



# Livelihoods after Land Reform in Zimbabwe

## Working Paper 1

Emerging Agricultural Markets and Marketing  
Channels within Newly Resettled Areas of  
Zimbabwe

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# Livelihoods after land reform in Zimbabwe

## Working Paper Series

The land reform that has unfolded in Zimbabwe since 2000 has resulted in a major reconfiguration of land use and economy. Over 7 million hectares of land has been transferred to both small-scale farm units (the A1 model) and larger scale farms (the A2 model). The land reform has had diverse consequences, and there is no single story of what happened and its implications.

The Institute of Development Studies (University of Sussex, UK), the Institute for Poverty, Land and Agrarian Studies (PLAAS, University of the Western Cape, South Africa), the African Institute for Agrarian Studies (AIAS, Harare), the Centre for Applied Social Sciences Trust (CASS Trust, Harare) and the Ruzivo Trust (Harare) came together to support a small grant competition aimed at generating new case study insights based on original and recent field research by young Zimbabwean scholars. The aim was to bring together solid, empirical evidence from recent research in the field. There were over 70 applicants, and 15 small grants were offered. The result is this Working Paper series. All papers have been reviewed and they have been lightly edited. In all cases however they remain work-in-progress.

Today policymakers are grappling with the question of ‘what next’? How can a new agrarian structure be supported, and a vibrant rural economy be developed? Yet such discussions are often taking place in a vacuum, with limited empirical data from the ground and overshadowed by misperceptions and inappropriate assumptions. We hope this series – together with the wider research work being undertaken by our organisations and partners – will help to enhance policy making through a solid evidence base.

As these papers clearly show, there have been highly varied impacts of the post-2000 land reform: on rural livelihoods, on agricultural production, on markets and the economy, on farm workers and employment, on the environment and on institutions and governance arrangements, for example. And these impacts have played out in very different ways in different places. These papers cover a range of themes and offer insights from across the country.

They add up to a complex picture, but one that offers key pointers for the way forward. They counter the excessively pessimistic picture often painted about Zimbabwe’s land reform, yet highlight important failings and future challenges. We very much hope that they are widely read and shared, with the insights made use of as Zimbabwe charts its way forward.

*Professor Ian Scoones, Institute of Development Studies, UK*

*Professor Ben Cousins, Institute for Poverty Land and Agrarian Studies, South Africa*

*Professor Sam Moyo, African Institute for Agrarian Studies, Harare*

*Dr Nelson Marongwe, Centre for Applied Social Sciences Trust, Harare*

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**The small grant competition was coordinated through the Livelihoods after Land Reform research programme ([www.larl.org.za](http://www.larl.org.za)).**

# Summary

The implementation of the Fast Track Land Reform Programme (FTLRP) which commenced in June 2000 ushered in a new era in terms of markets and marketing channels for agricultural services, inputs and outputs. Agricultural commodity marketing and pricing policies implemented during the FTLRP era induced the emergence and proliferation of a new regime of markets and market relationships. The harsh economic environment that prevailed during the same era induced some form of mutation that gave birth to an innovative and entrepreneurial spirit within the farmers and rural residents. Agricultural marketing during the FTLRP era was one characterized by strong government intervention with partial and sometimes complete regulation along the value chain. The study uses survey data collected by the AIAS during the 2005/2006 season from six districts in different provinces across all the five agro-ecological regions (Natural Regions I to V) of the country.

The study finds that major changes have occurred in Zimbabwe's agrarian economy resulting in significant shifts in agricultural production and the functioning of commodity markets. A severe economic meltdown that coincided with this period created an unfavourable environment for the functioning of formal markets and production systems. The majority of the newly resettled households accessed agricultural inputs through own purchase from various sources in the open market, including mainly cross-border imports from surrounding countries. A limited number of households sourced their inputs through support schemes run by the government, private sector and non-governmental organizations. Agricultural outputs on the other hand were marketed through various informal channels apart from the state marketing authorities. A necessary growth in local economic activity has occurred as a result of both push (failure of formal markets) and pull (increasing local demand) factors resulting in new circuits of economic interaction that are not mediated through the state or parastatal authorities.

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# Acronyms

AIAS	African Institute for Agrarian Studies
CLICS	Crop and Livestock Inputs Credit Scheme
CSC	Cold Storage Commission
FTLRP	Fast Track Land Reform Program
GDP	Gross Domestic Product
GMB	Grain Marketing Board
GoZ	Government of Zimbabwe
IGoZ	Inclusive Government of Zimbabwe
LSCF	Large Scale Commercial Farming
NGO	Non Governmental Organizations
NOCZIM	National Oil Company of Zimbabwe
NR	Natural Region
NRA	Newly Resettled Areas
NRZ	National Railways of Zimbabwe
PSIP	Public Sector Investment Programme
RBZ	Reserve Bank of Zimbabwe
SI	Statutory Instrument

# Introduction

Following implementation of extensive land redistribution since 2000, major changes in Zimbabwe's agrarian economy have occurred that have resulted in significant shifts in agricultural production and the functioning of markets<sup>2</sup> (Mavedzenge *et al.* 2008). The emerging agrarian structure and conditions created by the Fast Track Land Reform Programme (FTLRP) has stimulated important new relations, opening opportunities for some while closing options for others (*Ibid.*). A severe economic meltdown that coincided with this period created an unfavourable environment for the functioning of formal markets and production systems. Land beneficiaries were expected to optimally utilise the allocated land and contribute to food security and economic growth but the prevailing macro-economic instability suggested otherwise as spiralling hyperinflation, interest rates, market failures, and shortages of major productive inputs and foreign currency prevailed.

The Government of Zimbabwe (GoZ) intervened in a number of ways, including 'printing of money' by the Reserve Bank of Zimbabwe (RBZ) under the widely criticized 'quasi-fiscal activities' to fund the procurement and distribution of the inputs and implementation of other support measures including provision of farming equipment, fuel, cattle breeding stock, working capital and irrigation rehabilitation and development as well financing grain mobilisation by the GMB. Most of these interventions have been criticised for fuelling the scourges of corruption and political patronage (Pazvakavambwa 2009; Sukume and Guvheya 2009). Shortcomings in these RBZ initiatives emanate from the fact that the bank sought to embrace every aspect of agricultural production thereby creating parallel structures, and at times rendering existing structures ineffective (Pazvakavambwa 2008). Examples of such initiatives include the establishment and bankrolling of 'command agriculture style' programmes; *Operation Maguta/Inala* (food security)<sup>3</sup> and the *Champion Farmer*<sup>4</sup> programmes, both spearheaded by the national security forces. Instead of being supportive of growth and poverty reduction, the government's intervention through macroeconomic policies have often constituted the main binding constraints (UNDP 2008). The result has been further economic downturn and chaos in the agrarian economy, a condition not conducive for survival of conventional economic activities. However, economic actors in Zimbabwe, including newly resettled farmers, least expectedly survived the economic turmoil. As observed by one economic analyst:

It is their continuing existence, and evident intent to be contributants to, and beneficiaries of, the economic recovery that is prompting the questions as to how they survived, and how they withstood the almost endless buffeting of economic ills that beleaguered their operations for more than a decade.

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<sup>2</sup> A core definition of a market has been given by Sayer (2000) as "a set of social institutions in which a large number of commodity exchanges of a specific type regularly take place, and to some extent are facilitated by those institutions". 'Embeddedness', 'trust' and 'networks' are universal features of such exchanges.

<sup>3</sup> The programme adopted a command agriculture approach in that in addition to direct supervision of farm operations, the forces were entitled to the entire production (commodity) under contract for delivery to the GMB and pay the farmer for his/her labour and other services from the proceeds of the sales after deductions of input costs.

<sup>4</sup> The programme entailed identifying capable farmers whom to target and provide with the little available inputs so as to optimize food production. The objective was to target the cropping of at least 500,000 hectares by putting the little available inputs to best use for optimal productivity.

The methodologies of survival were many, but undoubtedly the most predominantly applied survival tactic was a blatant disregard for certain laws, certain facets of breach of law being perceived as the only opportunities for withstanding the pronounced economic afflictions. (Bloch 2009).

This study is therefore, guided by the overall question that: Given the economic meltdown in general and the turmoil in the agrarian economic in particular, how did the newly resettled farmers cope and sustain their livelihoods? How have 'real markets'<sup>5</sup> emerged and what have been their functional modalities? What economic, social and political relations have evolved? The major focus of the study is therefore to analyse emergent agricultural production and marketing relationships and how they are modelled by evolving social, economic and political processes. As observed by Mavedzenge *et al.* (2008), without paying attention to the dynamics of the 'real economy', it is difficult to understand how often vibrant economic activity which supports numerous livelihoods proceeds.

