REVOVERING LOST LIVELIHOODS: The case of smallholder plantation crops in Zimbabwe

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Mr Duri's face radiates a sense of relief and pride as he leads SNV advisors through his healthy one-acre coffee field. For a farmer in his late fifties, the relief comes from managing to get back into the business that had promised so much before being shattered by economic downturns he couldn't control. The pride is like that of a student who has exceeded the teacher's expectations. Mr Duri is not the only one donning a smile, his situation is the epitome more than two thousand tea and coffee farmers in his region.

Small-scale coffee and tea production used to contribute considerably to household income of more than 6000 smallholder farmers in Zimbabwe, including Mr. Duri up to the late 1990s. Since the year 2000 when Zimbabwe embarked on an unplanned land reform programme, the resulting economic instability brought the tea and coffee value chains to a halt by 2010. During the decade, smallholder farmers faced challenges such as shortage of affordable inputs, very limited technical support, weak linkages with the markets (both for inputs supply and to sell their produce) and lack of access to credit.

Figure 1. Mr. Duri smiles in his coffee field

Smallholder coffee production declined drastically from 700 MT in 1991/92 to only 2.5 MT in 2009 and from more than 2500 farmers in 1993, to less than hundred by 2010. Similarly, Eastern Highlands Tea Company estimates that smallholder tea production is currently operating at less than 20 percent of capacity. Of the over 3500 smallholder tea farmers in 2002, only 300 were still producing tea by October 2010.

Processors of tea and coffee suffered reduced access to raw materials. For example, Zimbabwe Coffee Mill (ZCM) processed and marketed only 260 MT in 2010 compared to 15000 MT in 1993 (98% decline). Similarly, Eastern Highlands Plantations Limited was operating at 30% of full capacity by October 2010. In the same crisis period, producer organizations and agro-input delivery systems collapsed. This ripple effect impacted negatively on employment in all the stages of the value chains.

When SNV, in partnership with World Vision investigated livelihood options in the valley, the majority of farmers and stakeholders demanded support in reviving tea and coffee sectors, remembering the good old days.

The partners formulated a project to revive the tea and coffee value chains in Honde Valley. The project termed "Revitalising Smallholder Agriculture Project Zimbabwe" (RSAPZ), targeted 2000 smallholders in Honde Valley of Manicaland Province to the East of Zimbabwe.

CLIENTS & PARTNERS

- The main partner/client of SNV is World Vision Zimbabwe. World Vision and SNV collaborated to secure funding from USAID to support tea and coffee value chains. SNV is a partner in implementing the programme but also builds World Vision staff's capacity to implement the project using a value chain approach.
- SNV's other client are the producer associations
- SNV's clients also include two private companies Smallholder Development Company for Tea and Zimbabwe Coffee Mill (ZCM) for coffee. SNV is supporting these companies to improve their effectiveness in leading the value chains.

- SNV's clients also include a Multi-stakeholder platform (MSP) for plantations crops set up for the Honde Valley region. The MSP consists of eight organisations that are implementing RSAPZ and a FAO-funded project on tea, coffee and banana called COTEBA. COTEBA's outreach is 1000 farmers.

SNV worked in the Honde Valley region since 2008, focusing on banana value chain development. The success of this programme attracted World Vision to partner with SNV and expand the programme into other plantation crops. The two obtained funds from USAID to revive the two value chains. The roles of SNV and World Vision Zimbabwe were complementary. SNV's responsibility was on value chain capacity building while the later worked on the day-to-day implementation of the project.

To make the project more sustainable, the two SNV and World Vision Zimbabwe sought to source markets before embarking on any production based revitalization. The project is therefore private-sector driven working with two companies that are into processing and marketing of tea and coffee - Smallholder Development Company for Tea and Zimbabwe Coffee Mill (ZCM) for coffee. SNV supported these companies to improve their effectiveness in leading the value chains. This included appreciating and implementing the value chain approach, engaging and working with smallholders, integrating farm business management and agronomy for company extension officers, research of higher value market opportunities, etc.

SNV's facilitated dialogue among stakeholders in the value chains by establishing a Multi Stakeholder Platform (MSP) for plantations crops in the Honde Valley region. The MSP consists of eight organisations that are implementing RSAPZ and a FAO-funded project on tea, coffee and banana called COTEBA. COTEBA's outreach is 1000 farmers. The MSP besides promoting collaboration between the two projects also seeks to enhance the capacities of partners in value chain understanding and enhance the effectiveness of capacity building activities.

Main components of the RSAPZ project are:

Access to Inputs

From sub-sector studies, SNV identified inputs as constraining efforts of farmers to increase productivity and quality. SNV chose the strategy of strengthening input supply systems for tea and coffee value chains. This is in view of the critical gaps in local availability of inputs at affordable prices for smallholders. The inputs component made agro-inputs available to farmers through contract farming arrangements with coffee and tea companies (ZCM and HVSDC). Funding for inputs was from USAID and provided to farmers on a credit basis where the farmer repaid 75% of the value of inputs received on delivery of output. The inputs provided include fertilizers, seedlings and chemicals. These inputs were not readily available on the local market and were supplied to farmers through market-based channels of local agro-dealers.

