

FARM MANAGEMENT CHALLENGES FOR A COUNTRY IN TRANSITION: THE CASE OF ZIMBABWE

By Tavagwisa Muziri
Midlands State University, P Bag 9055, Gweru, Zimbabwe
Correspondence: tavamuziri@yahoo.co.uk, tavamuziri@gmail.com

Abstract

This study is an analysis of the challenges posed on farm management by the changes in the political, social and economic environment in Zimbabwe as it moves through its land revolution era. An extensive review of literature buttressed by interviews with major players in the agriculture sector was done on the current challenges facing farming businesses. Zimbabwe, a country that was self sufficient in most food crops and which played a major role in world exports of tobacco, cotton and beef in the 1980s, is going through the most challenging times in its farming. Major reforms have occurred in the country's agriculture since attaining independence in 1980, resulting in a major shift in land ownership from the previous white commercial farmers to majority black farmers. Regrettably though, the issue of security of land tenure has not been conclusively resolved. Long-term farm management decisions, which form the bedrock of farm sustainability and growth, are now difficult to make owing to insecure tenure. Over the transition period also, the country has suffered general economic decline, which has resulted in a substantial fall in the value of the currency, acute shortages of foreign currency, spiralling inflation, and shortage of raw materials and basic commodities. At the other extreme, the AIDS epidemic has imposed an enormous cost on the farms and institutions due to the diversion of funds to pay for health care and funeral costs, employee absenteeism, cost of recruiting and replacing staff and the loss of healthy skilled and experienced human resources. The current scenario on the farm management landscape in Zimbabwe is an epitome of what is happening and likely to happen in other African countries. This review paper examines the causes of the farm management crisis in Zimbabwe. Coming out of it is the need for both the international community and governments to create equal opportunities for trade and ensure agricultural commodities markets are accessible to all without discrimination and with fair trade terms. Continued

education of new farmers on more efficient management will be essential as well as the need to tap know how from former commercial farmers to move communal farmers from a subsistence way to a commercially orientated focus. HIV/AIDS education and treatment should be expanded and extended to all farming communities. Central to everything is the incentive that comes with security of tenure which allows farmers to own their land resources so that they are able to increase investment. Government should resolve the issue of tenure security over land resources to increase investment and stimulate growth on farms. African governments are encouraged to take seriously issues of farm management, encourage investment and growth in production as this is pivotal to attaining of food security. The international community is urged to work towards creating trade policies that raise incomes in rural economies in developing countries and level agricultural trading terms.

Keywords

Farm management, tenure; HIV/ AIDS; trade, education

1.0 INTRODUCTION

In Zimbabwe, agriculture provides employment and income for 70% of the population, together with 60% of the raw materials required by the industrial sector. (UN, 2006). The sector earns more than 60% of the country's total foreign currency earnings annually, contributing between 15% and 19% to annual GDP depending on the rainfall pattern (Makamure, Muzuwa, and Jowa, 2001).

Since the government launched its fast track land reform programme in 2000, Zimbabwe's economy has gone into freefall (UN, 2006). This has been characterized by soaring inflation of 1560% as of January 2007 (Herald, 2007). The combination of erratic rainfall, the drop in commercial maize production due to the land reform programme, the government monopoly on cereal imports and local trading and the HIV/ AIDS pandemic have stripped Zimbabwe of its former status as Southern Africa's breadbasket. This compounded with unequal trade terms with developing countries under the banners of bodies such as World Trade Organisation (WTO) and European Union (EU) have contributed to the current meltdown in the economy which has crippled the agricultural economy.

The period under review stretches from 1995 to the present. The background to this period is also described, especially the early 1990s when the country adopted the landmark economic reforms prescribed by the Bretton Woods institutions, the World Bank and International Monetary Fund (IMF), dubbed the Economic Structural Adjustment Programme (SAP). These led to a negative turnaround in the economy which was later fuelled by the reforms in the land distribution which followed after 1995, bringing the economy to the all-time low where it is today.

