



LAND REFORM, COMMERCIAL AGRICULTURE AND LOCAL ECONOMIC GROWTH IN ZIMBABWE

BLASIO MAVEDZENGE, FELIX MURIMBARIMBA, IAN SCOONES AND CHRISPEN SUKUME



INTRODUCTION

Land reform in Zimbabwe has radically transformed the rural economy. After 2000, around 145,000 families were allocated smallholder plots and a further 20,000 took on medium scale farms. This replaced an agrarian structure that was divided between 4,500 large-scale commercial farms and many small communal area farms.

The new farmers have had many challenges, but they have also created employment and are generating new economic linkages, both in the local economy and further afield. In the last few years we have looked at this unfolding dynamic by tracing the networks of economic activity from a series of farms in two sites - Mvurwi in Mazowe district, a high potential area near the capital, and Wondedzo near Masvingo, in the drier southeast.

By looking at four commodities - tobacco, horticulture, beef and maize - we asked: what are the economic linkages created by new farming enterprises, how are these influencing the local economy, what livelihoods and forms of employment are being created, and what challenges are being faced?



A number of important **findings** emerge:

Agricultural production made possible by land reform has created a wide range of economic activity that links farms to multiple, often informal, **markets**. Downstream linkages to markets involve a large variety of smaller-scale buyers and emergent entrepreneurs, although patterns are commodity-dependent.

The extent to which agriculture generates employment - both on-farm and in the non-farm economy - depends on the **spatial structure** of agriculture and associated

value chains. Since land reform, a dualistic agrarian structure has largely been replaced by a mix of small and medium sized farms (A1 and A2 in the new resettlements). Close links between farms of different sizes, and small urban centres is key to growth potential.

Employment has been created on farms, but also in businesses that are linked. This has generated new economic activity in places where there was previously none. Farmers employ both permanent and temporary workers, but work is often seasonal and task dependent, and pay is generally low.

Permanent employees are often kin, or from the farmer-employer's original 'home' area. In areas where 'compound' labour was common, such as Mvurwi, workers have been incorporated in new agricultural production systems, but not all former farm workers have benefited.

Among land reform farmers there are very different **pathways to commercialisation**. Some pathways see farmers' incremental reinvestment in their own production, while others entail contracting arrangements with companies (particularly for tobacco),





which supply scarce credit and inputs. In many cases the leveraging of off-farm wage incomes is crucial to economic success on-farm.

Input supply (e.g. seeds, fertilisers, agrochemicals) is dominated by established enterprises, but there are also many smaller **service providers**, such as local artisans repairing, adapting and creating different types of 'intermediate' technology, and those who sell new

imported equipment such as cheap irrigation pumps. In the past the economic networks emanating from the large-scale commercial farms linked farm businesses to a limited and concentrated set of economic players, often also in the hands of a racial minority. Post land reform economic activity generates more **inclusive growth**, a process that is much more **localised** and widely shared than it was before.

With greater populations of both farmers, workers and business entrepreneurs in these rural areas, there is now greater demand in **small towns and business centres** including everything from grocery supplies to tailors to hairdressers to mobile phone voucher sellers. This creates 'multiplier effects' in the local economy, including new job opportunities.

TOBACCO

The rebound of tobacco production in Zimbabwe is striking. From a low in the mid-2000s of only 48 million kgs, recent seasons have seen around 200 million kgs being produced, almost hitting all-time highs. Annual export value has exceeded US\$400m, with Belgium and China being the major buyers. Over 75,000 farmers are registered to sell, mostly from the communal areas, but some 30,000 from A1 resettlement farms. This is dramatically different to the pre-land reform era when tobacco production

was dominated by about 2000 large-scale farms.

Most farmers are involved in contracting arrangements (nationally this is about three-quarters of all production) linked to a number of companies who provide inputs, transport and other support. This has allowed farmers with limited capital to get going.

The new farmers are also employing labour, including many from the former farm compounds that had been established by the previous

land owners. Across the Mvurwi A1 settlements, households on average employed 0.8 permanent workers and 4.4 temporary workers, 3.8 of whom were from nearby compounds. Larger A2 resettlement farms hire even more labour from the compounds, and were all employing farm managers. The larger farms too have more integrated business operations, linking the farm to other businesses, including stores and transport.