The project also facilitated the purchase and distribution of coffee seedlings to 250 new coffee farmers each to planting on average 0.125 ha (approximately 250 plants). Due to the long time to maturity of plantation trees (3 to 5 years) the RSAPZ also supported farmers with quick-win crop production of maize and sugar beans to ensure that they would earn some income and attain food security while committing to the long term crops.

SNV also facilitated contract farming between tea and coffee companies and smallholders. As part of the arrangement, HVSDC has provided pruning machines for reclamation of about 450ha of overgrown tea, thus bringing back about more than 700 farmers into production. Other services provided by SNV are as follows:

Strengthening producer groups
SNV hired LCBs to mobilize farmers into groups and forming associations. Producer groups of about 30 farmers each were established. The producer groups led to economies of scale in project implementation and value chain activities such as marketing. SNV also developed training material to guide project implementers in further development of coffee and tea groups.

Business skills facilitation
SNV developed farm business training material and guided LCBs, para-trainers (cheaper local trainers), and extension staff of private companies on how to develop practical and low cost interventions for turning farmer groups into commercial small-scale producers. The training covered costing, profit and loss, crop viability, quality and quantity considerations, production timing, credit management) and contract farming.

Value chain analysis and marketing intelligence
SNV carried out a tea and coffee value chain analysis which clarified the constraints that affected the smallholder value chains. The major findings were inefficiencies brought about by lack of a coordinated approach to smallholder farming. For example in tea, HVSDC could reduce cost of collecting green leaf from smallholders by half if it collect at designated collection points and at agreed times. Also farmers could increase the price by 12.5% if they improved the percentage of good quality tea from 24% to 35% of their delivered tea. Other bottlenecks in the value chains included weakened private sector capacity to supply inputs and provide other services, liquidity shortages affecting value chain financing, very low levels of trust between smallholder farmers and private sector, low levels of production among others. These issues were discussed in meetings involving farmers and processors. This was the first time smallholder farmers had sat on the same table with companies to negotiate and to chat the way forward in developing the sectors.

SNV's role as facilitator of the RSAPZ/COTEBA multi-stakeholder platform was geared to enhance coordination between the two projects, eliminating overlaps and improving programme implementation. The MSP was named the Honde Valley Plantation Crops MSP. Other participants of the MSP besides those named above included a bank that was providing advice on setting up a revolving fund to provide credit services to the local community.

OUTCOMES

In total, the intervention reached out to 2700 plantation crops farmers though direct participation in value chains and access to inputs. Each household has an average of 5 people and average land ownership of 3 ha. Close to 90% of the farm households derive their livelihoods from crop sales while 42% also earn some income from selling excess household labour (World Vision baseline survey, 2010). A further 2000 are estimated to have benefited from the training and extension services now provided to value chain participants in the area, beyond the project. The following capacities improved:

Improved commercial oriented access to agro-inputs for 2700 tea, coffee farm households on credit
The intervention increased access to agro-inputs which are mostly unavailable on time and too expensive for farmers. Whereas World Vision and smallholder farmers were used to hand-outs of agro-inputs, in this case, inputs were on credit and provided through local agro-dealers. Farmers accessed inputs through trust groups of ten in which farmers cross-guaranteed each other in case of default. This overcame the need for collateral that has previously excluded farmers from accessing credit.

Improved value chain collaboration
Using the MSP, SNV initiated and sustained dialogue among value chain actors, mainly producers and processing companies. In the tea value chain, farmer and processor negotiations resulted in increased prices from 6 US cents to 8 US cents per kg (a 33% increase). This improved the motivation levels to the extent that on their own, using rudimentary means, smallholders reclaimed 70ha. Similarly for coffee, although last year's prices were at $3.50 per kg, this year ZCM offered $4.50/kg a 28.6% increase. In banana, prices rose from an average of 28 cents/kg to 33 cents per kg (an 18% increase). In addition, the actors in the tea and coffee value chains agreed to start taking steps towards breaking into the niche markets such as Fairtrade. The knowledge of the value chain beyond enterprise level was an eye-opener for farmers who got to understand why the processors could not continue to increase prices. Companies also appreciated the value of working closely with smallholders as the last decade had taught them lessons that when smallholders feel that they are not adequately compensated for their efforts, they eventually exit the value chain or side market.