## Methodology

This study makes use of field research (baseline survey) data collected by the African Institute for Agrarian Studies (AIAS) in six newly resettled areas (districts) of the country between 2005 and 2006 as well as secondary data from various sources. The AIAS survey was undertaken with the overall objective of generating information to aid in the conceptualisation of the new agrarian structure after implementation of the FTLRP. The sample was designed to cater for all the agro-ecological zones and to cover all the farming systems of Zimbabwe. Data was collected from a sample of 2,089 households across the six districts (Table 1).

**Table 1: Description of study sites**

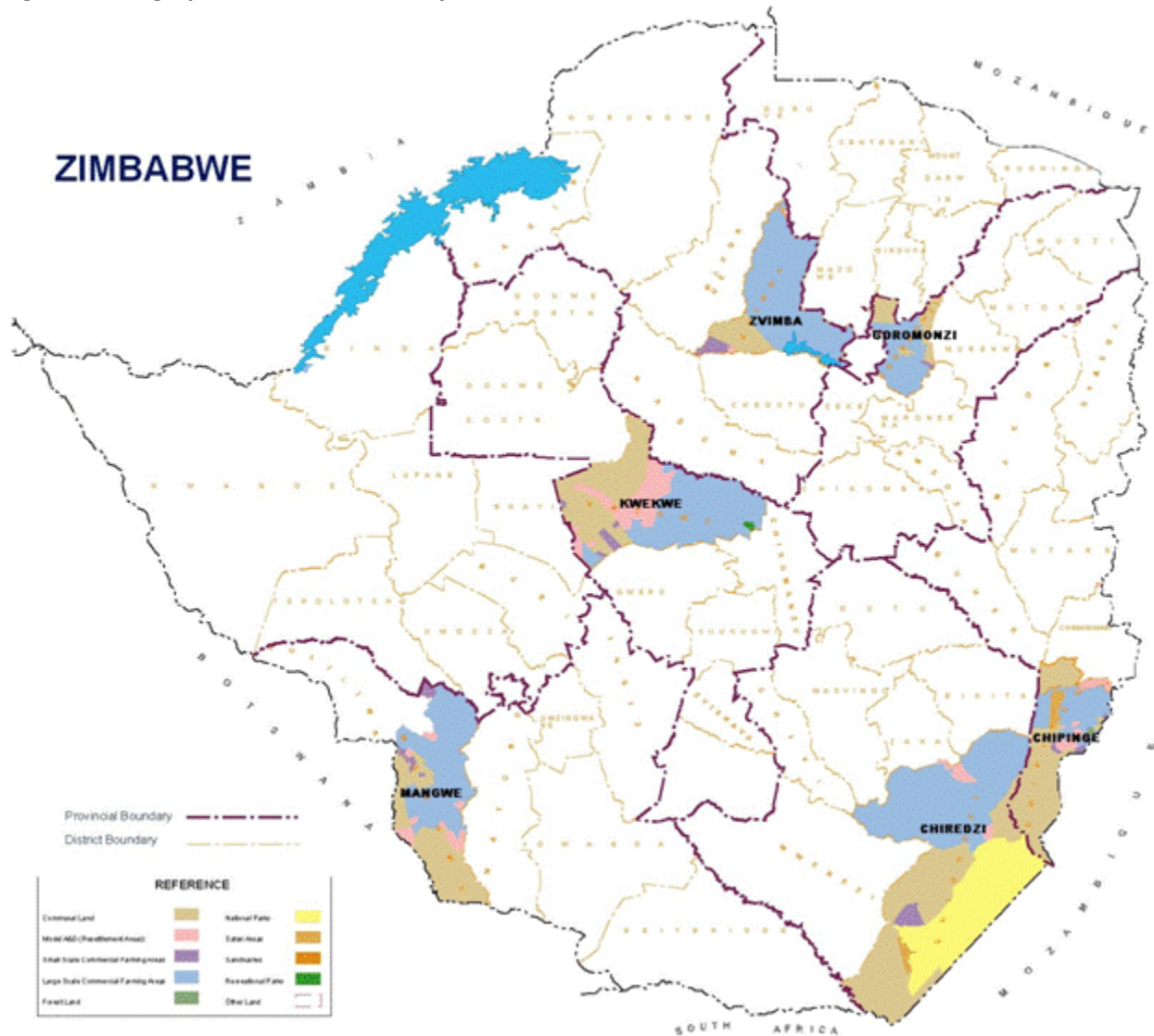
District	Province	Natural Region	Characteristics	Land use patterns
Chipinge	Manicaland	NR I and II	Hot climate and high annual average rainfall (above 1,000 mm)	Intensive (specialized and diversified) farming including tea, coffee, citrus fruit, forest and livestock
Chiredzi	Masvingo	NR III	650 – 800 mm of rainfall annually	Semi-intensive farming (cattle, game ranching, irrigated sugarcane and dry land maize and cotton)
Goromonzi	Mashonaland East	NR II	750 – 1,000 mm of rainfall per annum	Specialised crop production and intensive livestock farming
Kwekwe	Midlands	NR III and IV	450 mm and 800 mm of rainfall annually	Extensive livestock, cash crops and marginal production of drought tolerant food crops
Mangwe	Matabeleland South	NR IV and V	Below 400 mm of rainfall annually	Extensive farming practices (drought tolerant crops, livestock and game ranching)
Zvimba	Mashonaland West	NR II	700-1000mm of rainfall per annum	Intensive agriculture production (cash and food crops as well as livestock rearing)

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<sup>5</sup> Markets as political, social and cultural constructions which function in ways that are not just to do with demand and supply economics.



Figure 1: Geographical location of study sites



Source: AIAS (2009)

Out of the 2,089 households interviewed, 79.0 percent (1,651) were A1 while 21.0 percent (438) were A2 resettlement model beneficiary households (Table 2). Goromonzi district constituted the greatest number of respondents with 695 (33.3%) whilst the least was Mangwe district with 145 (6.9%). Female beneficiaries constituted 19.4 percent of the total sample.

Table 2: Resettlement model by district

Resettlement Model	Chipinge		Chiredzi		Goromonzi		Kwekwe		Mangwe		Zvimba		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
A1	201	9.6	167	8.0	608	29.1	356	17.0	108	5.2	211	10.1	1651	79.0
A2	133	6.4	68	3.3	87	4.2	16	0.8	37	1.8	97	4.6	438	21.0
<b>Total</b>	<b>334</b>	<b>16.0</b>	<b>235</b>	<b>11.2</b>	<b>695</b>	<b>33.3</b>	<b>372</b>	<b>17.8</b>	<b>145</b>	<b>6.9</b>	<b>308</b>	<b>14.7</b>	<b>2089</b>	<b>100.0</b>

Source: AIAS 2005/06 Baseline Survey

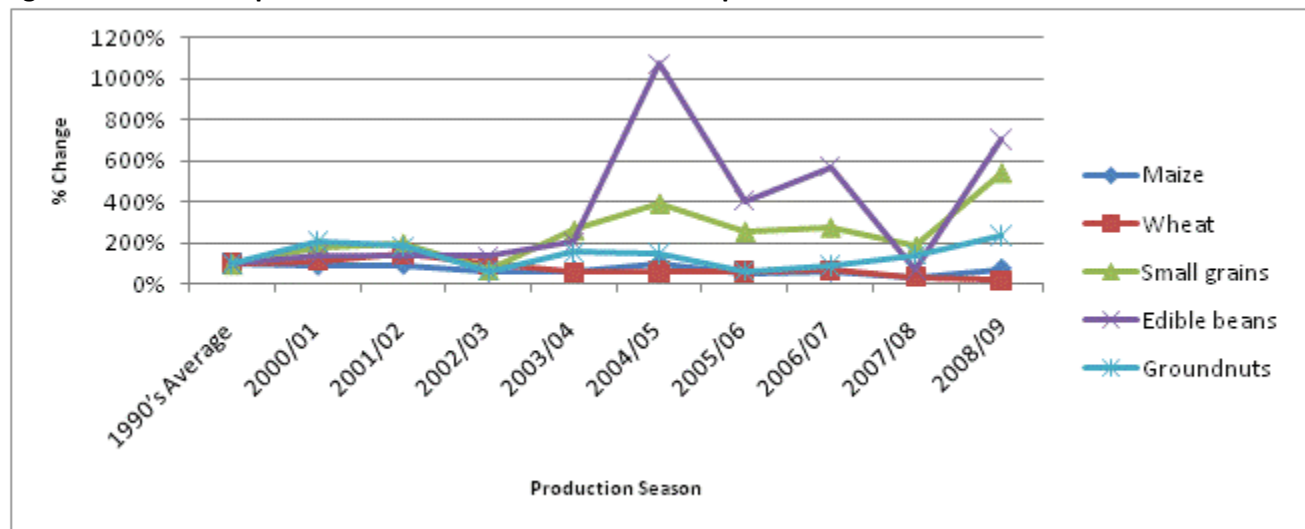
# The context in Zimbabwe

## Contexts for agricultural production and marketing

Implementation of the FTLRP since 2000 ushered in significant changes in the agrarian sector with the most notable being shifts in agricultural production and marketing patterns. The impacts of the changes have been highly differentiated across commodities and agro-ecological regions (Mavedzenge *et al.* 2008). Agricultural production for some key commodities declined in volume as well as value terms since 2000 when compared to average outputs during the 1990's, and these exhibit varied rates of decline (Figures 2 and 3). This type of transitional production decline, according to Moyo (2004), has not been uncommon where extensive land reforms were implemented, although in Zimbabwe the "transition" has been longer for various reasons<sup>6</sup>.

