major player and suggested that what might be essential is the capacity building of AREX as a way of improving its effectiveness in service delivery. On the other hand, a group of participants advocated for the employment of Food and Nutrition Specialists rather than making attempts at capacity building the organization. Those who opposed this idea argued that this was not easy given their experiences in government and the fact that economic reforms have made it difficult for public departments to carry out further recruitment of staff. To make training programmes more attractive to small-scale producers/processors trainers should first identify local training needs. If these are compatible enough small-scale producers/processors will be more willing to pay for such services making training programmes more effective and sustainable.

As a way of raising capital for production and processing enterprises, in addition to other already highlighted initiatives, the creation of a strong market can be used as collateral in borrowing funds for business expansion. The private sector should also be encouraged to take up initiatives given that the government is already loaded with responsibilities, in a context where the private sector implements various initiatives, while the government provides incentives and an enabling environment. The government could also take the first initiative by creating a lobby group for SMMEs.

In general, there were also calls for the need to build synergies amongst small-scale producers/processors and between this group and policy makers so that they work together. The Ministry of Small, Micro and Medium Enterprises was identified as a key actor for the effective development of small-scale production and processing enterprises. It was noted, however, that the Ministry of SMMEs is currently not really focused on agri-business, and hence the need to refocus the ministry's mandate and key objectives. As policy makers, participants noted the need for the development of a broad range of policies to cater for every

player given the multitude of players in the sector and the fact that small-scale producers/processors are not a single homogenous group.

Lastly, a general observation was that although a number of conducive policies already exist, there are service gaps and other resource gaps that need full-filling. This also calls for the need for policing and/or monitoring on-the-ground activities to ensure the effectiveness of set policies. Finally there is need for an integrated coherent policy and strategy for the development of enterprises operated by small-scale producers/processors. Developed policies have to be consistent with desired strategies, specifying appropriate measures to be undertaken in the short-, medium- and long-term for implementation within an enabling legal and regulatory environment.

5. Conclusions

In summary, this report has highlighted the project's objectives, methodologies used for each research activity, the major findings, current government policy on SMMEs, and a discussion of policy recommendations by different stakeholders. In conclusion, it is apparent there is need for an integrated policy that addresses all issues affecting small-scale producers/processors. Such an integrated policy will provide a basis for a shared vision by all stakeholders in advancing the cause of small-scale producers/processors and providing an enabling environment for them to realize their full potential.

6. References

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7. Appendix

Appendix A: Developing Policy Recommendations: Workshop Agenda

Time		Activity	Further details	Presenter/Speaker	Chair	Rapporteurs*
8.30 – 9.00		Registration of participants	Coffee served as participants arrive	Nyanga		
SESSION I						
9.00 – 9.15	15 min	Welcome address	Welcome to all. Each participant brief introduction: Name, institution, interest in small-scale food processing etc.	Chakanyuka	Mutukumira (Question and feedback sessions, etc.)	Nyanga/Nazare
9.15 – 9.30	15 min	Introduction to project: Objectives	Short overview of Project R7485	Gadaga		
9.30 – 9.45	15 min	Objectives of workshop	Produce a series of policy recommendations that are considered both technically and economically feasible instruments for facilitating the effective production and marketing of processed food products by small-scale producers in Zimbabwe.	Hanyani-Mlambo		
9.45 – 10.05	20 min	Findings of consumer survey	Brief overview of methodology (retail survey, focus groups, formal survey). Overview of findings (Constraints)	Mutukumira		
10.05 – 10.25	20 min	Question and feedback session	Invite workshop participants to ask any questions, make comments.	Chair		
10.25 – 10.40	15 min	Coffee/Tea Break				
SESSION II						
10.45 – 11.05	20 min	Findings of processor survey	Brief overview of methodology (subsector analysis, case studies, formal survey). Overview of findings (Constraints)	Mhazo	Chakanyuka (Chairs question and feedback sessions, etc.)	Nyanga, Nazare
11.05 – 11.25	20 min	Question and feedback session		Chair		

11.25 11.45	- 20 min	Summary of identified constraints faced by processors and the possible solutions	Constraints, potential solutions and their validation	Muredzi		
11.45 11.55	- 10 min	Question and feedback session		Chair		
11.55 12.10	- 15 min	The role of policy makers and advocacy	The current national policies on small-scale processors.	Ms Dendere		
12.10- 12.25	15 min	Introduction: Policy recommendations	Outline of format of afternoon session/Groups. Handout of necessary materials. Take any questions.	Nazare/Muredzi		
12.30 1.45	- 1hr 15 min	Lunch				
SESSION III						
1.45 – 3.00	1 hr 15 min	Discussion of policy recommendations.	Reminder of objective of afternoon session. Participants divide into 5 groups (of 5-6 people each) to discuss possible policy recommendations. Facilitator for each group identified (suggestions below): <ul style="list-style-type: none"> ▪ Food safety, hygiene, food legislation and standards (Gadaga/Mutukumira) ▪ Appropriate Technology (Mhazo) ▪ Business development: small-scale sector (Hanyani-Mlambo) ▪ Training (Muredzi) ▪ Credit (Rukuni/Sibanda) 	Mhazo/Mutukumira A facilitator from the project will be allocated to each group, to steer discussion, probe, invite participants to make contributions etc. (e.g.: Gadaga, Hanyani-Mlambo, Mhazo, Muredzi, Mutukumira, Gabi)	Gabi (Chairs feedback sessions)	Nyanga, Nazare, other facilitators
3.00 – 3.30	30 min	Report back to entire group		Appointed person from each group (other than facilitator) will report back to the meeting.		Nyanga/ Nazare
3.30 – 3.45	15 min	Coffee/Tea Break				
SESSION III (Continued)						
3.45 – 4.15	30 min	Report back to entire group		Appointed person from each group (other than facilitator)	Chakanyuka (Chairs feedback sessions)	Nyanga/ Nazare

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