Tobacco is generating considerable income locally. Between February and September in 2013, US\$49m flowed into the local economy in Mazowe district. This has created significant demand for consumption goods, supporting increased small retail activities within the Mvurwi farming area, including beer halls, grocery stores and hairdressing shops in the farming areas as well as in nearby Mvurwi town. Small shop operators claim their business fortunes are linked to the tobacco selling season, while town council officials have seen an increase in demand for retail shop spaces. In

addition, the tobacco cash injection has led to an increase in demand for chicken and eggs within farming areas. This is being met by farmers diversifying into small-scale commercial poultry production linked to new Mvurwi-based broiler day-old chick and feed outlets, such as branches and/or agents of leading poultry and feeds companies including Profeeds, National Foods and Irvines Zimbabwe. In addition, farmers are sinking their profits into a variety of businesses, including transport, tractor services and rental properties. They are also improving their farms and homes,



and buying farm equipment. Mvurwi today is an intensely vibrant local economy.

Not everyone is profiting, however, and there is a rapid process of differentiation going on. Some are wanting to acquire more land, while others are moving on. The new beneficiaries include some of the elite, especially those on the larger A2 farms. There are environmental downsides too, as the growing of tobacco, and particularly its curing has negative health and environmental impacts. The destruction of local forests for curing wood has been dramatic.



CASE STUDY: PROFITING FROM THE TOBACCO BOOM

The C family, originally from nearby Chiweshe communal area, were allocated a six-hectare A1 plot on Lucknow Extension farm in 2001. They started growing tobacco in 2003. In 2012-2013, they grew three hectares of tobacco, selling the yield from the contracted one hectare through ZLT and the rest through auction floors in Harare. In the 2013 marketing season they realised a gross income of US\$11,000 from 43 tobacco bales. The contract package is worth around US\$1200 per hectare and includes ten 50 kg bags of basal fertiliser, four 50 kg bags of ammonium nitrate (AN), seed, agrochemicals and a cash advance to cover tillage and labour. They bought an extra 42 bags of fertiliser from Windmill Fertilisers in Harare, and extra seed from the Kutsaga Tobacco Research Board outlet at Boka Auction Floors in Harare. Agrochemicals were sourced from the Agricura shop in Mvurwi town, while curing firewood was harvested from Msonedi communal gum forests. As more people now have tractors and trucks locally, they can be hired for ploughing and transport services