Those crops considered to be traditionally large-scale commercial crops suffered significant declines. When compared to the 1990s' average production, only maize and wheat amongst the main food crops recorded declines (31% and 27% respectively). Other food crops (small grains, edible beans and groundnuts) recorded significant average increases of 163 percent, 282 percent and 43 percent respectively. The declines in the major staple cereals (maize and wheat) have been as a result of substantial reduction in the cropped area within the large-scale commercial scale owing to the land reform.

**Figure 2: Production performance indices for main food crops**

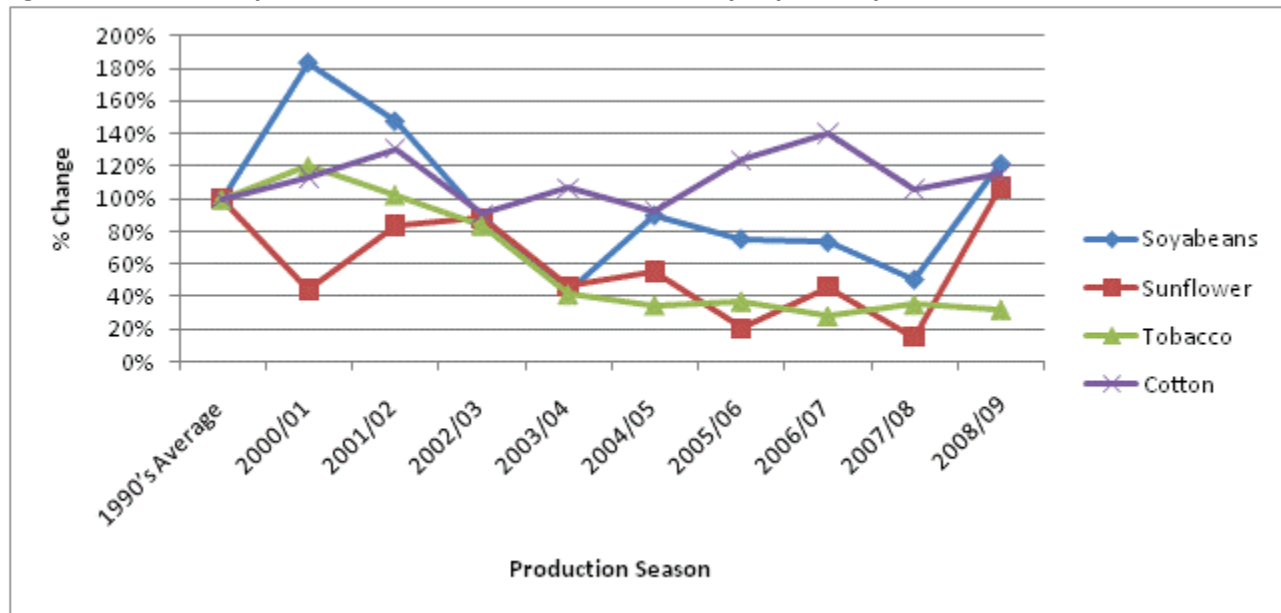


Source: AIAS database

Oilseed commodities suffered varying rates of decline with soyabean declining marginally by 3 percent while sunflower slumped by 44 percent (Figure 2). The picture is slightly different on the key export commodities where tobacco declined by a significant 43 percent while cotton marginally increased by 13 percent.

<sup>6</sup> Including recurrent droughts

**Figure 3: Production performance indices for oilseed and key export crops**



Source: AIAS database

The GoZ's vision of implementing the FTLRP was to create an economically empowered indigenous farming community capable of spearheading the development of a competitive and commercially oriented domestic agriculture and food sector to ensure food security and sustainable national agro-based economic growth premised on formalised linear production and marketing systems (Mano 2004). The response, however, has been a shift, for most agricultural commodities, from a formalised linear marketing system organised around a relatively narrow group of players to one with a different and potentially wider scope and reach (Mavedzenge *et al.* 2008).

The market regulatory environment impacted negatively on viability of farm operations and hence profitability of agricultural production, particularly food crop production. The GoZ reintroduced controls for maize and wheat under Statutory Instrument 235A of July 2001 which stated that maize, maize meal, wheat and wheat flour shall be controlled products within Zimbabwe. By this Statutory Instrument, the GoZ re-controlled maize and wheat and criminalised any selling of maize by farmers to any market player other than the GMB (Ndlela and Robinson 2007). The GMB was certified the sole buyer and seller of maize and wheat and it apparently became an offence for independent players to participate in the marketing of the specified products (Masanganise 2003). These controls led to the proliferation of parallel markets.

In the context of a depressed economic environment, government interventions in agricultural input and output, as well as foreign exchange markets had serious negative ramifications on farm profitability in both the small and large-scale farm sectors. The GoZ intervened in agricultural input markets through product price controls, fixed the exchange rate at highly overvalued levels, rationed its allocation and imposed export restrictions (Moyo and Sukume 2006). Consequently, domestic prices of almost all major agricultural markets became significantly lower than their domestic import or export parity prices. Paying farmers commodity prices that are lower than the price they ought to receive on the basis of opportunity cost shows that government interventions are implicitly taxing production of the commodities. However, the situation worsened up to end of 2008 as a result of the worsening

hyperinflationary environment<sup>7</sup> and the implied level of taxation reached alarming levels. Generally, the macroeconomic conditions that prevailed during this period discouraged production and promoted speculative tendencies at all levels of economic activity. However, these tendencies were treated as attempts by ‘enemies’ to sabotage the land reform programme (Gono 2008).

The GoZ then tried, albeit with very little success, to compensate for the distortions by controlling the prices of inputs (seeds, fertilizer, fuel, etc), providing input grants as well as access to low interest credit. Since 2000, the GoZ reverted to the practice of setting maximum selling prices for fuel, seed, fertilizers and such services as tillage provision at levels far too low to cover costs of production or repairs (in the case of machinery and implements). Shortages due to the resulting low production of inputs led to the emergence of parallel high-priced markets for the inputs, raising the cost of production for the farmers (Tripathy *et al.* 2007). The resultant situation was that profitability of farming reliant on formal regulated output markets declined sharply and so did agricultural production in general.

However, Moyo and Sukume (2006) observed that in addition to legislated monopoly in grain markets, government actions in the transport sector also negatively impacted on the efficiency of input and output movements, leading to significant negative impacts on grower viability. The under-capitalisation of the National Railways of Zimbabwe (NRZ) negatively affected raw material movement for input suppliers (fertilizer, stock feed manufacturers) and lowered net output prices to farmers. Fuel shortages caused by problems at state-owned National Oil Company of Zimbabwe (NOCZIM), and foreign currency shortages, also had significant effects on all actors in the agricultural industry with adverse effects on farm returns. Even the effort by the government to supply the agricultural sector with subsidised fuel could not improve the fuel availability situation in the sector due to corruption. Some of the scheme beneficiaries diverted the subsidised fuel to the parallel market as it ‘economically made sense’ for them to sell the fuel on the parallel market than to use it for agricultural operations. The results were evident in delays in the land preparation and reductions in cropped areas for major crops.

## **The macroeconomic situation**

Since the onset of the deepening economic and social decline in 1997, Zimbabwe’s GDP declined by –37 percent between 1998 and 2006 and the GDP growth suffered a decline from 0 percent in 1998 to –4.8 percent in 2000 and –11.9 percent in 2002 (Table 1). Overall, real GDP growth dropped by an average 5.7 percent for the period 2000 to 2006 (UNDP 2008). In order to counter the ensuing budget deficits, the government introduced a policy of suppressed interest rates in 2001, which was combined with a fixed exchange rate and a foreign currency surrender requirement on exporters. This strategy succeeded temporarily in reducing the burden of debt payments on the budget, but at huge cost to the economy as a whole (*Ibid*).

