APRA

Agricultural Policy Research in Africa

Future Agricultures

APRA Brief
Issue No. 8 October 2018

The Political Economy of Agricultural Commercialisation in Zimbabwe

Key messages

- A new agrarian structure, and better access to agricultural financing, are shaping commercialisation patterns in Zimbabwe.
- New, non-bank financing options are driving the production of food and cash crops in all farming sectors of Zimbabwe. These options include government-mediated command agriculture, independent contract farming and joint ventures.
- Government support to the agricultural sector has changed over time, primarily as a result of shifting ideologies, and changing state capacity to finance the agricultural sector.
- Both farmers and the government agree on the need for agricultural commercialisation, though often for different reasons. With links to global markets, cash crops are the main drivers of commercialisation.
- Political patronage plays a significant role in determining agricultural policy, rendering ordinary farmers disillusioned with the political system, and resigned to merely 'jump through hoops' to make a living.
- Political struggles over the control of the state and its limited resources revolve around land and agriculture as they have always in Zimbabwe, but now with greater confusion and uncertainty.

Cover photo: © USAID Zimbabwe/Doreen Hove

Introduction

This brief presents a critical discussion of the political economy of agricultural commercialisation in Zimbabwe, focusing on the post-2000 period – when major land redistribution brought about dramatic agrarian structural transformation in the country. Understanding shifts in production and commodity marketing, and how these have had an impact on commercialisation patterns, helps to reveal how power, state practice, and capital all influence accumulation for the different groups of farmers in divergent settlement models.

Zimbabwe's agricultural sector currently provides employment for over 70 percent of the country's rural population. A decline in formal employment opportunities has given rise to changing employment patterns, with many agricultural workers are now involved in a mixture of family labour supply, labour hiring-in and hiring-out at various stages of the season – a pattern which has become particularly prevalent in the expanding tobacco sector.

Debate about agricultural development in Zimbabwe has frequently centred around its perceived viability as a means of capital accumulation – expressed through standardised constructions of 'good', 'modern' and 'progressive' farming. The discourse about viability traditionally characterised smallholder farming within southern African colonial states as primitive and in need of improvement. Subsequent development efforts, particularly from international donors like the World Bank, then sought to create a new, entrepreneurial farmer able to replicate the 'ideal' features of the large-scale commercial farmer in Zimbabwe. But for most Zimbabweans, a lack of land and access to capital and other resources made this 'ideal' unattainable; and so the country retained the dualist system of large-scale commercial agriculture and small-scale subsistence agriculture – with minimal linkages between them until the Fast Track Land Reform Programme (FTLRP) in 2000.

The brief will explore the political economy of commercialisation in Zimbabwe following the land reform of 2000, asking which actor-network interests are aligned with which models of commercialisation, and how this is playing out within state policy, and in practice.

Changing agrarian structure

Zimbabwe's FTLRP in 2000 resulted in a dramatic agrarian reconfiguration, bringing about a wider diversity of farm sizes: large-scale commercial farms (LSCFs), small-scale commercial farms (SSCFs), old resettlement areas (ORAs), communal areas (CAs) and newly resettled areas (A1 and A2). This provided new settings in the ongoing debate around viability, and what forms of commercialisation were possible.

Around 10 million ha of formerly white-owned, large-scale farm units were allocated to small- and medium-scale farmers; while nearly 150,000 families were resettled in A1 plots, receiving an average of 6 ha, generally in better agro-ecological settings. The FTLRP also placed 22,000 families in A2 commercial farms with plots averaging around 140 ha. A2 farms were primarily given to government officials, ruling party elites and well-connected business people – those deemed to have the financial muscle to operate on a commercial basis, and with business plans notionally drawn up in advance, allowing them to affirm 'viability' on paper at least.

Having moved away from the post-independence, dualistic agrarian structure – with racially divided large- and small-scale farms co-existing – Zimbabwe now exhibits a 'trimodal' agrarian structure. This is split into a predominant cohort of smallholders, estimated to occupy 82 percent of the country's agricultural land; medium-scale farms taking up 13 percent; and large-scale farms.

Production patterns

As a result of the change in agrarian structure, new dynamics have emerged across the different settlement models in response to diverging resource allocation and agro-ecological settings. These dynamics have had significant but variegated impacts for agricultural commercialisation in rural Zimbabwe.

Since 2000, small-scale A1 farms have engaged primarily in the commercial production of tobacco under contract farming arrangements, and have ventured into small-scale livestock, horticulture and other commercial activities. Medium-scale A2 farms, however, have experienced major restrictions on private credit and loan finance, and diminishing government capacity to support production – meaning that many such farms are unproductive in the absence of private finance.

