



**New Partnership for
Africa's Development (NEPAD)
Comprehensive Africa Agriculture
Development Programme (CAADP)**



**Food and Agriculture Organization
of the United Nations
Investment Centre Division**

GOVERNMENT OF THE REPUBLIC OF ZIMBABWE

SUPPORT TO NEPAD–CAADP IMPLEMENTATION

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Volume V of VII

BANKABLE INVESTMENT PROJECT PROFILE

Increased Crop Production and Diversification

November 2004

ZIMBABWE: Support to NEPAD–CAADP Implementation

Volume I: National Medium–Term Investment Programme (NMTIP)

Bankable Investment Project Profiles (BIPPs)

Volume II: Agro–Dealer Network Development

Volume III: Smallholder Irrigation Development

Volume IV: Rehabilitation of Smallholder Irrigation Schemes

Volume V: Increased Crop Production and Diversification

Volume VI: Livestock Disease Project

Volume VII: Livestock Feeds Processing

NEPAD–CAADP BANKABLE INVESTMENT PROJECT PROFILE

Country: Zimbabwe

Sector of Activities: Agriculture

Proposed Project Name: **Increased Crop Production and Diversification**

Project Location: National

Duration of Project: 5 years

Estimated Cost: Foreign Exchange..... US\$30.4 million
Local Cost..... US\$12.8 million
Total..... US\$43.2 million

Suggested Financing:

<i>Source</i>	<i>US\$ million</i>	<i>% of total</i>
<i>Government</i>	4.3	10
<i>Financing institution(s)</i>	25.9	60
<i>Beneficiaries</i>	4.3	10
<i>Private sector</i>	8.7	20
<i>Total</i>	43.2	100

ZIMBABWE:
NEPAD–CAADP Bankable Investment Project Profile
“Increased Crop Production and Diversification”

Table of Contents

Abbreviations.....	iii
I. PROJECT BACKGROUND.....	1
A. Project Origin	1
B. Main Institutions Involved.....	3
C. Constraints and Opportunities in Smallholder Crop Production.....	4
D. Ongoing and Planned Irrigation Programmes	5
II. PROJECT AREA.....	5
III. PROJECT RATIONALE.....	8
IV. PROJECT OBJECTIVES.....	8
V. PROJECT DESCRIPTION	9
<u>Component 1: Agricultural Development.....</u>	<u>9</u>
<u>Component 2: Supporting Mechanization of Smallholder Agriculture.....</u>	<u>10</u>
<u>Component 3: Farmer Training Institutions.....</u>	<u>10</u>
<u>Component 4: Institutional Strengthening</u>	<u>11</u>
<u>Component 5: Project Coordination</u>	<u>11</u>
VI. INDICATIVE COSTS	12
VII. PROPOSED SOURCES OF FUNDING.....	12
VIII. PROJECT BENEFITS	12
IX. IMPLEMENTATION ARRANGEMENTS	13
X. TECHNICAL ASSISTANCE REQUIREMENTS	14
XI. ISSUES AND PROPOSED ACTIONS	15
XII. POSSIBLE RISKS	15
Appendix: References	17

Abbreviations

ACFD	African Centre for Fertilizer Development
ADB	African Development Bank
AGENETES	Agricultural Engineering and Technical Services Department
AIDS	Acquired Immune Deficiency Syndrome
AMC	Agricultural Management Committee
ARDA	Agricultural and Rural Development Authority
AREX	Agricultural Research and Extension Department
AWP&B	Annual Work Plan and Budgeting
BIPP	Bankable Investment Project Profile
CAADP	Comprehensive Africa Development Programme
CBI	Crop Breeding Institute
COMMUTECH	Community Technology Development Trust
COTTOCO	Cotton Company of Zimbabwe
CSO	Central Statistical Office
DDF	District Development Fund
DI	Department of Irrigation
DLPD	Department of Livestock Production and Development
FAO	Food and Agricultural Organization of the United Nations
FMD	Foot and Mouth Disease
GDP	Gross Domestic Product
GMB	Grain Marketing Board
GOZ	Government of Zimbabwe
HIV	Human Immunodeficiency Virus
IFAD	International Fund for Agricultural Development
LSCF	Large Scale Commercial Farming Sector
MARD	Ministry of Agriculture and Rural Development
NEPAD	New Partnership for Africa’s Development
NFTP	National Farmer Training Programme
NGOs	Non-governmental Organizations
NMTIP	National Medium–Term Investment Programme
OPV	Open Pollinated Variety
PLRC	Presidential Land Review Commission
SAFIRE	Southern Alliance for Indigenous Resources
SDARMP	Smallholder Dry Areas Resource Management Project
SEDAP	South East Dry Areas Project
TCP	Technical Cooperation Programme
USD	United States Dollar
YCFTP	Young Commercial Farmer Training Programme
ZAPF	Zimbabwe Agricultural Policy Framework
ZCFU	Zimbabwe Commercial Farmers Union
ZFU	Zimbabwe Farmers Union

I. PROJECT BACKGROUND

A. Project Origin

I.1. The project described in this proposal is an output of the Zimbabwe National Stakeholders Workshop in support of the NEPAD–CAADP process held in Harare 15–16 March 2004. The purpose of the workshop was to validate the draft *National Medium–Term Investment Programme* (NMTIP) and agree on the priority areas for investment in agriculture as well as recommend a list of prioritized areas in which *Bankable Investment Project Profiles* (BIPPs) could be prepared. The *Ministry of Agriculture and Rural Development* (MARD) with support from the Food and Agricultural Organization (FAO) convened the workshop. It drew participants from government ministries, agricultural institutions and associations, donors and the private sector. The workshop identified and prioritized a range of areas for the formulation of BIPPs including one on “*Increased Crop Production and Diversification*”, which ranked second–highest priority overall. Relevant branches of MARD formulated the project ideas for this BIPP.