As expected, negative real interest rates encouraged ‘over-consumption’ and speculation, particularly in the foreign exchange market. The parallel exchange rate depreciated rapidly, thereby creating a lucrative margin for the few who were able to access foreign currency at the official rate and either trade it directly at its ‘real’ market value or import luxury goods for resale on the domestic market (*Ibid*). Inflationary pressures had built up from 1997, when it rose from 19 percent in that year to 56 percent by 2000, to nearly 1,000 percent by 2006, and 231 million percent by July 2008. Zimbabwe’s inflation was fundamentally caused by excess government expenditure, financed by printing of money by the RBZ in

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<sup>7</sup> The inflation rate rose from 60% in 2000 to 238% in 2005 and 231,000,000% by mid 2008 (see Table 3)

an economy where the real GDP had been declining since 1999. Money-supply growth became completely decoupled from economic growth, as it grew from 60 percent in 2000 to 24,464 percent by 2007 (Table 3). The inevitable result was continued and accelerated inflation rate.

**Table 3: Trends in selected macroeconomic variables**

Indicator	GDP Growth (%)	Inflation (%)	Money Supply (M3) Growth Rate (%)	Exchange Rate (US\$1: ZW\$)
2000	-4.8	55.9	59.9	55
2001	-8.5	71.9	102.7	55
2002	-11.9	126.9	164.8	55
2003	-10.6	365.7	413.5	824
2004	-4.2	350	222.6	5,730
2005	-7.7	237.9	520	77,970
2006 <sup>8</sup>	-4.6	948.2	1416.5	162
2007	-2.8	7,689.3	24,463.6	17,563
2008 <sup>9</sup>		231,000,000		3,000,000,000,000

Source: AIAS database

## Agricultural markets in newly resettled areas

Zimbabwe has had a long history of trying different marketing strategies ranging from government-regulated to free market systems, all aimed at developing new markets and improving farmers' livelihoods (Muir-Leresche and Muchopa 2006). The marketing of agricultural commodities and production inputs has been characterised by partial and/or full government intervention, commodity shortages on the formal market and the subsequent emergence and proliferation of a 'second economy' running parallel to the official economy. Input markets have been characterised by shortages as demand outstripped supply due to acquisition of most seed producing LSCF farms during the FTLRP and shortage of foreign currency which affected capacity utilisation in agro-industries that rely on imported raw materials, particularly the fertilizer industry as well as fuel imports. All this happened on the backdrop of the economic meltdown and increased landholders/farmers.

Output markets, on the other hand, have been characterised by an unattractive produce pricing system attributable to state controls and the hyperinflationary environment that prevailed. Farmers had to resort to other unconventional marketing channels to access inputs and obtain better returns from their produce. The result had been reduced produce marketing through formal marketing channels and increased dependence on informal markets characterised by complex commodity chains and multiple actors, in which commodity exchange processes are based social capital and networks as well as trust and 'embeddedness'<sup>10</sup>.

<sup>8</sup> Three zeros were slashed from the currency by the central bank

<sup>9</sup> Further 10 zeros were also removed

<sup>10</sup> The degree to which individuals are enmeshed in a social network

## Input markets

Prior to the shift in the agrarian economy, farmers used to access their agricultural inputs using own means from agro-dealers and retail outlets. Government input assistance programmes only surfaced in years of crop failure as a result of droughts, mainly targeting vulnerable rural households. The GoZ's presence on the inputs delivery front gained momentum during the implementation of the FTLRP after realisation of the need to support the expanded farming household base, most of whom lacked adequate resources to undertake meaningful farm production. The GoZ intervened through a number of programmes<sup>11</sup> aimed at filling the gap created by exodus of donor/NGO and private sector finance from the agricultural sector (Gono 2008; RBZ 2006)<sup>12</sup>. The deterioration in performance of various economic sectors piled pressure on the GoZ to intervene with various sector-specific financial packages. As such, the agricultural sector's share of support from the state continued to diminish instead of increasing to match with the increasing farm holdings base (Pazvakavambwa 2009). Consequently, the GoZ's inputs support programmes failed to make the intended impact as most intended beneficiaries failed to access inputs from these programmes.

Private sector's participation in the primary production of agricultural commodities through input packs, finance and technical support provision (contract farming) was encouraged by the need to secure adequate raw materials for own agro-industrial operations. Agribusinesses realised the need to enter into contracts with and support farmers to grow certain hectares or produce agreed tonnages of particular crop commodities in order for them to have guaranteed supplies of their raw material requirements. The phenomenon gained momentum during the FTLRP era as commodity shortages intensified due to declining production across all major crops. The levels of support rendered to the farmer differed according to the specifications of the contract and type of crop supported with both partial and full support packages being provided. However, private sector support to the newly resettled farmers has been very minimal due to the politics of property rights and tenure security issues. Major crops supported by the private sector through contract farming include cash crops such as tobacco (merchants), cotton and soyabeans (merchants, ginners, oil processors and stock feed manufacturers) and industrial cereals such as barley and sorghum (beer brewing companies), as well as wheat and maize (millers, bakeries, confectioneries and stock-feed manufacturers).

The NGO and donor input support programmes intensified as a result of the increase in the number of vulnerable households owing to the economic hardship and droughts. These NGO/donor programmes, which are rendered as emergency relief aid, mainly support the production of staple cereal food crops such as maize and small grains. The programmes sometimes take a development dimension whereby inputs support is rendered through conducting of trials for advancing certain agricultural technologies. Interestingly, these NGO/donor interventions have discriminated against the newly resettled farmers, choosing instead to target existing and former farm workers although a lot of vulnerable households existed among the new farmers, particularly among the A1s.

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<sup>11</sup> Including the Crop and Livestock Inputs Credit Scheme (CLICS) which fell under the Public Sector Investment Program (PSIP), Productive Sector Facility (PSF), Agricultural Sector Productivity Enhancement Facility (ASPEF), Farm Mechanisation Programme (FMP), Operation Maguta and Champion Farmer programmes.

<sup>12</sup> The IMF and World Bank suspended disbursements in 2000 and the proportion of commercial bank loans to the agricultural sector declined from a peak of 91% in 1999 to 14% in 2000. The proportion remained around this level until in 2005, when it rose to 24% (RBZ 2006).

## Access to crop inputs by land reform beneficiaries

The majority of the newly resettled households obtained agricultural inputs through own purchase from various sources in the open market. A limited number of households sourced their inputs through support schemes run by the government, private sector and donor/NGOs. Results presented below reflect the situation as it obtained in the 2005/06 season but this period only marked the beginning of the shift in the agrarian economy towards greater participation along agricultural commodity value chains by a wide range of actors.

### Seeds

Agricultural seeds for crop production in the newly resettled areas (NRAs) have been mostly accessible through input support schemes as indicated by 32.3 percent of the households (30.5% under Government, 1% under private sector and 0.8% under NGO/donors) in 2005/6 (Table 4). However, farmers' own purchases from the open market have remained the major channel for the remainder of the households (67.7%). The proportion of A1 households which sourced seeds from the government input schemes (32.7%) was higher than that of A2 households (20.4%). Despite showing heavy and increased presence in the agricultural sector, private sector (contract farming) and NGO/donor (relief aid) input support schemes' contribution towards seeds availability for farmers in the NRAs was marginal (1% and 0.8% respectively).

**Table 4: Sources of seeds in NRAs by resettlement model**

Source	A1		A2		Total	
	No.	%	No.	%	No.	%
Government	611	32.7	83	20.4	694	30.5
Private sector	17	0.9	6	1.5	23	1.0
NGOs and donors	18	1.0	1	0.2	19	0.8
Own purchase	1223	65.4	317	77.9	1540	67.7
<b>Total</b>	<b>1869</b>	<b>100.0</b>	<b>407</b>	<b>100.0</b>	<b>2276</b>	<b>100.0</b>

Source: AIAS 2005/06 Household Baseline Survey. \*Multiple response analysis

Analysing by district, Chipinge had the highest proportion of seed beneficiaries under the government input credit scheme with almost 50.0 percent of the households, whilst Chiredzi had the lowest proportion of merely 9.1% of the households (Table 5). While all the six districts had at least 9 percent of land beneficiaries receiving inputs under the government scheme, Chipinge and Mangwe districts had virtually no access to private sector and NGO/donor seed inputs support. Access to crop seeds through own purchase was highest in Chiredzi district (88.5%) and lowest in Chipinge (50.1%). The little private sector seed inputs support rendered only covered Zvimba (2.5%), Goromonzi (1.3%) and Kwekwe (0.8%) districts while NGO/donor assistance mainly covered districts in the low potential areas (2.4% in Chiredzi and 2.3% in Kwekwe).