© Toendepi Shonhe

An initial overall decline in agricultural production, which resulted from the FTLRP's implementation, has begun to reverse – maize production, for example, rose to an all-time high of over 2 million t in 2017. This trend suggests a post-2000 shift in agricultural commercialisation across settlement sectors, tied to command agriculture, independent contract farming and the emergence of joint ventures (see box).

Command agriculture, contract farming and joint ventures

Command agriculture

While cultivation of the majority of crops in Zimbabwe remains self-financed, a number of crops have been targeted for contract farming. 70 percent of Zimbabwe's tobacco production is currently financed through contract farming – predominantly via foreign sources. However, many of these international investors are engaged in command agriculture: a government-mediated contract farming arrangement, in which farmers are directed to produce certain types of commodities, but are supported by international and domestic finance with agricultural inputs and access to markets. Command agriculture beneficiaries are mainly A2 farms, and are generally bureaucratic, military and senior ZANU-PF personnel. By targeting this group, the Mnangagwa faction within ZANU-PF sought to create a middle class capable of mobilising grassroots support for their political cause.

In order to secure the compliance of farmers, contractors often co-opt ZANU-PF local leadership in farming committees, and local security agents are enlisted to enforce contractual agreements and to collect farmers' assets in the event of default. Independent farming has created a middle class of farmers who are divorced from politics, or are able to take leadership positions in politics. Unlike independent contract farming, command agriculture – being state-mediated – provides opportunities for patronage, highlighted by the fact that the Ministry of Agriculture coordinates the selection of beneficiaries, the distribution of inputs and the collection of farming outputs.

Joint ventures

Persistent and mounting pressure on Zimbabwe's government to improve agricultural productivity and to improve food security has led to a policy shift that encourages joint ventures. Joint venture arrangements in Zimbabwe generally involve former white commercial farmers – and some Chinese and Russian investors – on one hand, and resettled A2 (medium-scale farmers) on the other. The former invest in technology and operational financing, while the latter provides the land – with both sharing profits at the end of the agricultural season. Joint ventures usually operate for a period of five years.

Many of these joint ventures are engaged in export markets, producing tobacco, peas and citrus for China, the Middle East and the UK. By securing external finance, these joint ventures have played a leading role in bringing new technology to Zimbabwe's agricultural sector. They have also helped to instigate the cultivation of improved crop varieties, which have boosted productivity among medium-scale farmers.

Joint ventures and associated public-private partnerships tend to benefit ruling party elites, who have entered into such arrangements. Moreover, the medium-scale farming sector mainly consist of ZANU-PF elites, bureaucrats and military personnel who were allocated farms with better farming infrastructure. Under a convoluted state-party system, as is the case with the ZANU-PF government, resources secured through such an opaque process can easily find their way into the party system, which has allowed ZANU-PF to rely on handouts – usually in the form of rent-seeking and patronage networks – as part of an electioneering strategy.

© Damien Fauchot

Subsidies and government support

Post-2000 policy shifts

Since 2000, a number of public finance and subsidised programmes have been introduced, including the crop input credit schemes run by the Grain Marketing Board, the Irrigation Rehabilitation and Development Programme, and the Public Sector Investment Programme. These government and Reserve Bank of Zimbabwe (RBZ)-run programmes had the key objective of improving agricultural productivity to support industrial revival and development in the face of an economic crisis.

Initially, most subsidy programmes were targeted at the A2 sector, which were considered to have greater potential for commercialised agriculture. Three predominant aims can be detected in the subsidy programmes: one focused on welfare and food security, with seed and fertiliser distributed to poorer smallholder households; another focused on boosting the potential for commercial production; and a third which advanced electoral goals for the ruling party, through patronage politics and campaigns.

In the period from 2009–13, changes in government personnel – notably in the Ministry of Finance – resulted in changes in policy priorities and interests. There was a consequent decline in direct, visible patronage support to elite landowners in the A2 areas, and support instead focused on food security and smallholder farming. The party's social democratic orientation meant that more support was channelled towards smallholder farmers in CA and A1 settlement schemes. In particular, government support for maize production increased in the 2013/14 farming season, as efforts went towards food security, rather than commercialisation.

Renewed focus on commercialisation

Following the termination of the Government of National Unity and the establishment of ZANU-PF dominance following the 2013 general elections, there has been renewed support for commercial agriculture from elite interests. In the 2016/17 season, for example, the government introduced a Special Maize Production programme under a command agriculture strategy, where around 90,000 farmers were contracted and funded with US$160 million to produce maize. This programme gave priority to farmers using irrigation, and in areas of high productivity.