2.0 METHODOLOGY

An extensive review of literature was done on the current challenges facing farming. The review was buttressed by interviews with major players in the agriculture sector, including former white farmers, supervisors, new farmers as well as people in agribusiness in the “transition period”. The study used both qualitative and quantitative analysis of the impact of challenges posed on farm management by the current political, social and economic environment in Zimbabwe as it moves through its land revolution era. Fieldwork was carried out in October 2006.

3.0 FINDINGS

3.1 Land tenure systems and their effects on farm management

Property rights are fundamental to wealth creation and secure tenures over land allows farmers to accumulate wealth, encouraging them to invest in land and to use it in a way that enhances sustainability. Throughout Africa there is an urgent need to address tenure security and to provide the land users with security which will allow them to own the land resources so that they are able to increase investment and demand accountability from their politicians and civil servants (Muir- Loreishe, 2005). The dilemma with African economies is that land has become a good with more social and political value than economic value, such that it fails to be useful in trade and the economy, thereby failing to sustain itself.

In an attempt to address the disparities that colonial governments had created in land ownership, the government of Zimbabwe set as its objective from independence in 1980 to resettle indigenous black people. However, because of the constitutional limitations (Bratton, 1994), it could not achieve all its objectives, nor adequately solve the legality of land transfers, particularly for land acquired in the fast track land reform of 1998-2003. As a result, settlements that were created are fraught with controversy as some segments

of society question their legality. Lack of clear and concrete tenure on the new landholdings puts the incumbent farmer in a difficult situation with regard to decision-making. Long term decisions which are necessary for farm survival such as irrigation development, construction of buildings and specialized plant and, most importantly for sub-Saharan Africa, long term fertility recapitalisation measures are difficult to decide when the farm owner is not sure whether he will benefit from the investments. As Muir-Loreishe points out in The Termite Strategy:

It is difficult to mobilize capital and encourage investment when resources are not treated as economic goods but as social or political privileges:

The land redistribution in Zimbabwe resulted in the emergence of two types of smallholder farmers, the A1 and A2 farmers, based on size of landholding. In both these farming communities, unlike the traditional communal holdings, unclear tenure and lack of track record in farming have created barriers to private sector credit provision (Mudimu, 2003). Thus, the new Land Acquisition Act in essence repealed the freehold tenure system which provided incentives for commercial farmers to make productive use of land by investing in yield enhancing and long term capital improvements in their farms or use it as collateral for seasonal and long term loans. Whilst the newly promulgated Land Acquisition Act (Section 16) empowered black farmers with access to land, there is as yet no proper transfer of rights to land to farmers to use it as collateral to acquire the necessary inputs for smooth running of farm operations.

Most smallholder farmers who have become the prime producers in Zimbabwe have a low marginal propensity to save owing to the difficult macroeconomic situation in the country and therefore require external or borrowed finance to kick start their farming operations. Government support through the Central Bank and the Land Bank has not only been inadequate for financing long term farm capital requirements, but also has almost always fallen short of financing farm current expenditures, which are the prime movers for lifting farm productivity. The new farmer is therefore faced with the problem of accessing adequate finance for running the farm. Meanwhile, financial institutions are

hesitant to provide funding citing high risk and others factors, and are not certain whether the farmer will be on the land for a period longer enough to be able to service the loan. The result is that the farmer has no capacity to do meaningful and productive farming owing to *inter alia* lack of inputs, lack of working capital, and insecurity on his part to start long-term productive programmes.

3.2 Land fragmentation

Zimbabwe's farming landscape was dominated by extensive crop and animal production (Viljoen, 1991). In pursuance of the land reform goals, in December 2000, Government gazetted a Structural Instrument Number 288 of 2000 in which maximum farm sizes were prescribed for all agro-ecological regions in the country (Mudimu, 2003). As a consequence of this instrument, most farms which had hitherto been operating large units were subject to immediate sub-division to comply with maximum farm size regulations, as given in Table 1 below:.

Table 1: Maximum farm size for Zimbabwe's agro ecological zones.

<u>Agro-ecological zone</u>	<u>Maximum farm size</u>
I	250
IIa	350
IIb	400
III	500
IV	1500
V	2000

Source : Mudimu, 2003.