I.2. ***The Agricultural Sector.*** Agriculture is the dominant sector of the Zimbabwean economy, contributing an average of about 18% of GDP. The sector:

- employs or is the main source of livelihoods for up to 70% of the population;
- is the main source of domestic food supply, thus playing a critical role in national and household food security;
- accounts for about 40%–50% of export merchandise and is hence an important source of foreign exchange; and
- supplies 60% of industrial raw materials.

I.3. Factors that presently constrain agricultural production include recurrent droughts and dry spells; shortages of appropriate agricultural technologies; lack of capital and poor access to credit by smallholder farmers; poor marketing and handling facilities; and pests and diseases.

I.4. ***The Agrarian Structure.*** The historical characteristic feature of Zimbabwe’s agrarian structure is its duality based upon resource endowments and production systems. As of 1999 the sector included the large–scale commercial farm sub sector (LSCF) comprising 4,000 families and about 20 large agro–industrial estates. The LSCF farmers practised mechanized, high–input high–output farming and dominated private and public resources of agricultural finance and credit, private sector inputs and services as well as wild life resources for tourism. Financial sector and commodity marketing policies also tended to favour them because of their huge proportionate contribution to the value of national agricultural production. In contrast, over 1.2 million smallholder farming families (8.4 million people) or 70% of the population held an average of 3 ha each on comparatively marginal agricultural land in low rainfall areas and with limited access to productive resources and infrastructure. These farmers practice rain fed agriculture using low–input low–output technologies. It is this latter group of farmers whom this project will target so as to enable them increase their production and productivity.

I.5. To address the economic, social and political problems that underlie this dual agrarian structure and to achieve the twin political and social objectives of growth and equity, the Government of Zimbabwe (GOZ) embarked on a land reform and resettlement program in 1980.

I.6. However, because of the slow pace in acquiring land, GOZ decided in 1997 to accelerate the process through a fast-track resettlement strategy involving extensive compulsory land acquisition and redistribution, facing considerable international criticism in the process. Over 6,000 properties were gazetted for acquisition and allocated to approximately 137,700 households and small- to medium-size commercial farmers by mid-2003 (Presidential Land Review Committee (PLRC), 2003). The current structure of land by category of farm type is depicted in Table 1. An A1-type farm is the “villagized” or individual small-scale model while A2 is the self-contained medium to large-scale commercial farm resettlement model. However, many of the resettled smallholders now occupying productive prime land lack adequate resources and support services to enable them to fully utilize the production potential that now exists in their new environment.

Table 1: Farm Ownership Structure in Zimbabwe, 2003

Land holding category	Farms		Area		No. of settler households
	Number	%	(ha)	(%)	
A1	2,652	32.7	4,231,080	15.7	127,192
A2	1,672	20.6	2,198,814	8.2	7,260
Communal	–	–	16,400,000	60.9	–
Church	64	0.8	41,902	0.2	45
Whites	1,377	17.0	1,175,607	4.4	1,323
Indigenous	1,440	17.8	938,723	3.5	1,340
Corporate	743	9.2	1,364,173	5.1	509
Parastatals	153	1.9	572,786	2.1	42(*)
Total	8,101	100.0	26,923,085	100.0	137,711

Source: Presidential Land Review Committee (PLRC), 2003.
 (*) No. of parastatals.

I.7. **Sector Performance.** The major agricultural commodities grown in Zimbabwe can be classified into four categories, namely: (i) food crops (maize, wheat, sorghum and millets); (ii) oilseed and industrial crops (soybean, groundnuts, sunflower); (iii) export crops (tobacco, cotton, sugar cane, tea, coffee, paprika, floriculture, citrus, horticulture); and (iv) livestock products (beef and dairy cattle, poultry, goats, sheep and pigs).

I.8. Production continues to be vulnerable to periodic droughts especially in the smallholder sector, which produces 70% of the staple foods (maize, millets, and groundnuts) under rain fed conditions. In recent years, the agricultural sector has experienced mixed trends in agricultural output but there has been a general decline of food crops production (Table 2).

I.9. **Government Policy.** The *Zimbabwe Agricultural Policy Framework* (ZAPF, MOA, 1995) outlines the main objectives for crop production as follows:

- Increase total farm production of crops through increased yields per hectare of all major crops.
- Take full advantage of opportunities for the production of new crops, including crop diversification, particularly for smallholders.
- Adopt sustainable crop production methods that not only avoid soil degradation, but also restore fertility to land adversely affected by previous cropping systems.

