

SPACE, MARKETS AND EMPLOYMENT IN AGRICULTURAL DEVELOPMENT: ZIMBABWE

KEY ISSUES:

- The extent to which agriculture generates employment – both on-farm and in the non-farm rural economy – depends on factors such as the nature of agricultural production and the structure of value chains. Since Zimbabwe's Fast-Track Land Reform (FTLR) of the early 2000s a dualistic agriculture has largely been replaced by numerous smaller farms, in resettlement areas.
- Among these resettlement area farmers there are very different pathways to commercialisation, and synergies with off-farm income and employment.
- Downstream linkages to markets involve a large variety of smaller-scale buyers and emergent entrepreneurs, although patterns are commodity-dependent, such as the large institutional buyers for tobacco.
- Input supply is dominated largely by established upstream enterprises, but there are smaller service providers such as local artisans and new entrants, including those providing 'intermediate' technology for small farmers.
- Various constraints on agriculture require policy intervention, including fertiliser provision and use; extension services; greater certainty over land tenure; improving access to finance; revising water and resource use policy; facilitating a business environment more conducive to trade; and supporting greater investments in infrastructure and public goods.

BACKGROUND

Growth in the agricultural sector has long been assumed to automatically benefit the rural non-farm sector, chiefly through various production or consumption expenditure 'linkages' including local expenditure by farmers and their workers (Davis et al., 2002). However, the economic and employment benefits of agriculture crucially depend on the spatial patterns of agricultural production, processing and marketing (and their linkages to local markets). How these work in Zimbabwe is examined in what follows.

These policy findings draw on detailed, area-based research that examined agriculture and its linkages in two areas marked by 'resettlement' by emerging small- and medium-scale farmers since the Fast-Track Land Reform of the early 2000s (Sukume et al., 2015). Two study sites in Mvurwi and Masvingo Districts were examined, focusing on a range of commodities including tobacco, horticulture and beef.

Amidst the reconfiguring of land use, agriculture, and the emergence of a wide range of farm sizes and scales, the research project asked two questions: Firstly, how significant for income and employment is the emerging structure of agriculture in resettled areas? Secondly, how can the economic potential of this smaller-scale agriculture be leveraged through linkages in the rural non-farm economy?

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PATHWAYS TO COMMERCIALISATION

The findings note several pathways to 'commercialisation' by emerging farmers in the resettled areas. Some paths see farmers' incremental reinvestment in their own production, while others entail contracting arrangements with external companies (particularly tobacco), which supply scarce credit and inputs. In many cases the leveraging of off-farm incomes (e.g. wages) is crucial. In reality, agricultural development post-FTLR has encouraged complex linkages between farm and off-farm activities and incomes, thereby blurring the discrete categories of farmer versus worker, rural versus urban, and farm versus non-farm.

The transition to smallholder agriculture has forced a re-organisation of downstream links and created opportunities for local entrepreneurs. Tobacco is still the commodity most tightly vertically integrated to formal downstream markets and links to international capital, whereas the output linkages for the beef value chain are more informal, although this commodity reaches formal traders and urban outlets. Finally, horticulture (predominantly vegetable production) is characterised by the least formal output networks, including the female-dominated networks of informal traders.

In terms of the direct employment-creation impacts of resettlement area farmers, all producers employ both formal and temporary workers. However, employment is often seasonal and task dependent. Pay is generally low and recruitment local. Permanent employees are often kin, or from the farmer-employer's original 'home' areas (viz. outside of the resettlement area).

Downstream output markets

The reorganisation of agriculture has created a vibrant downstream economy, diverse in scale and location. Downstream intermediaries (traders, aggregators, transporters etc) tend to be small owner operators (often a single individual with a vehicle). There are also discernible gender differences with the intermediaries in the beef, and especially horticulture value chain, being predominantly women. In contrast, men predominate in the tobacco value chain.

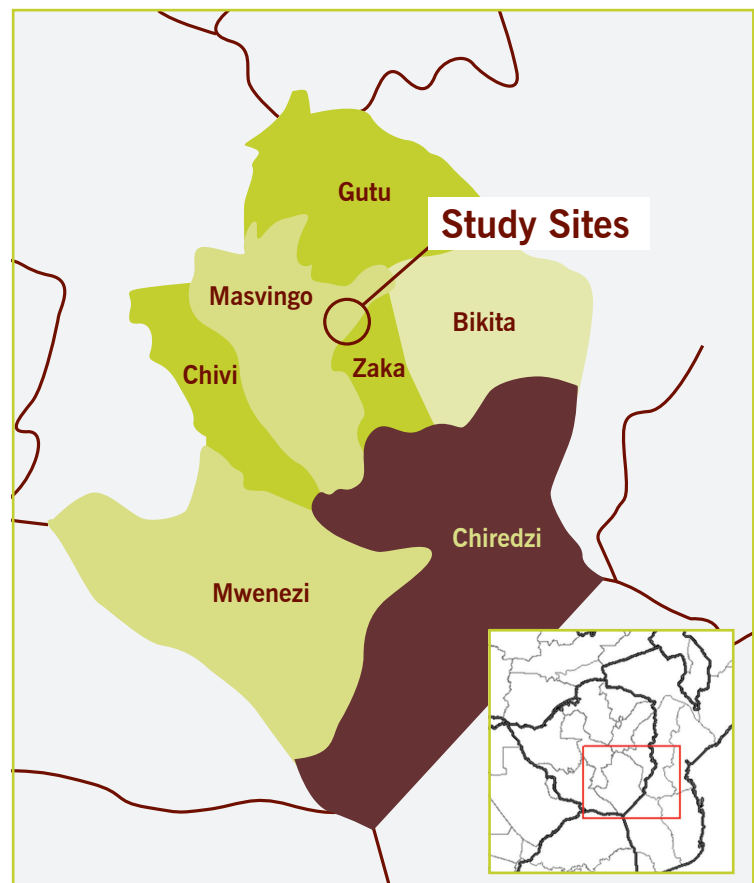
Finally there has been growth in enterprises supported by local consumption expenditure (grocery stores, butcheries, beer halls, etc.) along with markets and vendors.