Whilst most farms were subdivided to comply with the statutory requirement, the government also went on to resettle people on 3 to 10ha plots with communal grazing, increasing the number of people practicing subsistence farming. Changes in the scale of production necessitated by farm subdivisions have made some production processes uneconomic (Zimbabwe Catholic Bishops Conference, Evangelical Fellowship of Zimbabwe and The Zimbabwe Council of Churches, 2006). Equipment and infrastructure

that previously had been designed to work productively on large farms became obsolete, with some tobacco barns being converted to classrooms. Large tractors and combine harvesters are now underutilized, while poles from stock pens are used as firewood. Large canals, engines and combines designed to service large farms are now working on smaller farms with relatively high maintenance costs. The farmer is therefore left in a difficult position, servicing large equipment from a small land investment.

Land fragmentation has also resulted in disputes on the use of common facilities like tobacco barns and on water rights where one farmer had been using them before. The new independent farmers cannot agree and coordinate on who uses barns first as they almost always fail to coordinate and synchronise their plantings and harvesting (Meikles, 2007: personal communication).

3.3 Government policies and commitment to the farming sector

The current review examines government policies before and during the transition period. An analysis of public sector expenditure patterns in the formative years suggests that the government set low priority on investment on agricultural prime-movers, which are the engines for agricultural growth (Zimbabwe Government Technical Report, 1994). Real investment in Zimbabwe's agriculture declined from 10 percent per year from 1970 to 1981 to 6% per year from 1982 to 1986. Although total government expenditure increased in real terms in all years throughout the 1980s except in 1984 and 1985, total government budget allocated to agriculture declined on average in real terms (Zimbabwe Government Technical Report, 1994). Yet, experiences from the rest of the world, in particular in the East Asia, whose economies have been expanding significantly, show that levels of public sector investment in agricultural development ranged from 20 to 30 percent for a number of years before the economies could take off.

A review of the period between 1980 and 2000 shows that the Zimbabwean government has never been keen on policies to address food security. Strategies were based on political reactions to unfolding situations. As stated by Mudimu (2003) on the issue of food security:

“Zimbabwe has never had a clearly articulated agricultural policy nor one on food security until 2002, when it came up with the Zimbabwe Food Security and Strategy for presentation at the FAO World Food Summit, 2002.

At the instigation of the Bretton Woods Institutions, in 1991 the government of Zimbabwe introduced the Structural Adjustment Programme (SAP). The programme among other things liberalised agricultural marketing, advocated a reduction in the government’s involvement in direct investment in production, privatization of agricultural marketing and transformation of some marketing boards into private entities where government has limited shareholding, and liberalised import and export trade on some commodities (Makamure, Mazuva and Jowa, 2001). The reforms that were to take place in agriculture as a result of the SAP were not only at variance with central government’s agenda of resettling people but were also insensitive of the fact that the new farmers who would eventually be settled required more support than before. This would be needed in infrastructure development, marketing, extension advice, yet the government reduced expenditure on agriculture support. The irony of it was that the government was going to resettle people without the backup support that was crucial for the sustainability of the new settlements. There was therefore no marriage between the programme of land redistribution and economic policies meant to support it.

The transition period has been characterized by a decline in all economic fundamentals in the country resulting from among other factors trade embargoes by the EU on agricultural commodities and a reduction in foreign direct investment. There has been a stunning fiscal and monetary policy breakdown in Zimbabwe starting about the end of 1997, with inflation at 1560% in January 2007 (Herald, 2007). The downturn in the economy has led to major challenges to farm management. Spiralling inflation and shortage of foreign currency has cascaded into shortage of materials such as chemicals, spare parts and equipment necessary for farms. Shortages of raw materials such as chemicals and fertilizers have become serious impediments to the smooth running of farming operations.