**Table 5: Sources of seed inputs in NRAs by district**

Source	Chipinge		Chiredzi		Goromonzi		Kwekwe		Mangwe		Zvimba		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Government	173	49.9	19	9.1	135	18.1	195	40.4	34	26.4	138	38.1	694	30.5
Private sector	-	-	-	-	10	1.3	4	0.8	-	-	9	2.5	23	1.0
NGOs and donors	-	-	5	2.4	1	0.1	11	2.3	-	-	2	0.6	19	0.8
Own purchase	174	50.1	184	88.5	601	80.5	273	56.5	95	73.6	213	58.8	1540	67.7
<b>Total</b>	<b>347</b>	<b>100.0</b>	<b>208</b>	<b>100.0</b>	<b>747</b>	<b>100.0</b>	<b>483</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>362</b>	<b>100.0</b>	<b>2276</b>	<b>100.0</b>

Source: AIAS 2005/06 Household Baseline Survey \*Multiple response analysis

The preceding analysis has shown that the major channel of sourcing crop production seeds used by both A1 and A2 farmers was through own purchase from the open market followed by handouts from the government inputs support schemes. Other sources such as NGOs/donors and the private sector made insignificantly low contributions as sources of crop seed inputs in NRAs.

### *Fertilizers*

When compared to seeds, there was generally a larger proportion of households accessing fertilizers from the open market through private purchase. This is because subsidised fertilizer inputs from the government schemes were in short supply and rampant corruption<sup>13</sup> in their distribution rendered distribution very uneven. Only 12.0% of the newly resettled households sourced fertilizers from the government input schemes, whilst 86.9% accessed from the open market<sup>14</sup> and the remainder from private sector input schemes (Table 6). The proportion of A2 households (13.8%) which accessed fertilizers from the government input schemes was slightly higher than that of A1 households (11.6%). This was despite the fact that the intended or target beneficiaries of these government input schemes were smallholder farmers including A1 beneficiaries. The A2 beneficiaries were required to indicate, during the land allocation application process, proof of availability of own means of production, which proof would disqualify them from consideration for Government input support. However, this was subverted and the A2s dominated to the extent that at the height of economic crisis in 2008, the Champion Farmer programme discriminated against most smallholders. Even intervention of the RBZ with its quasi-fiscal activities also exhibited low reach of smallholders and bias towards big farmers (Sukume 2008).

**Table 6: Source of fertilizers by resettlement model**

Source of fertilizers	A1		A2		Total	
	No.	%	No.	%	No.	%
Government	215	11.6	56	13.8	271	12.0
Private sector	20	1.1	7	1.7	27	1.2
Own purchase	1625	87.4	344	84.5	1969	86.9
<b>Total</b>	<b>1860</b>	<b>100.0</b>	<b>407</b>	<b>100.0</b>	<b>2267</b>	<b>100.0</b>

Source: AIAS 2005/06 Household Baseline Survey \*Multiple response analysis

<sup>13</sup> There were numerous reports of fertilizer hoarding by those that were 'well connected' and subsequent diversion to the parallel market where exorbitant prices were charged.

<sup>14</sup> This channel includes such sources as retail outlets, parallel market and cross-border imports from neighbouring countries (mainly South Africa and Mozambique).



Similar to the situation obtaining under seeds, Chipinge District had the highest proportion of land beneficiary households (30.6%) accessing fertilizers under the Government input credit schemes while Chiredzi District had the lowest (0.5%). Besides Zvimba District, where 23.4% of the beneficiaries obtained fertilizers from the Government input schemes, the proportions of beneficiaries in the remaining districts ranged from 2.3% to 7.1% (Table 7). The private sector's contribution was marginally low (1.2%) and only covered Goromonzi (0.7%), Kwekwe (0.4%) and Zvimba (5.5%) while the NGO and donors supported none. This pattern testifies to general perception that these two sectors had about the credibility of the land reform programme and security of tenure for the new farmers. The private sector's skepticism is understandable given the fact the land itself had lost value to be considered a credible form of collateral against which credit could be pledged. As for the NGOs and donors, most of their funding came from the Western world which had discredited and disregarded the land reform programme and therefore would not want their money put to 'waste'.

**Table 7: Sources of fertilizer by district of study\***

Source of fertilisers	Chipinge		Chiredzi		Goromonzi		Kwekwe		Mangwe		Zvimba		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Government	107	30.6	1	0.5	41	5.5	34	7.1	2	2.3	85	23.4	271	12.0
Private sector	-	-	-	-	5	0.7	2	0.4	-	-	20	5.5	27	1.2
NGOs and donors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Own purchase	243	69.4	206	99.5	696	93.8	440	92.4	126	97.7	258	71.1	1969	86.9
<b>Total</b>	<b>350</b>	<b>100</b>	<b>207</b>	<b>100</b>	<b>742</b>	<b>100</b>	<b>476</b>	<b>100</b>	<b>129</b>	<b>100</b>	<b>363</b>	<b>100</b>	<b>2267</b>	<b>100</b>

Source: AIAS 2005/06 Household Baseline Survey \*Multiple response analysis

There is sufficient evidence that farmers' own purchase from the open market has been the major channel of fertilizer inputs access by the newly resettled farmers (at least 84% within each resettlement model and at least 69% in each of the districts) while government and private sector efforts weighed in lightly with little impact. Donor and NGO programmes failed altogether to supply any fertilizers in the NRAs. The pattern, however, shows more A1 farmers relying on own purchases than their A2 counterparts who dominated in accessing the Government and private sector fertilizer supply programmes. This is a clear reflection of diversion of input schemes from the intended beneficiaries to the elite. The hyperinflationary environment which prevailed effectively rendered the credit schemes 'free distributions' since the amounts to be paid at the time of loan repayment would have been severely eroded by inflation.

### *Agrochemicals*

Agro-chemicals were sourced through own means of purchase from the open market by over 96.0% of the land beneficiaries, whilst the government and private sector input schemes catered for the remainder of the households (Table 8). Little delivery was achieved by the government programmes in making agrochemicals available to the land beneficiaries as evidenced by the fact that merely 2.1 percent of the households accessed agrochemicals supplied by government. The majority of them were A2 beneficiaries (3.9%) compared to 1.7% benefitting as A1 farmers. The private sector's contribution as a source of agrochemicals was marginally low (1.5%).

**Table 8: Sources of agro-chemicals by resettlement model**

Source of agro-chemicals	A1		A2		Total	
	No.	%	No.	%	No.	%
Government	31	1.7	16	3.9	47	2.1
Private sector	29	1.6	4	1.0	33	1.5
NGOs and donors	-	-	-	-	-	-
Own purchase	1776	96.7	386	95.1	2162	96.4
<b>Total</b>	<b>1836</b>	<b>100.0</b>	<b>406</b>	<b>100.0</b>	<b>2242</b>	<b>100.0</b>

Source: AIAS 2005/06 Household Baseline Survey \*Multiple response analysis

Zvimba district had the highest number of agrochemical beneficiaries of Government and private sector input programmes with 5.1% and 4.8% respectively (Table 9). Despite its limited impact, the government agrochemical input support programme was accessed in all the six districts. However, more than 90% of the land beneficiaries across all the six districts sourced agrochemicals from the open market using own resources with Mangwe district recording almost 100%. Zvimba district recorded the least proportion (90.1%) of beneficiaries purchasing agrochemicals using own means owing to the slightly higher proportion that had benefited under the Government and private sector interventions.

**Table 9: Sources of agro-chemicals by district of study**

Source of agrochemicals	Chipinge		Chiredzi		Goromonzi		Kwekwe		Mangwe		Zvimba		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Government	14	4.0	2	1.0	5	0.7	7	1.5	1	0.8	18	5.1	47	2.1
Private sector	-	-	4	2.0	3	0.4	9	1.9	-	-	17	4.8	33	1.5
Own purchase	334	96.0	199	97.1	725	98.9	458	96.6	125	99.2	321	90.1	2162	96.4
<b>Total</b>	<b>348</b>	<b>100</b>	<b>205</b>	<b>100</b>	<b>733</b>	<b>100</b>	<b>474</b>	<b>100</b>	<b>126</b>	<b>100</b>	<b>356</b>	<b>100</b>	<b>2242</b>	<b>100</b>

Source: AIAS 2005/06 Household Baseline Survey

The new farmers relied almost entirely on purchasing agrochemicals from the open market. Government programmes mainly prioritise seeds and fertilizer inputs delivery with little emphasis on agrochemicals. The low prevalence of input support schemes in the delivery of agrochemicals indicates that these are not prioritised as much as seed and fertilizers by input support schemes during crises. They are considered as 'luxury' goods which the farmers can source by themselves.

#### *Livestock based inputs*

Contrary to the situation obtaining within the crops subsector, livestock based external inputs were almost entirely sourced through farmers' own purchase in the open market (99.2%). Less than 1.0% of the households in the NRAs had sourced their stock feeds and/or veterinary requirements through the Government livestock input scheme (Table 10). This is not surprising because the GoZ's support to the livestock sector was biased towards infrastructure development and rehabilitation (such as dip tank construction and repairs), provision of dipping chemicals to communal dip tanks, provision of funds for national herd rebuilding/restocking as well as fighting livestock pests and disease outbreaks.