Table 2: Zimbabwe – Trends in National Output for the Key Commodities					
Crop/Commodity	Output (MT)				% Change 1990s to 2003
	1990s (average)	2000/01	2001/02	2002/03	
I. Main Food Crops					
Maize	1,668,642	1,467,540	498,540	929,619	-44.3
Wheat	219,341	225,000	350,000	212,950	-2.9
Small grains	49,954	83,531	37,328	90,600	81.5
II. Key Exports					
Tobacco	197,584	195,852	172,895	102,683	-48.0
Cotton	214,136	286,113	190,300	228,106	6.5
III. Oilseeds					
Soyabeans	95,538	175,080	72,410	26,262	-72.5
Groundnuts	91,970	171,784	259,000	146,727	59.5
Sunflower	36,370	15,750	23,550	4,825	-86.7
IV. Other Domestic/Exports					
Sugar Cane	438,855	513,607	593,586	520,000	18.5
Tea	10,642	14,300	11,178	12,066	13.4
Coffee	8,406	7,518	8,050	10,000	19.0
Paprika	12,493	12,789	13,720	13,755	10.1
Floriculture	9,155	18,198	21,181	24,889	171.9
Citrus	20,033	35,521	44,850	52,699	163.1
Horticulture	7,930	36,000	40,000	40,000	404.4

Source: Central Statistical Office (CSO).

B. Main Institutions Involved

I.10. Zimbabwe has a diversified structure of public, private, parastatal, and non-governmental institutions that service the agricultural sector and can be important actors in improving crop production in the smallholder sector. Much of the recovery in crop production hinges very much on the performance of MARD and a number of other relevant ministries. The operational capacity of MARD and its Departments has been adversely affected by the loss of experienced human skills and the declining recurrent and capital budgets. The technical departments of MARD that have a critical role in promoting diversification and increasing crop production include the *Department of Agricultural Research and Extension (AREX)*, the *Department of Irrigation (DI)*, *Department of Livestock Production and Development (DLPD)*, *District Development Fund (DDF)* and the *Grain Marketing Board (GMB)*. There is a range of NGOs operating in the agricultural sector engaged in emergency work and supporting development. Examples of those whose activities are closely tied to promoting diversification and increasing production are Africare and SAFIRE. Private sector operators are active in supplying seed, fertilizers, chemicals, marketing and processing.

I.11. **Donor Support.** Zimbabwe’s traditional development partners as well as the international financial institutions have, by and large, withdrawn their support to development programmes in the country. Their support is now largely focussed on emergency relief. The International Fund for Agricultural Development (IFAD) financed projects such as the *Smallholder Dry Areas Resource Management Project (SDARMP)* and *South East Dry Areas Project (SEDAP)* that promoted increased crop production and diversification but suspended disbursements to these projects because of loan arrears. The African Development Bank (ADB) also stopped disbursement for similar reasons. FAO has been a consistent development partner but its support is largely in the form of modest grants under its Technical Cooperation Programme (TCP).

I.12. **Lessons Learned.** A number of lessons emerged out of the partnership between Zimbabwe and various donors in the implementation of agricultural development projects and these include:

- Government agencies have a limited financial and human resource capacity to absorb additional development activities. To ensure institutional sustainability of development initiatives, existing agencies and structures should be used to the extent possible; roles and responsibilities should be clearly defined; recurrent costs should be minimized; and cost recovery or sharing should be promoted where feasible.
- There is need for beneficiary participation in project planning, design and implementation so as to instil a sense of ownership from a very early stage of project cycle.
- Projects that involve agricultural production with potential for surpluses for the market should build suitable marketing mechanisms within them.
- Access to rural credit/finance by farmers is crucial.
- The smallholder green revolution experienced during 1980–1986 as a result of heavy government intervention in infrastructure development and input supply services demonstrated that sustained investment in the supply-side of agriculture through institutional capacity development is a critical ingredient to agricultural transformation.

C. Constraints and Opportunities in Smallholder Crop Production

I.13. The notable **constraints** to increased crop production and diversification in the smallholder sector include:

- A difficult macro-economic environment characterized by hyper-inflation, shortages of foreign exchange, very high interest rates and agricultural production and marketing policies that discourage increased production of agricultural marketable surpluses.
- Intermittent droughts and low/variable rainfall increase the risks of rain fed crop production. Farmers are forced to re-plant several times either because of poor or no germination or when crops are scorched after germination.
- Poorly diversified cropping systems dominated by a few staple crops such as maize and small grains and poor farming practices that reduces sustainability of cropping systems because of fertility and crop protection issues.
- High cost and lack of adequate seed, tillage services, access to draught animals, fertilizers and agro-chemicals. The smallholder sector suffers from sporadic supplies and high costs of agricultural inputs.
- Limited household labour availability, particularly for enterprises that have a high labour requirement, such as cotton, small grains etc. This has been made worse by the HIV/AIDS pandemic which is affecting the most productive sector of the population.
- The geographic spread and increase in the number of farmers limits their access to adequate extension services because extension agents are not provided with sufficient transport. Experience has demonstrated that extension agents are more effective when they live within farming communities but housing and office accommodation is lacking in some areas.

- Limited infrastructure and support services in many smallholder areas. Road, telephones and electricity are lacking, making communication and access to information and markets difficult.
- Limited know how, capital and finance to allow production of a wide range of crop enterprises by new farmers. There are limited farmer training institutions capable of turning out farmer graduates with a commercial agriculture focus. Kushinga–Pikelela, the only public institution delivering this kind of graduate has an output of only 40 trainees per year.
- Limited capacity of farmer organizations to mobilize farmers into effective commodity associations that have a business focus and are self–sustaining.