3.4 Institutionalised Marketing Impediments

The period under review saw government reverting to the repressive policies common during the colonial times. As the food deficit reached precarious levels, in July 2001 the government promulgated a new grain marketing policy, the Statutory Instrument No 235A of July 16, 2001 intended to address the maize shortage and build up stocks (Mudimu, 2001). The instrument stipulated that maize, wheat and their milled products were controlled commodities, and the Grain Marketing Board (GMB) was the sole buyer and seller of maize and wheat. These grain marketing controls, fixed prices combined with late payment by the GMB in a highly inflationary environment have severely reduced realisations by grain producers.

Institutionalised monopoly by national marketing organizations which often are not expedient in disbursing funds to farmers cripple their liquidity management due to the long wait for payment. Unreliable and controlled markets have also been central to the problem of farm management in Africa and more particularly for Zimbabwe during the “transition period”. Exportable crops have also been experiencing low returns as a result of indirect taxing of products through exchange rate overvaluation, as well as from an export tax on oilseeds which cut off the positive influence of higher international prices (Zimbabwe Bishops Conference, *et al*, 2006). The farmer is challenged as his/her profitability does not depend on market forces but on the prices set by government, which are always lower than the real costs of production (considering the inflationary environment).

The cartel system of marketing, a remnant of the pre-reform scenario dominated by white commercial farmers in the production and marketing of high valued crops such as tobacco and flowers and the post- reform’s reluctance to dismantle it, has made it difficult for the new farmers to penetrate international markets. The new farmer is limited in his choice of crops by his inability to penetrate the international market for high valued crops such as flowers. Coupled with this is the distorted international agricultural trade environment which creates artificial impediments for developing country farmers.

Zimbabwe is a signatory of the World Trade Organization (WTO) and other regional and bilateral trade agreements. Although the country has an obligation to follow the statutes of these bodies, like other African countries rampant unfair trade terms have always been a major challenge to the Zimbabwean farmer. Recently, the Doha round of trade negotiations gave very little to Sub-Saharan Africa in terms of levelling of the playing field between the powerful West and the developing countries (Scheepers, 2006), leaving farmers at the mercy of highly competitive and subsidized products from developed countries.

3.5 HIV/AIDS and Labour Shortages on Farm Management.

According to recent data from FAO, AIDS has claimed the lives of about 7 million agricultural workers to date and could kill an additional 16 million (up to 26% of the agricultural labour force) in Sub-Saharan Africa by 2020. The Zimbabwe Demographic and Health Survey shows also that 18.1% of sexually active adults are infected with HIV (UN, 2006). FAO estimated that Zimbabwe lost 9.6% of its agricultural labour force by 2000 because of AIDS (Mudimu, 2003). The AIDS epidemic has thus imposed an enormous cost on the farms and institutions due to diversion of funds from investment to health care, funeral costs, absenteeism, cost of recruiting and replacing staff, loss of skilled labour and reduction of productivity due to loss of experienced human resources (FAO, 1998).

The increased morbidity and mortality of the staff of formal institutions as a result of the HIV/ AIDS impact is weakening institutional capacities through loss of skilled and unskilled staff, including experienced staff at all levels. Extension services have been affected as staff are increasingly being emasculated by the AIDS pandemic (UN, 2006). This is likely to cascade into low farm level productivity as the new crop of farmers who most need extension advice are failing to get the best from the relevant departments owing to staff turnover. At the farm level, labour intensive operations will be abandoned in favour of labour extensive operations while specialised farming will be abandoned as skilled staff are lost.

The photograph below shows an overripe crop of tobacco almost abandoned because of unavailability of labour. The causes of labour shortages in the view of a farm manager are:

“a combination of low wages shunned by workers, liberalization of the economy which has made people to be self employed and most importantly the disease”.



Insert: Photograph taken on 15/02/07, Nyazura

Fig 1 : Overripe tobacco crop

In the smallholder sector, the loss of household heads due to HIV related diseases has resulted in the emergence of child-headed households. These households have serious problems accessing credit from lending institutions as the household head is a minor. HIV / AIDS has had a devastating impact on smallholder farming as the able bodied have either been affected or are taking care of the affected. According to a survey conducted

by the Zimbabwe Farmers Union in 1997, agricultural output in communal areas declined by nearly 50% in households affected by AIDS compared to the ones not affected (UN, 2006). AIDS can insidiously erode people's morale, weakening their confidence in the future, further harming productivity and undermining their willingness to save and invest (Bereford, 2001). Where leaders become sick and pass away there is a lack of continuity or even breakdown of the initiatives they were spearheading.