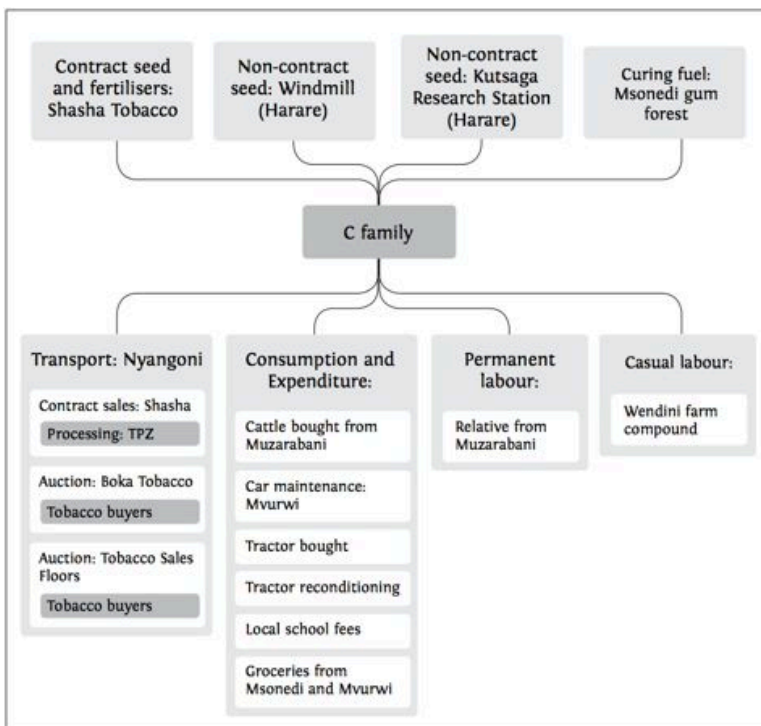


They have one permanent worker from their original home area who is paid US\$50 per month in cash, with free food and accommodation, as well as access to a piece of land where he grows his own crops. Casual workers contributed 225 labour days to tobacco over the 2012-13 growing season at a rate of US\$4 per labour-day, while the family and the permanent worker contribute 462 labour days. An overall budget for the C's tobacco enterprise is shown below.

C's tobacco budget 2012-2013

<i>Item</i>	<i>Value US\$</i>
Gross income from sales	\$11,000
Cash advance from contractor	\$ 500
Cash inflow	\$ 11500
Contract inputs costs	\$700
Non-Contract fertiliser costs	\$1980
Non-Contract Agrochemicals	\$200
Labour and tillage costs	\$ 1252
Transport costs	\$430
Cash outflow	\$4562
Gross margin	\$6938





In addition to tobacco, the C family also grow maize, sugar beans and sweet potatoes. They harvested five tonnes of maize valued at US\$1400, one tonne of beans valued at US\$1200 and 40 buckets of sweet potato valued at US\$200. Part of this harvest was retained for home consumption, with the surplus sold to outside vendors. They also buy cattle during the tobacco marketing season as a store of money and for selling later to raise money to finance crop input needs. Most of the cattle are bought relatively cheaply from Muzarabani, a food deficit area, using relatives as sourcing agents.

In terms of expenditures, over the last few years they have bought a Nissan Terrano and a second-hand tractor, which needed reconditioning. Other items are school fees, groceries and building materials to improve the homestead. All this expenditure from tobacco profits is spent either in the local farming areas or Mvurwi town.

Ranking expenditure

Rank	Item in order of size of expenditure	Location of Expenditure	Distance from Homestead
1	Tractor overhaul	Local farmer	3 km
2	School fees	Local school	2 km
3	Groceries	Mvurwi	13 km
4	Home improvement	Mvurwi	13 km

HORTICULTURE

In both Mvurwi and Masvingo, there are growing opportunities for vegetable production, supplying nearby urban demand. Some specialised horticulture farms have sprung up that have been made possible by new land and investment in small-scale irrigation facilities. A case from Wondedzo A1 scheme is below.