**Table 10: Sources of livestock inputs by resettlement model**

Type of inputs	Source of livestock inputs	A1		A2		Total	
		No.	%	No.	%	No.	%
Stockfeeds	Government	16	0.9	1	0.3	17	0.8
	Private sector	-	-	-	-	-	-
	NGOs and donors	-	-	-	-	-	-
	Own purchase	1861	99.1	375	99.7	2236	99.2
	<b>Total</b>	<b>1877</b>	<b>100.0</b>	<b>376</b>	<b>100.0</b>	<b>2253</b>	<b>100.0</b>
Veterinary chemicals	Government	8	0.4	-	-	8	.04
	Private sector	-	-	-	-	-	-
	NGOs and donors	1	0.1	-	-	1	-
	Own purchase	1880	99.5	365	100.0	2245	100.0
	<b>Total</b>	<b>1889</b>	<b>100.0</b>	<b>365</b>	<b>100.0</b>	<b>2254</b>	<b>100.0</b>

Source: AIAS 2005/06 Household Baseline Survey \*Multiple response analysis

Veterinary drugs that were made available through the government programme were meant for free distribution to farmers through the Veterinary Department's district and ward officers. These vet officers were to make these medicines available to farmers (supposedly free of charge) upon request and in the event of signs and symptoms of animal disease having been reported. These district and ward offices continued to receive diminishing stocks of these drugs as the government failed to raise adequate funds. This left the district and ward offices with the task of recommending vaccines for farmers to purchase 'elsewhere' in the event of animals falling sick. In some cases, the poorly remunerated vet officers resorted to unlawfully selling of the little available vaccines to farmers as a way of compensating for the poor remuneration.

To sum up on the input access situation, it is worth noting that inputs markets have been highly political; there has been targeting bias towards the large-scale A2 sub-sector, proportionately, over the A1s by government input schemes in clear subversion of programme/scheme objectives of merely targeting smallholders. This provides clear evidence of inputs diversion and capture by the elite through political patronage and corruption. There is a general skewed geographical distribution of the inputs which cannot necessarily be explained by agro-ecological potential but most probably having much to do with politics. Supply of inputs in the NRAs remain a highly political issue as NGOs and private sector continue boycotting servicing these areas leaving government programmes to dominate input support. Consequently, farmers' own purchase through informal private markets which exhibit entirely different characteristics from the old agro-dealer network emerged as the dominant source of inputs. This followed failure of credit/loan schemes to sustain inputs deliveries due to the hyperinflationary environment that prevailed which rendered most transactions to be cash-based. An important source of inputs, particularly seed and veterinary drugs, not mentioned has been informal cross border trading. Cross border trading has been rife in Zimbabwe during the FTLRP era due to the general economic hardship. The inputs have been brought from neighbouring countries by the farmers themselves, their relatives or entrepreneurs who saw the opportunity created by shortages on the domestic markets. These supplies were either sold in foreign currency or at a premium in local currency, however, illegally as dealing in foreign currency was a criminal offence. The political nature of input markets has had major consequences on the way agricultural production has performed in the NRAs.

## Agricultural Output Markets

### *Crop based output markets*

Government's agricultural commodity marketing regulations compelled farmers to sell specified commodities through designated channels such as the GMB in the case of maize and wheat. The GoZ also resorted to producer price setting and even introduced price controls on the final products such as maize meal, cooking oil, sugar, and oil. This intervention in the commodity value chain through price controls had serious ramifications on the pricing system of most crops including those oilseed and cash crops that used to have producer prices determined by the free market forces. Agro-industrial dealers passed on the burden to the primary producers (farmers) by colluding to pay less in an effort to maintain their profit margins. The trickle down effects were so strong that farmers in turn responded by cutting on production of all affected crops and either diversified into other non controlled commodities or quit altogether.

As shown in Table 11 below, the sale of main food crop commodities by A1 farmers, particularly the controlled staple cereals, has mainly been done through the GMB (52.5% for maize and 73.8% for wheat) in accordance with the law while 41.0 percent and 23.0 percent of the households, for maize and wheat respectively, decided not to market their commodities. The trend is almost similar to that obtaining in the A2 sector as 58.4% and 87.5% chose to market their maize and wheat respectively through the GMB while 37.3% and 12.5% respectively decided not to market their maize and wheat through any marketing channel. The non-marketing of the controlled commodities in this case can also be explained by either low production sufficient only (or even insufficient) to cover household requirements or concealing the reality of marketing through informal channels due to the illegality associated with the practice.

Production of small grains (sorghum and millets) was undertaken by only 5.5% of A2 farmers and none of these farmers sold their small grain produce through any marketing channel meaning that the entire production was spared for household or on-farm consumption. Retention and/or non marketing was also high for edible beans and groundnuts with 43.3% and 71.0% of A1 farmers respectively not selling their beans and groundnuts while in the A2 sector, complete retention was by 45.9% and 80% of the farmers for edible beans and groundnuts respectively. Marketing of edible beans was mainly done through the GMB (25.4% A1 and 21.6% A2) and local area channels (23.9% A1 and 21.6% A2). Fewer of the resettled farmers (5.5% A1 and 6.7% A2) sold their groundnuts through the GMB while slightly more (20.8% A1 and 10% A2) farmers marketed their groundnuts through the local area channels (Table 11).

**Table 11: Marketing channels of major food crops**

Model Type	Type of crop	No. of producers		Marketing channel							
		No	%	GMB		Local area		Other <sup>15</sup>		No marketing	
				No.	%	No.	%	No.	%	No.	%
<b>Main foods</b>											
A1	Maize	1480	89.6	777	52.5	85	5.7	11	0.7	607	41.0
	Wheat	61	3.7	45	73.8	2	3.3	-	-	14	23.0
	Small grains	-	-	-	-	-	-	-	-	-	-
	Edible dry beans	67	4.1	17	25.4	16	23.9	5	7.5	29	43.3
	Groundnuts	403	24.4	22	5.5	84	20.8	11	2.7	286	71.0
A2	Maize	303	69.2	177	58.4	7	2.3	6	2.0	113	37.3
	Wheat	24	5.5	21	87.5	-	-	-	-	3	12.5
	Small grains	24	5.5	-	-	-	-	-	-	24	100.0
	Edible dry beans	37	8.4	8	21.6	8	21.6	4	10.8	17	45.9
	Groundnuts	30	6.8	2	6.7	3	10.0	1	3.3	24	80.0

Source: AIAS 2005/06 Household Baseline Survey

Oilseed crops (soyabeans and sunflower) were produced by 5.5% and 2.3% respectively of A1 land reform beneficiaries. Of these, 39.6% and 7.9% respectively did not market their produce while those that marketed did so through a wide array of channels. The GMB was the most common channel used by 35.2% and 50% of A1 soyabeans and sunflower producers respectively. Selling within the local area was done by 16.5% of A1 soyabean farmers and 10.5% of sunflower producers while marketing through private agribusiness entities was done by 3.3% and 23.7% respectively (Table 12). Traditional cash (key export) crops were being produced by very few A1 land reform beneficiaries (about 5% each of cotton and tobacco) and during the 2005/06 season, 9.8 percent of these A1 cotton growers and nearly a third (32.9%) of tobacco growers could not market their produce. The farmers might have withheld their crops in protest against unfavourable prices as has been the case for tobacco during the 2007/08 season when over 25 million kg tobacco is believed to have been withheld in protest against the overvalued exchange rate (RBZ 2009). The majority of the A1 cotton (85.4%) and tobacco (50.6%) producers marketed through private agribusinesses.

<sup>15</sup> Includes middlemen, export, agro-processors, private companies and the nearest town

**Table 12: Marketing channels for oilseed and key export crops**

Model Type	Type of crop	No. of producers		Marketing channel									
		No	%	GMB		Local area		Private Agribusiness <sup>16</sup>		Other <sup>17</sup>		No marketing	
				No.	%	No.	%	No.	%	No.	%	No.	%
A1	<b>Oil seeds</b>												
	Soyabeans	91	5.5	32	35.2	15	16.5	3	3.3	5	5.6	36	39.6
	Sunflower	38	2.3	19	50.0	4	10.5	9	23.7	3	7.9	3	7.9
	<b>Key exports</b>												
	Cotton	82	5.0	-	-	3	3.6	70	85.4	1	1.2	8	9.8
	Tobacco	79	4.8	-	-	4	5.1	40	50.6	9	11.4	26	32.9
A2	<b>Oil seeds</b>												
	Soyabeans	46	10.5	26	56.5	5	10.9	-	-	5	10.8	10	21.7
	Sunflower	8	1.8	3	37.5	1	12.5	2	25.0	-	-	1	12.5
	<b>Key exports</b>												
	Cotton	5	1.1	-	-	-	-	3	60.0	-	-	2	40.0
	Tobacco	18	4.1	-	-	1	5.6	11	61.1	2	11.1	4	22.2

Source: AIAS 2005/06 Household Baseline Survey

In the A2 sub-sector, the GMB remained the most used channel for marketing the oilseed crops with 56.5 percent and 37.5 percent respectively of soyabean and sunflower farmers marketing through it. Key export crops (tobacco and cotton) are marketed by over 60 percent of their A2 producers through private agribusiness companies outside the production areas. Surprisingly, 40 percent and 22.2 percent of the A2 cotton and tobacco producers respectively could not market their produce through any of the available channels. The low prices that were being offered on the market could have prompted the farmers to withhold their produce and wait until such a time when prices improve.