I.14. Major *opportunities* include the following:

- Agro–ecological environment with high potential to support diversified and productive cropping systems.
- The existence of technologies that can contribute to increased crop production in the smallholder sector.
- Well established input and output markets and urban demand for agricultural produce.
- Contract farming arrangements for a number of crop commodities, such as cotton, that can be accessed by smallholder farmers.
- The potential to expand the Kushinga–Pikelela farmer training model and others used by the private sector. For example, the *Young Commercial Farmer Training Programme* (YCFTP) has been used as a focal point for mobilization and organization of farmers for the establishment of a more efficient and effective agricultural production systems and linking farmers with financiers, input suppliers, technical and marketing services providers.

D. Ongoing and Planned Irrigation Programmes

I.15. As noted, a number of donor supported projects were halted following suspension of financial disbursements by some donors/lenders because of GOZ non–payment of arrears and, for some, because of political differences with GOZ. GOZ has continued to support development projects from its own resources. This includes completion of community projects under SDARMP and SEDAP. GOZ has also availed resources to farmers for crop production under the GMB Inputs Scheme to support both summer and winter production. The Malaysia Government is financing the acquisition of agricultural machinery and equipment through the *Agricultural and Rural Development Authority* (ARDA), a parastatal under MARD. FAO has continued its modest support to GOZ using TCP grants. It currently has a portfolio of 15 projects for the 2004/05 biennium. Nine of the projects are development while the remainder six, which account for 75% of the total budget, are emergency.

II. PROJECT AREA

II.1. The project will cover the whole country, targeting the A1 and A2 smallholder farmers in the resettlement areas.

II.2. **Population.** The potential target population for the proposed project is about 190,500 households in resettlement areas. The total beneficiary population would be approximately 1.1 million people.

II.3. **Agro-ecology.** Zimbabwe has been zoned into five regions of differing agro-ecological potential called Natural Regions (NR). NR I receives more than 1,050 mm of rainfall per year; NR II receives 700–1,050 mm; NR III receives 550–700 mm; NR IV receives 450–600 mm; and NR V receives less than 500 mm of precipitation per annum (Vincent and Thomas, 1961). The agro-ecology of the resettlement areas is representative of the country covering all natural regions from I to V. In the old resettlement areas, there was a bias towards the drier regions (IV and V). However, in the newer resettlement areas, farmers have access to prime land, particularly in Manicaland and Mashonaland provinces. In these areas, approximately 2.1 million ha would be expected to be prime land. The remaining 2.1 million ha (Midlands, Masvingo and Matebeleland North and South) is within natural regions III–V as in the older resettlement areas.

II.4. On prime land, mean annual rainfall is 700–1,050 mm. This is adequate for intensive crop production, and although dry spells and droughts are experienced, their frequency does not detract from farming systems based on intensive rain fed crop production. Soils vary in their potential for crop production but are generally not limiting. The bulk of the soils in the new resettlement areas are fersiallitic, which range from sandy soils to red clays. The red clays form Zimbabwe’s most productive land because of their inherent fertility. Light textured soils derived from granitic sands are of fair agricultural potential and there is potential for rapid fertility decline if management of fertility is poor. The bulk of these soils were put to tobacco and maize in the LSCF sector.

II.5. **Agriculture.** Resettlement farmers practice mixed farming with both crops and livestock. The farming systems are however more in favour of crop production with livestock largely playing a supporting role through provision of draught power for tillage and transport and animal manure. There is a strong association between livestock ownership and the performance of crop enterprises on many smallholder farms because of the close interaction of crop and livestock enterprises.

II.6. **Crop Production.** Farmers in resettlement areas have not produced alternative cropping models and the cropping systems and levels of production have generally tended to copy that found in Zimbabwe’s communal areas. The major crop throughout all resettlement areas is maize. This is the case even in areas that are marginal for maize production in Natural Regions IV and V. In areas where cotton or tobacco cultivation is favourable, there is an increasing trend to the cultivation of these crops. Production levels have also tended to remain on par with those in the communal areas.

II.7. Yield levels in resettlement areas are comparable to yield levels in communal areas but both are significantly lower than those achieved by LSCF farmers. This disparity indicates the potential yield gap that can be bridged by resettled farmers with appropriate experience, technical support and access to inputs.

II.8. The focus on crops such as maize by resettled farmers is because these crops are easy to grow and knowledge of their production is readily available. Most farmers in resettlement areas have a low capital base and as such cannot afford machinery to till heavy soils that they now farm. Although tillage services are sometimes offered by public sector institutions such as DDF and private contractors, they are not in sufficient quantity to meet demand. As a result, timeliness of operations is compromised resulting in poor performance of crops, low income and food insecurity at household level. Areas planted to crops are considerably far less than what farmers can handle and are willing to plant as a result of limited access to draught power in resettlement farms.