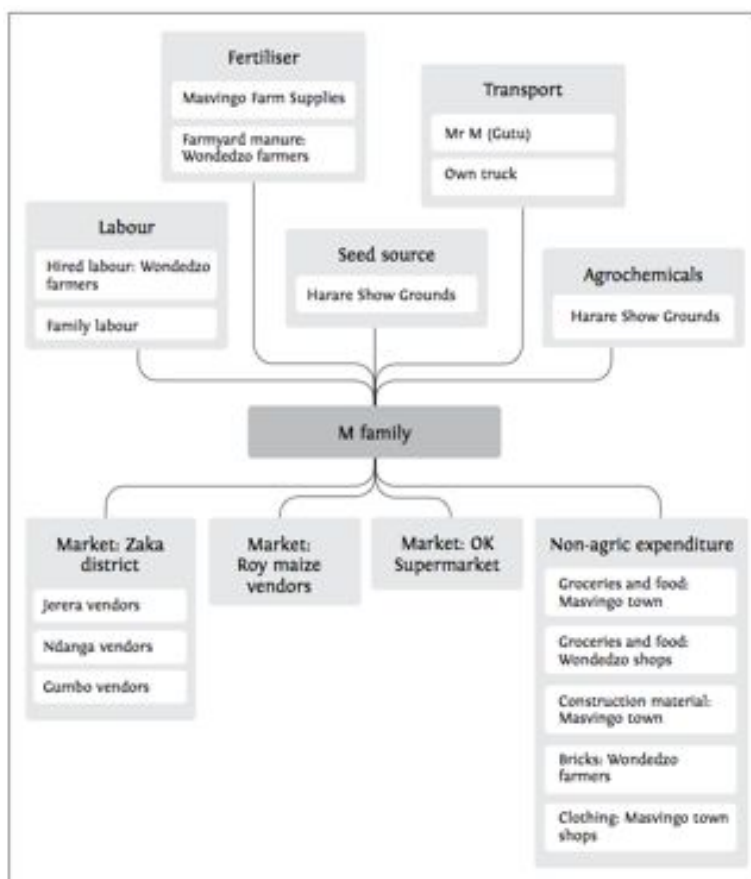
CASE STUDY: COMMERCIAL SUCCESS AS AN IRRIGATION ENTREPRENEUR

“I am 35 years and originate from Chikombedzi. In 2006 I decided to practise what I had seen at Bhuka Irrigation scheme where I worked as a tin smith in order to make money and cater for family needs. We started irrigating with buckets from a small dam near the homestead, selling vegetables locally and a bit to Masvingo town. The funds allowed me to buy a foot pump. In 2010 I bought a 5 HP diesel water pump for US\$220. Then in 2011 I bought 46 irrigation pipes from Harare. I was now irrigating full time and making good money. We farm on 31 hectares, 28 of which are under dryland crops such as maize and groundnuts. We have a few cattle primarily for draft and milk production and as a store for excess money generated by the horticulture enterprise. On the three hectare horticulture plot we grow cabbages, rape, tomatoes and green maize under irrigation using water drawn from Mutirikwe river. Most of the labour is family labour, as I have six wives and many children who all help. It is a real family business!”



In addition, M employs one permanent worker paid at the rate of US\$70 per month, excluding food and lodging, which are provided free. Other labour is casual labour from other settlers at Wondedzo. For harvesting vegetables, payment is usually in-kind. The rate of payment is 25% of a days' production in the case of cutting and cleaning of vegetables for drying and one tin in the case of harvesting of tomatoes. For other chores, such as weeding and fertiliser application, payment is at the rate of US\$6 per person day. The total cash wage bill in 2013 was US\$3306.

M sells to a variety of markets. At the Train Station Market he supplies to a group of five women, three of whom he is in regular contact with via cell phone. The Train Market women buy 1.5 tonnes of tomatoes per week, which translates into 140 20-litre tins at a price of US\$20-35 per tin, depending on the season. The women arrange their own transport and usually pay US\$30 per load to a central point in the town. From here they hire push carts to transport produce to their selling point at the rate of US\$1 per four tins. In Masvingo town, M also periodically supplies two city supermarkets - OK Bazaars and



Tsungai Supermarkets. OK buys 300 to 500 bundles of rape at US\$0.25-0.30 per bundle and 300 cabbage heads at US\$0.50-0.65 per head twice per week. Finally, M sells to customers from the local Wonedzo community. The main product sold in local markets is dried vegetables at US\$5 per tin. Dried vegetables are from undersized produce and trimmings. Green mealies are also bought at the farm-gate by six to seven vendors who operate at Roy Business centre along the Mutare to Masvingo highway. They buy at US\$1 per 4 cobs. Overall in 2013, a gross margin of nearly US\$12000 was realised.

M's 2012-2013 budget

	US\$
Gross Revenue	32458
Fertiliser, Seed and Agrochemicals	11238
Transport and Fuel	6000
Labour	3306
Total variable costs	20544
Gross Margin	11914





Mr M has created off-farm jobs and income to customers in different markets, most of them self-employed women.

Market	Description	Distance kms	Market income US\$
Jerera	4 women	70	4100
Gumbo	3 women	60	5350
Ndanga	2 women	65	1312
Masvingo Train Station	5 women	30	1000
Roy Business centre	5 [women, men]	20	3500
OK Bazaars	Supermarket	30	13000
Transporters	2 men	10	4400





M is just one of a number of new irrigation entrepreneurs in the Wondedzo area of Masvingo district. Each has invested in pumps and pipes and all are making good use of available water supplies. All have developed market networks linking to Masvingo town and beyond, as well as supplying the local area. They are also employing people for a range of tasks. With a limited capital investment in irrigation equipment, the returns are significant, and many have bought vehicles to assist with their marketing. In addition people have invested in improving their homes, sending kids to school and so on.