### *Livestock and livestock products marketing*

Livestock production remains a major component of agriculture in Zimbabwe undertaken in all farming areas. The major livestock enterprises undertaken in Zimbabwe include beef and dairy cattle, poultry, pigs, small ruminants and ostriches. Livestock production remains an important agricultural land use in the semi-arid areas, particularly in NR IV and V, and the peri-urban areas where dairy cattle and small livestock (chicken, pigs, goats and sheep) are prevalent. Approximately 95 percent of farm operation in the smallholder sector is dependent on cattle-based draught power (Hamudikuwanda and Kaziboni 2003).

In Zimbabwe, meat and milk industries have largely been dominated by the large-scale commercial farming sector. Despite efforts by the GoZ to encourage significant smallholder farmer participation in the livestock market (to sell their livestock and livestock products), off-take from this sector has largely remained very low (Sibanda and Khombe 2006). Beef and dairy cattle populations were significantly affected by the FTLRP since they were part of the mainstay of the displaced white commercial farmers' activities. The changed agrarian landscape has provided vast opportunities and land resources for greater participation by indigenous farmers in meat and milk production, processing and marketing. The

<sup>16</sup> Agro-processors and contracting private companies

<sup>17</sup> Middlemen, agro-dealers, export and nearest town

emerging livestock commodity chain is characterised by a marketing system with many more players<sup>18</sup>, particularly intermediaries of different sorts (Mavedzenge *et al.* 2006). A plethora of many other buyers have entered the fray, joining the large abattoirs and the CSC thereby providing an enormous array of different alternative arrangements, depending on highly particular local circumstances. The diversity and dynamism of the new players' business has been a far cry from the formalised, organized marketing channels of the past which have become either absent or much less evident (*Ibid*).

### *Localised Marketing*

A necessary growth in local economic activity has occurred as a result of both push (failure of formal markets) and pull (increasing local demand) factors resulting in new circuits of economic interaction that are not mediated through the state or parastatal authorities. High transaction costs associated with marketing through the formal and usually distant markets coupled with unattractive prices and delays in payments, in the cases of such crops as maize when marketed through the GMB, prompted the farmers to look for alternative marketing relationships and channels. Farmer-to-farmer marketing phenomenon was recorded in all the districts save for Zvimba, with 44.2% of the farmers indicating that they sold part of their produce to fellow farmers within the same locality<sup>19</sup>. The phenomenon was most prevalent in Chipinge where 82.7% accessed the market for their commodities through other farmers followed by Chiredzi (50%), Mangwe (33.3%), Goromonzi (19.7%) and Kwekwe (5.5%). Other channels used by the farmers include agro-processing companies (12.6%), urban areas (17.1%), agricultural exhibition shows (1.5%), GMB (8.5%), private buyers (7.4%) and other channels (9.7%) such as exports, black market and gold panners (Table 13). Marketing through urban areas was recorded most in Goromonzi (50.8%) followed by Kwekwe (12.7%) mainly due to their proximity to popular urban produce markets like Mbare Musika in the case of Goromonzi.

All the marketing channels are used by both A1 and A2 farmers with local farmers providing the greatest marketing opportunities for 41.3 percent of A1 beneficiaries and 59.1 percent of A2 settlers (44.2% on average). The least used local marketing channel is through agricultural exhibition shows (1.5%) and is merely used by 1.8 percent of A1 beneficiaries (Table 14). Urban areas (nearest town and Mbare Musika) were used by 17.1 percent of the new land beneficiaries while agro-processing companies were preferred by 12.6 percent of the new farmers. An interesting phenomenon has emerged where those farmers selling through other informal channels such as the black market, gold panning areas, across the border and direct to consumers (8.6%) almost equal those selling through the GMB (8.6%).

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<sup>18</sup> Including speculators, agents, ranchers, fatteners, local slaughter/butcheries and private abattoirs

<sup>19</sup> This could be part of the retention concealed/withheld from the formal market such as the GMB. The farmers could only sell a small proportion through the GMB, for instance, to be seen to be complying with regulations and also to remain creditworthy for government input programmes administered through the GMB.

**Table 13: Marketing Channels by District**

District	Marketing Channel														Total	
	Local Farmers <sup>20</sup>		Agro-processing company. <sup>21</sup>		Urban Areas <sup>22</sup>		Agricultural shows		GMB		Private buyers		Other <sup>23</sup>			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Chipinge	91	82.7	5	4.6	2	1.8	0	0.0	0	0.0	0	0.0	12	10.9	<b>110</b>	<b>100</b>
Chiredzi	10	50.0	4	20.0	6	30.0	0	0.0	0	0.0	0	0.0	0	0.0	<b>20</b>	<b>100</b>
Goromonzi	12	19.7	0	0	31	50.8	4	6.6	9	14.8	0	0.0	5	8.2	<b>61</b>	<b>100</b>
Kwekwe	3	5.5	21	38.2	7	12.7	0	0.0	9	16.4	12	21.8	6	10.9	<b>55</b>	<b>100</b>
Mangwe	3	33.3	0	0.0	0	0.0	0	0.0	5	55.6	1	11.1	0	0.0	<b>9</b>	<b>100</b>
Zvimba	0	0.0	4	28.6	0	0.0	0	0.0	0	0.0	7	50.0	3	21.4	<b>14</b>	<b>100</b>
<b>Total</b>	<b>119</b>	<b>44.2</b>	<b>34</b>	<b>12.6</b>	<b>46</b>	<b>17.1</b>	<b>4</b>	<b>1.5</b>	<b>23</b>	<b>8.6</b>	<b>20</b>	<b>7.4</b>	<b>26</b>	<b>9.7</b>	<b>269</b>	<b>100</b>

Source: AIAS 2005/06 Household Baseline Survey

**Table 14: Marketing Channels by Model Type**

Model type	Marketing Channel														Total	
	Local farmers		Agro-processing company		Urban areas		Agricultural shows		GMB		Private buyers		Other			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
A1	93	41.33	28	12.44	42	18.66	4	1.78	22	9.78	16	7.11	20	8.88	<b>225</b>	<b>100</b>
A2	26	59.08	6	13.63	4	9.09	0	0	1	2.27	4	9.09	3	6.82	<b>44</b>	<b>100</b>
<b>Total</b>	<b>119</b>	<b>44.23</b>	<b>34</b>	<b>12.63</b>	<b>46</b>	<b>17.1</b>	<b>4</b>	<b>1.49</b>	<b>23</b>	<b>8.55</b>	<b>20</b>	<b>7.43</b>	<b>23</b>	<b>8.56</b>	<b>269</b>	<b>100</b>

Source: AIAS 2005/06 Household Baseline Survey

<sup>20</sup> LSC, A1 and A2 farmers resident within the same area

<sup>21</sup> Tea, coffee, sugar, and oilseed processing companies

<sup>22</sup> Nearest town and Mbare musika

<sup>23</sup> Gold panners, black market, cross border, direct customers and prisons



The choice for a particular marketing channel by a farmer is based on perceptions that the farmer has over that particular channel. While the newly resettled farmers have different perceptions over the local marketing channels, 84.5 percent perceive the emerging markets are favourable with most of the A2 farmers (91.3%) suggesting that the localised markets have more advantages than disadvantages. Specific factors considered by the farmers before marketing their produce included flexibility of the marketing channel, transaction costs involved, payment arrangements, accessibility, dependability and prices offered. The local marketing channels are generally flexible to the extent that even small produce quantities for some commodities that may not be accepted by the conventional markets are exchanged. In most cases, transaction costs (including transport costs) are minimised since the buyers come and transact within the local area. The transactions are usually 'cash on demand' based with prompt payment upon delivery and prices are negotiated rather than imposed.

Of the 15.5% who perceive the local marketing channels as unfavourable, 20.4 percent of the A1 and 8.7 percent of A2 farmers think that the new marketing channels have more disadvantages than they have advantages (Table 15). The unfavourable attributes associated with these types of markets which make them dislikable by some of the farmers include their smallness, having limited capacity to absorb huge quantities of produce. These markets shrouded with huge uncertainties and lack of consistency in their operations rendering proper planning and informed decision making by the farmers a daunting task. Their nature gives room for opportunists and speculators, some of whom are bent on exploiting the farmers through manipulation of information and taking advantage of the farmers' desperate situations, for instance, by negotiating the produce price downwards through manipulation of the grading system.