Table 3: Comparative Yield Levels Achieved by LSCF, Smallholder Communal and Resettlement Farmers (1999–2001)

Sector/Season	Crop Enterprise (av. yield t/ha)		
	Maize	Cotton	Soybean
1999			
LSCF	4.1	1.5	2.3
Communal	0.7	0.5	1.0
Resettlement	0.9	0.8	0.9
2000			
LSCF	4.2	1.5	2.4
Communal	0.7	0.8	0.5
Resettlement	1.3	0.9	0.8
2001			
LSCF	3.4	1.4	2.4
Communal	0.9	0.6	1.0
Resettlement	1.0	0.8	1.2

Source: Presidential Land Review Committee (2003)

II.9. In part, cropping systems are poorly diversified because seed availability and accessibility of dry beans, cowpeas and groundnuts is a big problem in Zimbabwe. Most smallholders cannot afford to purchase certified/improved seed of these crops from private seed houses because of high costs. Over 90% of the area planted to groundnuts, beans, cowpea, sorghum and millet is planted from farm retained seed. Seed borne diseases and pests destructive to crops are thus perpetuated and recycled year after year. In an effort to make quality seed available, GOZ mandated ARDA to produce seed of the following crops: bambaranut¹ (1 variety); cowpea (1 variety); maize (3 hybrids and 2 OPVs); soybean (2 varieties); beans (1 variety); wheat (3 varieties); and sunflower (1 variety). But ARDA has not been able to produce large quantities of seed largely because of limited skills and high staff turnover.

II.10. The development of farming skills, especially among resettled farmers, is a major challenge. The majority of farmers in the A1 model have previous experience of farming but many are new. Effective extension services are required to ensure adequate support to access production technology to diversify cropping and improve yields. In many areas, support services such as extension are totally lacking as public sector resources were largely deployed within the communal sector. Deliberate effort needs to be made to create these services, particularly in the new areas. Another challenge is to equip extension workers that are being recruited for the purpose of serving new farmers with knowledge necessary for meeting the diverse activities that the new farmers are set to engage in.

II.11. Crop performance in some areas is low because of isolation and poor linkage to markets. Poor access to markets limits farmer access to seed and fertilizer. Farmers resort to using their own saved seed on many of the plots, sometimes using saved hybrid seed, resulting in low yields. Isolation makes it difficult for farmers to sell the little excess that they produce. As a result, there is little incentive to invest in production of excess and for many the priority then becomes household self-sufficiency. If these farmers on prime land are to become contributors to national food production, then they must be linked to input and output markets.

II.12. The effect of labour shortage on crop performance is often overlooked in the analysis of smallholder production. The HIV/AIDS pandemic has wreaked havoc in many households that now

¹ *Vigna subterranea*.

occupy the new farms. Increasing labour costs under the harsh economic conditions that now prevail makes it difficult to substitute household labour with hired labour. Therefore, for many households, mechanization for activities with high labour demand such as ploughing, planting and harvesting would appear to be a labour saving option that should be considered.

II.13. **Environmental Situation.** Land resettlement has resulted in the opening up of new land, some of which was not previously cultivated. The new lands do not have adequate conservation works to protect from soil erosion. In some cases, cultivation has encroached onto soils that are marginal, for example sodics and wetlands, and the potential for land degradation is high if steps are not taken to minimize negative environmental impacts.

III. PROJECT RATIONALE

III.1. The ZAPF 1995–2020 emphasizes that increasing crop production and diversification are priority objectives for the crops sector in Zimbabwe. Increasing crop productivity has become more critical than ever as a result of a noticeable decline in both household and national food production that has made the country reliant on food aid and commercial imports.

III.2. The potential to increase food production on many of the newly resettled farms exists as a result of the high potential of the land resource and climatic conditions. Technologies that can be put to work in support of improved production also exist and can be supported by the existing research and extension framework to boost crop performance in the smallholder sector.

III.3. The project would assist in making resettled farmers gainfully use their land, increase agricultural production and productivity, contribute to household and national food security, reduce rural poverty and contribute to the enhancement of agricultural exports. This would contribute to the turnaround in the country’s economic performance which is closely related to the performance of the agricultural sector, as agriculture is the mainstay of the majority of the population and because of strong linkages between agriculture and the manufacturing sector.

IV. PROJECT OBJECTIVES

IV.1. The **overall objective** of the project is to increase crop production and productivity on a sustainable basis and to diversify the range of crops grown by smallholder farmers on A1 and A2 farms.

IV.2. The **specific objectives** are to:

- improve yields of major crops grown by smallholders;
- improve both household and national food security;
- diversify the cropping systems of smallholder farmers in resettlement areas in order to improve sustainability and farm incomes;
- expand cropped area by improving access to and timely operation of agricultural machinery and equipment;

- provide quality support services to smallholder farmers by improving the capacity of public research and extension delivery and farmer organizations;
- improve farming skills of smallholders to optimize use of the land resource;
- improve linkage of farmers to input and output markets; and
- increase agricultural export performance.

V. PROJECT DESCRIPTION

V.1. The project is designed to run for five years and comprises five components.

Component 1: Agricultural Development

V.2. Under this component, the project will work to increase crop production and diversify smallholder cropping systems. This will be achieved by investing in four sub-components as follows:

V.3. ***Subcomponent 1A: Improving Access to Inputs.*** The decline in land planted to a number of crops (soybeans, sunflower, wheat, tobacco and groundnuts) is due in part to the cost and non-availability of inputs (including seed, fertilizer and agrochemicals). This subcomponent would seek to improve availability of inputs required to produce these target crops thus improving crop diversification in both A1 and A2 farms. The project would provide farmers access to inputs using the GMB input scheme as a model. The input scheme would reach 30% of the target population per season over the five project years (or 60,000 crop packs per year) and should theoretically support each farmer twice during the life of the project. The inputs would be distributed via farmer commodity associations to enforce some accountability in the use of credit. In the short term, imports will be used to make up for shortfalls in locally produced supplies, while availability of seed will be increased in the medium term by building farmer capacity as described in subcomponent 1B.