But there are clear constraints to this form of production, and so limits to accumulation. Water is the key limitation, as the water sources are few, and under increasing pressure. As more and more join this form of small-scale commercial irrigation, seasonal water scarcities are emerging, along with conflicts over who has access.

The other challenge is marketing. There is intense competition, and major gluts at certain times of year. Tomatoes in particular are a favoured crop, and diversification is essential. This makes managing production in a market-sensitive way vital, as well as expanding out into processing to add value. Some are involved in drying vegetables, but other options will need to be explored in order to maximize income.

BEEF

Beef production was once the mainstay of the white commercial farming economy in most of Masvingo province. There were massive ranches, holding thousands of animals, linked to a small group of abattoirs that took the high quality product and trucked it to Harare, and sometimes on to export markets. Today, the production system is radically different. There are numerous small farms with cattle, a comparable overall number, possibly higher, but in many more production units, with cattle fulfilling a number of functions, not just beef production.

CASE STUDY: MAKING MONEY FROM BEEF PRODUCTION

When they settled on their A1 farm in 2001 the Cs invested money from previous employment into 20 head of cattle. The herd has since grown to 42. They have been selling cattle regularly to fund various investments they have been undertaking in

Mucheke township in Masvingo, as well as the development of irrigation infrastructure and housing at the plot. Most sales are at the farm gate, but some cattle, especially cull oxen and bulls, are sold to large abattoirs such as Montana Meats and Carswells, who

buy on the basis of cold dressed weight. Heifers are usually sold to other farmers in the farming areas who like the Brahman crosses. Usual prices received for cattle are around US\$400 for heifers, US\$600 for big oxen and US\$800 for bulls.



In the absence of public dipping services the Cs buy their own veterinary supplies. Veterinary medicines and dipping chemicals are bought from Masvingo Farm Supplies, Ricco, among others. They employ four male workers at US\$70 per month. They do all sorts of jobs at the farm. Two sons are resident at the farm and complement the labour force. When they sell

cattle to Masvingo based abattoirs, they hire three experienced people to drive cattle to Masvingo town 33 km away. In 2012-13 they sold ten cattle to complement income from maize and vegetable production. Income from these enterprises contributed to the building of their private college in Masvingo, which is now operational with an

enrolment of 130 secondary school students. They are also building a modern house at the farm using builders from the local community. The money from cattle sales also contributes to household upkeep for the family, mainly in the form of groceries obtained in Masvingo town, where the family has an urban house, as well as items bought at the local Wonedzozo shops.





The current beef market is geared towards local demand - lower quality cuts for cheap meat sold in butcheries in regional centres like Masvingo, as well as the numerous small towns and growth points in the area. This is a booming business, generating employment along the value chain. There are three types of participant in cattle buying in the rural areas - traders (those who buy and on-sell or speculators), abattoirs and butchery owners. Most are making use of local agents to look for cattle within the farming areas.

To satisfy growing local production and demand, in 2013 there were five abattoirs and 32 registered butcheries in Masvingo (14 in town, including eight supermarkets, with a further 18 in the townships). It is a highly competitive market, with each offering a particular niche service and price level. Informal meat traders and other intermediaries undercut supermarket prices, while some outlets are directly linked to A2 farms or abattoirs, and they can cut costs even further.

Employment is generated at abattoirs, pole slaughter points and butcheries, as well as among informal meat traders, food sellers and restaurants. Business is also booming among input suppliers, including those dealing in veterinary drugs, dipping chemicals, and feed, and supplements, alongside the array of transport businesses involved. As the following case shows, livelihood improvements can be made even among the more marginalised members of such market systems.