Agricultural policymaking remains contested as various stakeholders, including government ministries and departments, have competing interests. The RBZ and the Ministry of Finance seek to earn foreign currency through the production of export and cash crops through commercialised agriculture. The Ministry of Agriculture, meanwhile, seeks to achieve food security, and the Ministry of Lands aims for greater land utilisation in the country's productive regions. Of these actors, the Ministry of Finance has been at the forefront of advancing agricultural policy changes in post-2000 Zimbabwe – which have generally focused on improving foreign currency earnings, and Treasury revenues. Agricultural commercialisation has therefore been driven by the coinciding of policy interests between farmers, international capital and senior ZANU-PF politicians.

Case study: Mvurwi farming area

Mvurwi offers a microcosm of the wider farming picture in Zimbabwe: large-scale estate production sits alongside medium-scale farming, which is struggling to establish itself despite significant support through government subsidy programmes. Small-scale farming – communal and A1 – dominates in Mvurwi in terms of total area farmed and the number of people involved. This settlement model has been supported by government programmes, generally associated with election years, and with limited scope for commercialisation.

Some commercialisation of tobacco farming and horticulture has emerged in the A1 areas, aided by greater land utilisation, and some irrigation. For the most part, these have occurred independently of government support and subsidy regimes, which have been intermittent, inconsistent and politically targeted. Most farmers in these areas have self-financed the development of their farming operations, and access links to markets and capital via a number of contracting companies.


© SarahTz

© Toendepi Shonhe

Farmers' perspective

For many smallholders, Zimbabwe's wider political economy is irrelevant, and subsidy and support regimes are more symbolic than having any tangible effect. This can be explained, in part, by diminishing state capacity in rural areas for delivery, management and control and, in part, because the reach of party politics – outside of election time – is fragmented and poorly coordinated, with only some local elites benefitting from state patronage.

The local political economy is more about making deals with traders, input suppliers, contractors and others, than the wider national political economy. A disillusioned rural majority therefore merely jump through the hoops of a shifting, disconnected and often corrupt political system, in order just to make a living.

Conclusion

Discourse around viability in the post-2000 period has been contradictory. Some state branches and the party-military elite support large- and medium-scale agriculture as the only route to reviving the economy, and as a potential source of accumulation for themselves. Others have advocated a smallholder route, recognising the electoral importance of the rural vote, as well as the A1 farming sector's potential as a site of a growing number of petty commodity producers accumulating from below. Tensions between such discourses – and the associated actor networks – are reflected in the struggles over land and patronage-based allocation of resources.

Subsidy regimes have focused on both small- and medium-scale farmers, often with electoral calculations in mind. Meanwhile, opposition groups – while accepting the irreversibility of the FTLRP – have failed to articulate a rural policy, and a few have argued for the retention of a large-scale farming sector through external investment and joint ventures. Although largely in favour of agricultural commercialisation, the political opposition is seen as aligned to white capital, and therefore opposed to small-scale farming. As a result, resettled farmers and CA smallholders have tended to vote for the ruling party in an effort to protect their plots, thereby ensuring ZANU-PF's continued retention of power.

Yet, as the Mvurwi case study suggests, there is a disconnect between the day-to-day practices of local people trying to negotiate livelihoods by producing and selling crops, and the wider political machinations of Zimbabwe's fraught political economy. While patronage politics, subsidy regimes and selective state support palpably affect certain elites, most people must get on with life and engage in business in what is a highly uncertain, often risky context. Today, commercial farming in Zimbabwe is at a crossroads, where political economy – perhaps more than factors of productivity, technology or labour – influences production and accumulation outcomes, with scope for farmer-led commercialisation. Political struggles over the control of the state and its limited resources revolve around land as they always have in Zimbabwe, but now with greater confusion and uncertainty. At present, agricultural commercialisation and rural politics are tied to the two forms of contract farming (independent and command agriculture), with far-reaching implications for Zimbabwe's disarticulated economy.

Citation: Newsham, A., Kohnstamm, S., Otto Naess, L. and Atela, J. (2018) *Agricultural Commercialisation Pathways: Climate Change and Agriculture* APRA Brief 6, Future Agricultures Consortium.

ISBN: 978-1-78118-479-0

The Agricultural Policy Research in Africa (APRA) programme is a five-year research consortium. APRA is funded with UK aid from the UK government and will run from 2016-2021.

The programme is based at the Institute of Development Studies (IDS), UK (www.ids.ac.uk), with regional hubs at the Centre for African Bio-Entrepreneurship (CABE), Kenya, the Institute for Poverty, Land and Agrarian Studies (PLAAS), South Africa, and the University of Ghana, Legon. It builds on more than a decade of research and policy engagement work by the Future Agricultures Consortium (www.future-agricultures.org) and involves new partners at Lund University, Sweden, and Michigan State University and Tufts University, USA.

Funded by

UKaid
from the British people

The views expressed do not necessarily reflect the UK government's official policies.