V.4. ***Subcomponent 1B: Support to New Seed Producers.*** This subcomponent will support training and capacity building of A2 farmers into commercial seed producers and upgrade skills of ARDA staff in seed production. In addition, the subcomponent will support training of A1 farmers to produce open-pollinated seed of a range of crops (maize, beans cowpeas, etc.). Increased cost of hybrid seed has forced many farmers to rely on recycled maize hybrid seed with consequent decline in yield. NGO experience with promotion of, for example, soybeans has shown that traditional sources of seed supply sometimes fail to cope when farmer demand of seed is high. There is therefore need to create local capacity to produce quality seed. The subcomponent would identify and train farmers in seed production. The project will establish 30 satellites in the project area to demonstrate and facilitate farmer training in seed production. Whilst AREX will lead in this endeavour, the project will seek partnership of private seed companies and NGOs (e.g. Commutech). The project will also support AREX in improving production of Breeder’s seed and where there are bottlenecks in production of Foundation seed required by smallholders, the project will also assist in increasing quantities of seed as required.

V.5. This subcomponent will also support production of planting material of cassava and sweet potato in support of A1 farmers in drier regions of the country to diversify cropping systems and cushion against the effects of periodic droughts that affect farmers’ food security and incomes. The

project will set up nurseries to facilitate farmer access to quality planting material and support training of farmers in the utilization of the crops beyond what is currently traditional practice.

V.6. **Subcomponent 1C: Improving Market Linkages.** The project would seek to upscale the market linkages concept demonstrated by SAFIRE and will target A1 farmers for the sub-component. The effort in improving marketing is intended to encourage diversification into more lucrative crops such as soybeans, paprika, and sunflower by A1 farmers. The subcomponent would pilot 10 market linkage projects that would be outsourced using competitive bidding to relevant institutions with experience. This would facilitate transfer of skills to public sector organizations such as AREX in marketing.

V.7. **Subcomponent 1D: Information Dissemination.** This subcomponent will support the construction of information kiosks in wards and equip them with appropriate and timely information, including market information, for local farmers. The subcomponent will also use proactive demonstrations to promote proven technologies to farmers. It would use lead farmers and establish 30 district satellite centres for this purpose.

Component 2: Supporting Mechanization of Smallholder Agriculture

V.8. The source of draught power among smallholder farmers is unreliable and in most cases not satisfactory, resulting in poor land preparation year after year. Under this component, the project will work to increase crop production and productivity by improving mechanization on smallholder farms. The major player in this component would be AGENETES of MARD. There would be three sub-components.

V.9. **Subcomponent 2A: Rehabilitation of Farm Machinery.** A number of farmers have bought old equipment, including tractors, ploughs, planters and so forth for which they cannot find spare parts. The project would set up eight provincial centres to provide loans to farmers to “repair as necessary” farm machinery that is lying idle because of lack of parts. The project would carry out an inventory of the type of equipment and order spare parts to be stocked in provincial centres for rehabilitation of farm machinery.

V.10. **Subcomponent 2B: Support to Acquire Farm Machinery.** Under this sub-component, the project would provide farmers with a line of credit to purchase tractors and a variety of farm machinery comprising ploughs, planters, harrows, cultivators and sprayers.

V.11. **Subcomponent 2C: Farm Machinery Hire Centres.** Hire services provided by DDF and private contractors are often inadequate to meet farmer demand. The project would provide funds to interested entrepreneurs to establish 20 district machinery hire centres. These would provide a variety of services required by farmers ranging from tillage, cultivation, planting and fertilizer application, spraying, harvesting and transport. This will benefit mainly A1 farmers who cannot afford to own machinery at present because of their limited resources and size of land holding.

Component 3: Farmer Training Institutions

V.12. This component would seek to set up farmer training institutions in a number of centres to provide skills needed in production of food and exportable crops following the model established by the NFTB at Kushinga–Pikelela. The private sector has used a similar model to train young tobacco commercial farmers with good success. There are in total nine centres in the country but their output is limited.

V.13. The component will establish eight *Satellite Farmer Training Centres*. Training will focus on crops that are knowledge and technology intensive based such as tobacco, wheat, barley, paprika and specialized horticultural crops. Training will also focus on business management and will use the centres as the focal points for mobilization and organization of farmers as well as linking them with financiers, input suppliers, and technical and marketing service providers.

V.14. The project will provide trainees with resources to meet initial capital outlay for crop production activities on a full cost recovery basis. Selection into the programme will be on a competitive basis and willingness to meet the cost of training. To optimize use of infrastructure, the centres would also run short courses, taking an average of 30–50 trainees per week for at least half of the year. The project will encourage partnership with the private sector, finance institutions, and farmer organizations.

Component 4: Institutional Strengthening

V.15. Public institutions such as AREX and AGENETES have been weakened by loss of skilled employees in the recent past because of the harsh prevailing economic environment. The extension services have stretched their capacity to a level where they may not provide their services as expected without institutional strengthening. The commercial farmer base has increased, but with less funding and non-existent farmer organizations in the newly resettled areas. This has made it difficult to effectively implement support programmes by the government. The component will seek to build up the capacity of AREX, AGENETES and farmer organizations to support increased crop production and diversification.

V.16. ***Subcomponent 4A: Strengthening of Farmer Organizations.*** Under this subcomponent funds will be provided to enable farmers to organize themselves into legally recognized institutions they can manage themselves. The project will assist farmers in developing business and management skills, establishing information systems and creating good governance practices. The objective will be to train farmers to create professional, commodity oriented associations that are economically viable, self-sustaining, transparent and responsive to farmer needs.