**Table 15: Farmer perception of the new marketing channel by model**

Model type	Characteristic				Total	
	Favourable		Unfavourable			
	No.	%	No.	%	No.	%
A1	164	79.57	42	20.37	206	100
A2	42	91.26	4	8.68	46	100
<b>Total</b>	<b>206</b>	<b>84.5</b>	<b>46</b>	<b>15.5</b>	<b>252</b>	<b>100</b>

Source: AIAS 2005/06 Household Baseline Survey

Inter-district analysis reveals that all newly resettled farmers (100%) in Chiredzi, Mangwe and Zvimba perceive the new informal markets as favourable (Table 16). The highest proportion of farmers who perceive the new marketing channels as unfavourable are found in Goromonzi district (39%) followed by Chipinge (10.7%) and Kwekwe (6.8%). The pattern obtaining in Goromonzi is understandable given its proximity to the major urban markets (Mbare Musika, Harare, Ruwa, Epworth and Marondera) where a lot of middlemen have emerged owing to food shortages.

**Table 16: Farmer perception of the new marketing channel by district**

District	Farmer's perception				Total	
	Favourable		Unfavourable			
	No.	%	No.	%	No.	%
Chipinge	100	89.3	12	10.7	<b>112</b>	<b>100</b>
Chiredzi	20	100	0	0	<b>20</b>	<b>100</b>
Goromonzi	36	61.0	23	39.0	<b>59</b>	<b>100</b>
Kwekwe	41	93.2	3	6.8	<b>44</b>	<b>100</b>
Mangwe	9	100	0	0	<b>9</b>	<b>100</b>
Zvimba	8	100	0	0	<b>8</b>	<b>100</b>
<b>Total</b>	<b>214</b>	<b>84.5</b>	<b>38</b>	<b>15.5</b>	<b>252</b>	<b>100</b>

Source: AIAS 2005/06 Household Baseline Survey

## Conclusions

During the FTLRP era there has been an emergence of localised markets and commodity value chains based on different social and political relations. These 'new' markets are associated with a wide array of players and different patterns of supply and demand reflective of the emergent dynamic entrepreneurial activity (Mavedzenge et al. 2008). Agricultural production inputs have not been readily available and accessible in formal retail markets. Thus, for the majority of the newly resettled households that obtained their inputs through own purchase, the informal markets have been the major source of inputs. The Government of Zimbabwe's inputs credit schemes assisted a small proportion of the land beneficiaries. Livestock inputs (stock feeds and vaccines) were almost entirely accessed through the farmers' unassisted purchases from the open market. Inadequate supply and price controls imposed by the government on agricultural inputs meant that available supplies for the formal market were diverted to the parallel market where prices have been exorbitant. Across all the crop input categories, less than 50.0% of the households obtained the inputs from the formal retail outlets.

The hyperinflationary environment that prevailed quickly eroded the farmers' incomes thereby discouraging saving. This had serious ramifications on the purchasing power of these farmers as they had to quickly procure the inputs soon after selling their produce to retain full value of their earnings. However, there has been lack of synchronism between marketing of produce and availability of inputs. In most cases the inputs have not been readily available at the time of marketing produce. This prompted some farmers to resort to barter trading with such goods and services as livestock, implements, food, provision of labour, etc. to access the inputs from those that have been fortunate enough to access them from such sources as formal markets, government, NGO and private sector input programmes. Others had to depend on cross border traders, for their supplies of the inputs, who brought them in from neighbouring countries such as South Africa and Mozambique but these came at a higher cost and usually in foreign currency which was not readily accessible. The foreign currency was readily available on the parallel market at very 'high rates' and it was illegal to deal in foreign currency.

Output markets on the other hand were characterised by poorly coordinated government interventions at various stages of the commodity value chain. These interventions induced various degrees of distortions in the agricultural commodity marketing system. Marketing regulations compelling all cereal grain producers to sell their maize and wheat produce through the state controlled GMB impacted

negatively on grain production in the country leading to the food crises of the recent past. Controls on commodity prices worked as disincentives for the farmers to intensify production. The continued disregard of the law by the farmers through 'side-marketing' was enough evidence to show that they were not at pleasure with the regulations that existed. While the conventional formal markets remained the predominant marketing channels for agricultural commodities, some localised marketing channels seized a significant share of the market.

A significant proportion of the farmers resorted to alternative marketing channels in which there was still some room for convenient marketing of produce. Quite a number of marketing channels (most of them informal and localised) emerged within the resettlement areas as the farmers tried to get the best value out of their sweat. This saw a reduction on the proportion of farmers selling their produce through the designated marketing channels. The formal market 'boycott' was more pronounced for the major staple cereals (maize and wheat).

The markets and marketing relations that have emerged and proliferated during the FTLRP have had different impacts on the livelihoods of not only the newly resettled farmers, but the entire agricultural sector and Zimbabwe's economy in general. In the face of hyperinflationary conditions that prevailed during the FTLRP era, various measures and strategies have been devised by the farmers and other players in the agricultural sector to cushion themselves from its devastating effects. For instance, contract farming took root during this period as a way of guaranteeing agribusinesses of raw material supply in the face of declining agricultural production while at the same time guaranteeing the farmers hustle-free supply of farming inputs, finance for working capital, and markets for their produce. The newly resettled farmers could not benefit from contract farming as much as they should due to unresolved tenure security issues on the farms, a situation that scared away many corporate entities from engaging them.

The localised marketing channels that emerged as a result of the FTLRP, economic meltdown, and marketing relations fostered during the same period have brought convenience to agricultural produce marketing. Although most of the channels and transactions have been illegal according to Government policy of the day, they did influence and set the precedence for marketing and pricing policy reforms that have been adopted by the Inclusive Government of Zimbabwe (IGoZ) soon after its formation. For instance, the use of multiple foreign currency regimes in transactions is something that commenced way before establishment of the IGoZ.

The convenience associated with the new marketing systems helped the land beneficiaries survive the devastating effects of the economic meltdown of the time. The emergent marketing system brought flexibility, low transaction costs, prompt payment arrangements, enhanced accessibility, more dependability and more attractive prices compared to the rigid conventional marketing system. For instance, very flexible marketing arrangements such as transacting in small produce quantities that may not be accepted by the conventional markets are negotiable. In most cases, transaction costs (including transport costs) are minimised since the buyers come and transact within the local area. The transactions are cash based with prompt payment upon delivery and prices are negotiated rather than imposed, giving the farmer room to bargain for higher prices.

The findings of this study suggest the need to carefully examine recent agricultural marketing regulations, as well as factor inputs and produce pricing policies within the existing context with the aim of discarding old marketing arrangements which no longer suit the post FTLRP realities. As rightly pointed out in the Short Term Emergency Recovery Programme (STERP), measures to guarantee the

profitability and viability of farming revolve around the deregulation of the marketing and pricing of commodities and allowing farmers to sell freely their commodities (to whomever they want) in the open market and at market determined prices.

This move will create a conducive environment for a diverse range of players to participate in the agricultural commodity markets, thereby providing the farmers with a wide array of options (and hence convenience) in terms of marketing channels and relations through which to market their produce. This will augur well for the newly resettled farmers many of whom are located far away from designated marketing points such as GMB depots. Competition among buyers will compel them to move into the farms to purchase direct from farmers at farm gate prices, in the process cutting transaction (including transport) costs to the farmer, as is already happening in the beef sector (Mavedzenge *et al.* 2008 2006).

Where the state's involvement in the production and marketing of agricultural commodities is inevitable, it is imperative that state institutions mandated to implement the interventions are fully capacitated to enable them to expeditiously execute their mandate. Efficiency within these institutions automatically translates into convenience for the farmers through the creation of a conducive environment for their motivated participation in the production and marketing systems of agricultural commodities.

The bottom line is that, with the radical restructuring of agricultural production, there has also been inevitable radical restructuring of the markets. As difficult as it has been to reinvent the old systems of production in the post-FTLRP era, care should be taken to try not to reinvent old marketing systems. Attempts to bolster production in the NRAs through heavy-handed state interventions during the past years have resulted in a resounding failure. These have however distorted incentives and created massive opportunities for corruption and political patronage. For the future, it is crucial to look at informal systems that have evolved<sup>24</sup> and see how best they can be made to work for the benefit of the local and national economies. These 'real markets' have, however, not been adequate, and therefore, require institutional support mechanisms which should focus and improve on what is available rather than resuscitating 'old systems', with outdated regulations, value chains, infrastructures, etc. In this way, the platform for success of the land reform would have been set.

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<sup>24</sup> Often with complex intersections of farmer-led and private initiatives, sometimes illegal and on the margin, however, these have been the processes that have driven marketing

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