CASE STUDY: IMPROVING LIVELIHOODS IN THE MEAT TRADE

“I am in my early thirties and come from Zaka. I got a job about ten years ago at a butchery in Masvingo. I was a meat cutter and cattle buyer. But the pay was poor and I wanted to have my own business. In the end, after trying out vegetable selling in the market, I struck a deal with the butchery owner that I would continue cutting meat, but could use the machine for slicing ‘mazondo’ [cattle hooves] and I could put up a braai stand (barbecue) outside the shop. I now sell mazondo to the customers at the next door bar, and it’s roaring trade. I also buy about 80 cattle hooves a week, and sell on uncooked but sliced mazondo to other food sellers and restaurants. My business is doing well. I send money home each month to my relatives in Zaka. Last month I bought a digital camera, and I will start a photo business too. My long-term plan is to become a cattle buyer, and enter meat retailing with my own shop. I also got married, thanks to the proceeds from selling mazondo. My wife is also a butchery employee, but wants to start a hair salon, and my business is going to provide the seed funds”.



MAIZE

Maize is grown by all farmers, both in Masvingo and Mvurwi. It is the staple food crop and, despite its vulnerability to drought, is the preferred grain. Maize is mostly grown in dryland fields, although sometimes in gardens with some irrigation. Input levels vary depending on the availability of cash for fertiliser and manure. To achieve good yields the maize crop requires good, well-distributed rainfall, as well as adequate nutrients from fertilisers or manure. Not all farmers own enough cattle to access manure, while fertilisers are expensive and beyond the reach of many. Nevertheless, the total output per household of maize averaged 1.2 tonnes between 2010 and 2013 in the Masvingo district A1 schemes, and was on average 3.5 tonnes in Mvurwi A1 schemes for harvests between 2010 and 2014. However, yield levels are low and significantly below potential, ranging from below one tonne per hectare in Masvingo to around two tonnes per hectare in Mvurwi. While maize is retained for household consumption, significant quantities are sold from the new resettlements. On average between 2010 and 2014, A1 households in Mvurwi sold 2.2 tonnes per year, while on average Masvingo district A1 households sold 0.5 tonnes. Maize farmers sell their produce locally to other farmers, to dealers who exchange with grocery items, and in towns to millers and the Grain Marketing Board.



CASE STUDY: COMMERCIAL MAIZE PRODUCTION

Mr and Mrs K settled on six hectares in Mvurwi area in 2006. In the 2012-13 season, three hectares was put under maize. Ten tonnes was sold at a price of US\$320 per tonne through two white traders in Mvurwi. The Ks employ one permanent worker on the farm who is involved in a range of activities. The worker is paid a monthly wage of US\$70. 51 days of family labour and 74 days of casual labour, sourced

from the nearby farm worker compound, were used in the 2012-13 season for maize growing. Casuals were paid at a rate of US\$3 per day, costing the family a total of US\$222 in the season. Due to the use of herbicides, weeding labour was significantly lower than if the family was using manual weeding. The family also used an A2 farmer's hired tractor costing US\$240 to plough the three hectares. They

used 18 bags of fertiliser worth US\$612 and 60 kgs of seed worth US\$144 from Zimbabwe Fertiliser Company (ZFC) in Harare. In addition, US\$120 worth of agrochemicals, including herbicides, were bought from Harare shops. To send produce to markets in Mvurwi, they spent US\$200 (US\$1 per bag of maize) on hiring the A2 farmer's truck. There are therefore multiple linkages radiating from the maize enterprise.



Overall, they received US\$3200 from maize sales and spent US\$1748 on producing and marketing maize, generating a net income of US\$1452 in the 2012-2013 season. In addition to maize, the family also grew a hectare of tobacco and two hectares of soyabeans. The tobacco yielded nine bales

that were sold for US\$3400, while the soyabean crop yielded three tonnes and was sold through the National Foods agent in Mvurwi for US\$1350. They also raised a total of 300 broiler chickens and sold these for US\$1800 within the local farming area, with the feed supply supported by

maize production. Most of the proceeds from the harvests were spent on purchasing a car and procuring inputs for the following season from Harare. The rest of the proceeds were spent either in Mvurwi (clothes and groceries) or the local community (farm labour).