V.17. ***Subcomponent 4B: Staff Training.*** This subcomponent will train extension agents in AREX and AGENETES and provide some technical assistance to the latter to make extension agents more effective in delivering knowledge and skills to farmers. The project will train about 6,000 extension agents on the job to make them competent to deliver effective services.

V.18. ***Subcomponent 4C: Infrastructure and Transport.*** Most extension agents in the districts are not mobile and therefore can only provide limited services to farmers, particularly if it entails farm visits. Experience has demonstrated that extension agents are more effective when they live within farming communities. However, housing and office space is lacking in most new resettlement areas. This subcomponent will support mobility of extension agents, assist with construction of housing and offices in 10 new areas. This would consist of housing of at least 3 staff in each area and 1 office block housing 3 officers. The infrastructure would house officers from AREX. In addition, the project would provide one 4 WD vehicle and 3 motorcycles to each centre.

Component 5: Project Coordination

V.19. The project will work within the existing structures of MARD. To minimize costs, a coordination unit consisting of staff seconded from MARD and its Departments will be established. The project will pay incremental salary of 20% of current salary to project staff as incentive to

implement the project. Staff would revert to their posts at the end of the project for continuity of institutional memory at their normal civil service salaries. The project would establish liaison offices in each district. Component managers would be appointed at both national level and as nearest as possible to the point of execution (District level).

VI. INDICATIVE COSTS

VI.1. The project will cost approximately US\$43.2 million over the five years of its implementation period. About 30% of the costs will be in local costs while the remainder 70% will be in foreign exchange. Indicative summary costs are shown in Table 4.

Component	Local	Foreign	Total	% Foreign exchange	% Total base costs
1. Agricultural Development	706	6,854	7,560	91	22
2. Mechanization	153	8,500	8,653	98	25
3. Farmer Training Institutions	5,018	1,810	6,828	26	20
4. Institutional Strengthening	4,030	6,089	10,119	60	29
5. Coordination	300	1,100	1,400	79	4
Total baseline costs	10,207	24,354	34,561	70	100
Physical contingencies	1,020	2,435	3,456	70	10
Price contingencies	1,531	3,653	5,184	70	15
Total project costs	12,758	30,442	43,200	70	125

VII. PROPOSED SOURCES OF FUNDING

VII.1. GOZ, donors, the Private sector and beneficiaries will finance the project. The GOZ is expected to meet 10% of project costs. Beneficiaries and the Private sector will each finance 10% and 20% of project costs respectively while financing institutions are expected to fund 60% in the form of loans or a mixture of loans and grants. GOZ has shown willingness to support the agricultural sector by providing the bulk of finance for ongoing development following suspension of disbursement of loans by a number of donors/development partners.

VII.2. The Private sector has been supporting a number of efforts aimed at increasing crop production. This has been in the form of seasonal credit given to farmers to produce specific crops. Some have also provided technical support to optimize the use of resources provided to farmers.

VII.3. Some donors have continued to support the agricultural sector by funding NGOs. A number are active in efforts aimed at promoting production in the smallholder sector to complement efforts by GOZ.

VIII. PROJECT BENEFITS

VIII.1. The main project benefits are expected to be:

- **Food Security and Poverty Reduction.** The primary beneficiaries of the project will be the 190,500 smallholders farmers targeted by the project who will improve their

household food security and increase incomes through the sale of excess produce. Surplus income will allow farmers to diversify their farm enterprises operations, thus helping in alleviating poverty within the smallholder farming areas.

- ***Increase in Cultivated Area.*** The project will result in an expansion in the area under crops as a result of improved access to draught power and mechanization services.
- ***Incremental Yield.*** Yields will improve as a result of timeliness of operation, access to improved technology and inputs (seed varieties, fertilizer and chemicals).
- ***Improved Sustainability of Cropping Systems.*** The introduction of crops such as soybean will improve soil fertility, reduce the need for purchase of inorganic fertilizer and result in improved sustainability as a result of benefits derived from rotating crops.
- ***Knowledge.*** Farmers will gain skills and knowledge which they can put to use in their daily lives. This is often the biggest benefit cited by many farmers in development projects with a training component.
- ***Improved Capacity of Public Institutions.*** Government will benefit from infrastructure developed by the project. Training of field technicians will improve the quality of human resources in the various Departments.
- ***Enhanced Business Opportunities.*** The private sector will benefit from the business opportunities created by the project and from the volume of produce that will find its way into the market place for trade and processing.

IX. IMPLEMENTATION ARRANGEMENTS

IX.1. ***National Level.*** MARD will be the lead agency in the implementation of the project. A coordinating unit will be established in MARD at Head Office. Staff consisting of a coordinator, component managers, finance officer, administrative assistant, secretary and messenger/driver will be seconded from within the various MARD departments. The unit will report to the Permanent Secretary, MARD through the Deputy Secretary Economics and Markets Division. The project will function under the guidance the already existing Agricultural Management Committee (AMC) chaired the Permanent Secretary of MARD.

IX.2. ***Provincial and District Level.*** The project will remain within the structures of MARD at provincial and district levels but will work through structures of the Agricultural and Natural Resources sub-committees at those levels. The Chief Agricultural Officer in each province would ensure that various component managers are appointed at provincial and district levels to link up with the national level. Component managers would report to the District and Provincial Heads of Agriculture within the MARD structure.