4.0 CONCLUSIONS AND RECOMMENDATIONS

This review is a synthesis of the numerous challenges faced by farmers in Zimbabwe as the country moves through its land revolution era, herein referred to as the transition period. It suggests possible interventions that government, civilian society and the international community can take to return Zimbabwe farming to its status of yesteryears. Other African governments are encouraged to take a leaf from the experiences of Zimbabwe to strengthen their policy formulation and implementation for sustainability.

The need to address issues of inflation, shortage of foreign currency, and acquisition of raw materials by national governments is critical to the smooth running of farming operations. Coming out of the review also is the need for continued education of the new crop of farmers to move them from subsistence farming to commercially orientated production. The looming erosion and loss of experience and knowledge that former commercial farmers had should be nipped in the bud. National governments should expediently come up with programmes that seek to tap into this repository of knowledge and skills by mixing them with new farmers or helping the former use their knowledge for the benefit of the latter. Central to all is the incentive that comes with security of tenure from farmers owning their land resources so encouraging them to undertake investment. Governments should take seriously the issue of farm management, encourage investment and growth in the farming business as this is pivotal to attaining of food security; a prerequisite for a secure country.

HIV/AIDS education and treatment should be expanded and extended to all farming communities. The international community and multilateral bodies that seek to control trade in agriculture should implement policies that are sensitive to and promote growth of agriculture in developing countries, create equal opportunities for trade, and open up agricultural commodities markets that are accessible to all without discrimination and with fair trade terms. The donor communities should instead of concentrating on food aid assume a role in building capacity in the African farmer so that he/ she can become sustainable by himself/herself.

5.0 REFERENCES:

- Bereford B. 2001. **AIDS take an economic and social toll: Impact on households and economic growth most severe in Southern Africa.** *Africa Recovery* Vol 15 No 1-2. pp19.
- Bratton M. 1994. **Land redistribution, 1980-1990.** In: Rukuni M and Carl K Eicher, 2001. **Zimbabwe's Agricultural Revolution.** University of Zimbabwe Publications. Harare. Zimbabwe. Pp 70-88.
- FAO. 1998. **Impact of HIV/ AIDS on agricultural and rural development institutions.** Rural Institutions and Participation Service (SDAR) FAO Rural Development Division. ACC Network on Rural Development and Food Security.
- Herald Reporter. 2007. Inflation sours at 1560%. *The Herald*. January 23. 2007. pp 1.
- Meikles, D. 2007. Personal communication
- Mudimu, G. 2003. Zimbabwe Food Security Issues Paper for Forum for Food Security in Southern Africa. Accessed on : www.odi.uk/food_security-forum.
- Scheepers, A. 2006. Export opportunities for Africa Agriculture. *The Farm Africa* and Agro Processing Africa. Vol 6 (2006) pp 5.
- Tapouzis, D. 2003. Addressing the Impact of HIV/ AIDS on Ministries of Agriculture: Focus on Eastern and Southern Africa. A joint FAO/ UNIAIDS Publication. Rome. Italy.

United Nations regional Information Networks, 2006. Zimbabwe: Five year Plan to Battle HIV/ AIDS on Farms Launched. All Africa Global Networks. United Nations.

Viljeon, S. J. 1991. A B C of Beef Production. Harare. Zimbabwe.

Wikipedia, 2006. **The Land Reform in Zimbabwe.** Wikimedia Foundation, Inc

Zimbabwe Bishops Conference, Evangelical Fellowship of Zimbabwe and The Zimbabwe Council of Churches, 2006. The Zimbabwe We Want: Towards a National Vision for Zimbabwe.

Zimbabwe Government Technical Report. 1994. Report on the Commission of Inquiry into agriculture land tenure Systems. Vol 2.