Ranking expenditure

Rank	Item in order of size of expenditure	Location of Expenditure	Distance from Homestead
1	Car	Harare	100 km
2	Crop inputs	Harare	100 km
3	Grocery and clothing	Mvurwi	16 km
4	Labour	Local compound	2 km



FUTURE OPPORTUNITIES AND CHALLENGES

Today, the agrarian economy is generating new economic activity and new employment because it is more locally rooted. While economic linkages create opportunities, the distribution of benefits is however patchy; some succeed and are accumulating, while others are not.

Zimbabwe's rural economies are under-going rapid change following land reform. However, redistributing the land was only the first step. Building sustainable local economic growth that generates employment and is rooted in vibrant rural markets is a longer process, requiring continued support.

There are many challenges for agricultural production. These include the need for a reliable supply of affordable fertilisers, within a smart subsidy policy framework; enhanced extension and service support, including through mobile phones and the Internet; investment in water management and irrigation facilities; and tenure security to encourage investment. Here we focus on key recommendations for **supporting economic linkages and the non-farm rural economy**. These include:



Investment in **rural infrastructure** is essential. Restructuring rural production and economic activity requires a new configuration of infrastructure - roads, electrification, network coverage for mobile phones, market sites and storage facilities, business centres and so on. This is urgently required in order to facilitate the growth of economic linkages and support for the non-farm rural economy.

Encouragement of **market information** services via mobile phones, text messaging and the Internet will assist in increasing knowledge of prices and market options for farmers, input suppliers, service providers and other entrepreneurs, and help develop a more market-targeted approach, avoiding gluts and price crashes.

Contract farming arrangements for certain crops eases capital constraints, provides inputs and offsets some risks. In the tobacco sector, the Chinese company, Tianze, has contracted a number of (mostly larger) resettlement farmers, but has been key

in supporting sales from the auction floors, and the wider contracting system for tobacco. However contracting needs sensitive regulation to protect all parties.

Finance and credit is extremely limited, and constrains on and off-farm business development. Bank loans are concentrated on contracting companies, and so a limited suite of crops and activities. Access to finance for others is constrained by major problems of liquidity in the banking and finance sector. There is need for low interest finance for farm and non-farm business activities. Rules and regulations have to be in place to protect financiers and borrowers.

Small towns and business centres near new resettlement areas are often booming, providing services, markets and employment. As 'growth poles', basic support for their sustained expansion is required, including infrastructure investments, and the facilitation of informal, small-scale trade and service supply.



Training in **business development** skills for farmers, service providers and technology manufacturers will help in the upgrading of business opportunities, particularly for youth and others without land, so they can participate in a local non-farm economy. Business training - including the issuing of business management certificates - is essential.

Investment in developing **value addition** from agricultural production is vital. This includes drying and bottling facilities for vegetables and meat products, as well as small-scale food selling, compliant with food hygiene and safety standards. Tobacco farmers lose on rejected leaf and sweepings. Value addition could involve technologies to make manures, as done by companies such as Nico Orgo.

Private sector-led agricultural trade, input supply and service support is often hampered by restrictive **regulations and by-laws**, combined with often punitive taxes and charges. Policy and regulatory reform to support the growth of small-scale businesses linked to agriculture in the rural areas is a priority. Local councils/government need to do away with outdated rules and regulations that hinder the initiation and growth of new small businesses.

Local economic growth is being generated by a new vibrancy in the agricultural sector created by land reform. For the full potentials to be realised, and for the benefits to be shared widely, greater investment in the conditions required - infrastructure, skills, regulations and policy - is needed if Zimbabwe's agricultural revolution is to take off.





Growth
Research
Programme

*Photos: BZ Mavedzenge, Ian Scoones and Pamela Ngwenya
Design and production: Jake Cornwall Scoones*



FURTHER INFORMATION

Project: Space, Markets, Employment and Agricultural Development in Southern Africa (SMEAD), www.future-agricultures.org/smead. Project no: ES/J009261/1

Report: Sukume, C., Mavedzenge, B., Murimbarima, F. and Scoones, I. (2015) Space Markets and Employment in Agricultural Development: Zimbabwe Country Report. *Research Report 46*. Cape Town: PLAAS. www.plaas.org.za/plaas-publications/rr-46-smead-zimbabwe

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