IX.3. AREX will take a leading role in the implementation of the Agricultural Development component. The Market Linkages subcomponent will be tendered out for implementation to competent institutions through competitive bidding. The selected institutions will work with AREX to build its capacity in marketing skills. AREX officials within the *Crop Breeding Institute* (CBI) will be responsible for training ARDA officers in seed production. AREX will partner with other organizations such as ACFD and Commutech in organizing and training A1 farmers in seed production. Training of A2 farmers in seed production will be a partnership between AREX and private seed companies. The GMB will take a leading role in implementing the input scheme and will

work closely with farmer commodity associations and AREX officials at field level. Farmer commodity associations will facilitate monitoring and accountability of their membership in using resources of the Input Scheme.

IX.4. AGENETES will be responsible for implementation of the *Support to Smallholder Mechanization* component. It will set up provincial centres for rehabilitating machinery and will identify entrepreneurs for machinery hire centres through a transparent and competitive process. In coordination with farmer organizations and DDF, AGENETES will monitor and supervise delivery of service to farmers by the hire centres.

IX.5. AGRI Bank and the commercial banks will intermediate the lines of credit.

IX.6. The NFTB will take a leading role in the establishment of farmer training institutions and will coordinate with Farmer Organizations and the Private Sector in proposing syllabi for the various centres. Training will be offered by NFTB staff and by relevant commodity based bodies.

IX.7. Farmer organizations such as *Zimbabwe Farmers' Union (ZFU)* and *Zimbabwe Commercial Farmers Union (ZCFU)* will mobilize farmers into commodity associations. Further support will be provided to train farmers and to support the commodity associations before these can become self-sustaining. The farmers' organizations will be assisted by AREX and the *Ministry of Gender, Youth and Employment Creation* in mobilizing and training farmers. Support will be provided by the project for farmer meetings and workshops at district level.

IX.8. Both the public and private sector will carry out capacity building of public sector institutions. In the case of the latter, training services would be provided through competitive bidding. The first step in the process would be a training needs assessment in line with the objectives of the project.

IX.9. Departments will access funding through a process of annual work plans and budgets evolved with the participation of Farmer Organizations and other relevant stakeholders.

X. TECHNICAL ASSISTANCE REQUIREMENTS

X.1. Technical assistance is foreseen in the following areas:

- Establishment of a monitoring and evaluation framework for the project.
- Establishment and implementation of the market linkages component.
- Engineering experts in repair and maintenance of farm machinery.
- Carrying out training needs assessment for farmers and the various government departments.
- Providing training.

X.2. The technical assistance listed above will be of a short-term nature and will be procured locally and internationally.

XI. ISSUES AND PROPOSED ACTIONS

XI.1. **Difficulties with Donor Funding.** If the current difficulties the government is having with donors are not resolved soon, there may be poor donor response to funding the project, at least in the short run. Government has started re-engaging the Bretton Woods institutions and that is a hopeful sign.

XI.2. **Capacity of Government Departments.** Though GOZ is actively recruiting staff, the low salaries offered are a disincentive and a number of posts remain unfilled. Those willing to fill posts are young graduates with limited skills, but even these tend to move out when they acquire experience. Lack of resources also tends to demoralize the few remaining qualified staff within the public sector. Many are not mobile and funds for project implementation are limited. The limited numbers and skills of staff are likely to be a bottleneck in the implementation of the project until conditions in the public service become attractive for experienced and qualified staff.

XI.3. **Private Sector Participation.** This is crucial for implementation of some components of the project. The harsh economic environment could make it unattractive to invest in some agricultural activities. The high cost of operating and maintaining equipment could be a disincentive to private sector participants.

XI.4. **Environmental Issues.** Concerted effort needs to be made to protect the environment from adverse activities of some resettled farmers such as the cutting down of trees for sale as firewood, gold panning and the opening up of new lands without first putting conservation works in place. Some of the land opened up is not suitable for cropping and orderly and optimized land use will be required in some of the resettlement areas to protect the environment.

XII. POSSIBLE RISKS

XII.1. Risks that could influence the outcome of the project include:

- **Macroeconomic Instability.** The macro-economic environment may not improve fast enough to facilitate crop production and agri-rural trade, thus dampening the enthusiasm of the targeted farmers.
- **Market Access.** Zimbabwe may not be able to regain all of its lost agricultural product markets and could find difficulties in re-penetrating them or finding new ones, particularly in view of the subsidized exports from developed countries.
- **Drought.** The ever-present risk of drought and the uncertainties caused by its vagaries to rainfed agriculture.
- **Implementation Delays.** Projects have generally been delayed largely as a result of problems in procurement. This project will need to tender out a number of activities, procure inputs, equipment and contracts for the construction of buildings, all reliant on the procurement procedures of GOZ.
- **Counterpart Funding.** Because of GOZ current budgetary constraints, its financial contributions to the project may not be timely or adequate. The same could also apply to contributions from beneficiaries. This would undermine smooth project implementation.

- ***Impact of HIV/AIDS Pandemic.*** This is a threat on rural labour supply, human resource development at farmer level and within the public sector institutions. At farm level, performance in terms of production has the potential to be negatively impacted by the pandemic.
- ***Human Resources.*** The continued loss of skilled employees from the civil service will prevent optimal use of public investment.

Appendix: References

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