Upstream input markets

Unlike the diverse output markets, input markets (seed, agrochemicals etc) are comparatively few in number and associated with a small group of suppliers. Outlets often employ one to four permanent employees but may employ some casual labour for unloading supplies. They are often long-established enterprises, with links to South African or multinational seed, fertiliser or agrochemical companies. However, a newer development within input supply networks is the emergence of suppliers of intermediate technology (e.g. small pumps for irrigation, etc.). Rural Zimbabwe also has a population of artisans fabricating and adapting equipment locally. Finally, there has been growth in novel activities (and therefore sources of employment) such as tree felling for tobacco curing fuel, and construction of new homes.

Social institutions

Broad differences in the role of social institutions and relations are evident. While the likes of church groups and farm committees are key for smaller farmers, larger-scale farming tends to be more individualised. However insecurity over land tenure, access to water and resources, as well as spaces for setting up businesses within resettlement areas, are curtailing investments and therefore farm and non-farm employment creation.



POLICY IMPLICATIONS

Amidst the post-FTLR restructuring of agriculture and the emergence of smaller scale farmers on resettled land a number of constraints ought to be addressed with appropriate policy. These include the need to:

Lower the cost and improve the efficiency of fertiliser. Low productivity, especially for a key wage good such as maize, retards economic development in Zimbabwe. Lowering the cost of fertiliser through bulk purchase and research to optimise fertiliser use will ultimately foster agricultural development along with growth in the non-farm economy.

Improve management skills and agricultural extension services. While some skills transfers occur, especially from the large contracting firms in tobacco, sugar or cotton, there is still an acute need to scale-up agricultural extension services.

Facilitate greater policy certainty over land tenure, and land for business use. The relative lack of tenure security serves to discourage investment in both rural and urban areas. Greater certainty of land tenure would enable the use of land as collaterals to access finance, encourage investment and facilitate better natural resource stewardship.

Improve access to finance. Widespread liquidity constraints and a dearth of access to finance need to be remediated, including by the provision of finance but also by resolving uncertainties about land tenure and restoring the confidence of international finance markets in Zimbabwe.

Amend water and resource use policies to encourage investment and resource conservation. There is a need to amend current irrigation policies that are often predicated on large-scale catchment management for irrigation of extensive agriculture, and penalising of investments in water harvesting (dams, weirs, boreholes). Unsustainable natural resource use, including unsustainable timber harvesting for tobacco curing fuel, similarly need to be addressed.

Address the adverse business environment created by local authority by-laws and their enforcement. Punitive levies, license fees and other extractive practices need to be addressed because they make for an environment that is not conducive to local economic activity, trade and multipliers.

Invest in improving sector services and infrastructure. There is a need for improved public



sector investment, such as in roads, communication networks and agricultural research and development, to provide public goods and services that benefit all in agricultural value chains.

Finally, post-FTLR much agriculture in Zimbabwe has become comparatively 'inclusive', with large numbers of smaller-scale farmers, and has catalysed economic dynamism and employment in rural non-farm economy. However, this transition within agriculture was also highly disruptive, and many of the challenges that remain entail strengthening the effectiveness and sustainability of agriculture to deepen and secure its contribution to the rural non-farm economy.



RECOMMENDATIONS

1. Lower the cost and improve the efficiency of fertiliser;
2. Improve management skills and agricultural extension services;
3. Provide policy certainty over land tenure and land for business use;
4. Improve access to finance;
5. Amend water and resource use policies to encourage investment and resource conservation;
6. Address the adverse business-operating environment created by local authority by-laws and their enforcement; and
7. Invest in improving sector services and infrastructure.

GLOSSARY

Fast-Track Land Reform (FTLR):

the significant and often disruptive changes to large-scale agriculture, from 2000s.

Resettlement area:

former large-scale commercial farmland resettled by smaller scale African producers post-FTLR.

Linkage:

A trade or economic relationship where the value created in one sector or locale contributes to another sector or locale.

REFERENCES AND RESOURCES

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