Improved capacities of smallholders to organize

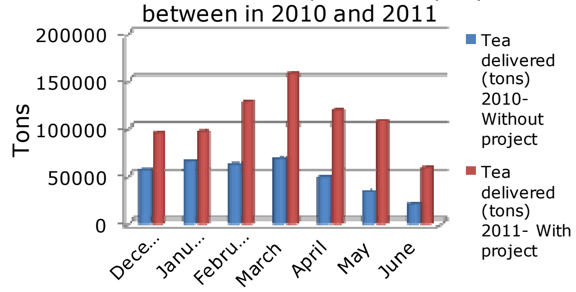
Close to 60 tea and coffee based producer groups were formed. These producer groups formed two associations, one for each of tea and coffee. Without these, smallholder participation in the value chains would have remained passive. Farmer leadership represented producers in negotiations and planning meetings with companies. The associations also spearheaded the implementation of the field activities of RSAPZ and COTEBA.

Figure 2: Larry Attipoe, SNV Country Director is shown how to pick tea by a farmer in Honde Valley

IMPACT

Although the main focus of this intervention is on tea and coffee, farmers reaped good yields from summer food crops supported under the programmes. In addition to this the project made huge strides in less than a year. As Mr Shepstone Muzvidzwa puts it, "it's a tea revolution in Honde Valley". Within a space of 6 months, a total of 450 ha of tea was reclaimed, 70 ha of which was through the farmers' own efforts using traditional means of axes and machetes as they felt HVSDC pruning machines were slow. This triggered more deliveries of green leaf to HVSDC, even improving quality. There was a 117% increase in deliveries of tea to the processor Eastern Highlands Plantation through HVSDC. This was contributed by increased use of fertilisers and increased reclamations. For coffee, only about a hundred farmers like Mr. Duri who still had some coffee sell coffee this year. The rest are at start-up and will only begin harvesting in 3 years time. Despite this, they still find reason to smile as they know they are back in business.

Figure 3. Tea deliveries to Honde Valley Smallholder Development Company between in 2010 and 2011



The increases in prices of tea and coffee are major factors of increasing incomes for smallholders. In addition, the other factor for improved incomes is through increased production due to increased use of yield enhancing inputs as well as expansion of crop under production especially for tea reclamation and new plantings of coffee. About 650 ha of tea was overgrown and out of production at the beginning of the project. On the basis of the current trends, the project partners are sure the impact goal of "Increased production, income and employment and food security for 1000 Coffee; 1400 tea and 1000 banana farmers by March 2012" will be achieved. So will the targets of net additional income of USD 300 per household per; 20% average increase in production and 500 farm and formal jobs creation." Additionally, cereal food self-sufficiency for 2500 smallholders has been achieved".

SUSTAINABILITY

What makes this intervention stand out from previous efforts in the Honde Valley is the strategies put in place to guarantee sustainability. First, although smallholders were used to handouts of agro-inputs from government or NGOs, this project made inputs available on credit. In addition, use of local market-based channels of agro-dealers is expected to stimulate more demand. This would allow farmers to expand beyond the input package.

Figure 4: Bumper harvest. A full trailer of tea waits at a collection centre.

Following on from the provision of the credit to farmers, the project plans to set up a revolving fund from repayments of farmers. This process is still being established. The revolving fund will ensure that many farmers access inputs in future. To guarantee the survival and viability of the fund, a financial institution will manage the revolving fund along commercial lines.

Government and private sector extension workers were trained and fully involved, including in business training so that their training can be commercially oriented. Practical training manuals on "Farm Business Management" and "Producer Group Strengthening" were produced and LCBs trained on their use. In order to increase the outreach and contact time with farmers, LCB selected para-trainers. Para-trainers were local youths with some level of academic achievement. They were trained in depth by SNV and LCBs so that they in-turn trained farmers. The benefit of the para-trainers approach was that it improved the understanding of farmers and was affordable to the level commensurate with anticipated farmer profitability. As one farmer (Mrs Nyakuchena) remarked, "our para-trainer does not rush. He teaches us bit-by-bit and we understand him, he is our son." Already, processors and producer groups are exploring ways keeping the services of Para trainers running beyond SNV.

In addition, coffee and tea are long term investments which Mr Chikomba, a farmer leader aptly labelled "an inheritance for my children". The value chain approach taken by all stakeholders will seek to grow the rewards that actors obtain from their respective business enterprises.

LESSONS LEARNED

Although the intervention is only midway to completion, already there are good lessons to inform further development of the value chains. Below are a few of them:

- Smallholders still face the challenge with local availability of seed. There are no local suppliers of tea and coffee seedlings. This presents a barrier to entry for many willing farmers. Farmers would better be served by local access to seedlings and other inputs.
- Value chain training and facilitation for farmers and other actors led to improved efficiencies. For example, better communication between farmers and the processor on availability of milling capacity and leaf collection reduced losses to almost negligible. In the past, farmers would harvest when the factory is down or the company could not come to collect. Other gains were in tea quality.
- The lack of reward for quality generally reduces the incentive to improve by farmers. The collection system of HVSDC where smallholder tea is bulked up and quality jointly assessed for the farmer group does not reward individual farmers for good quality. As a result, this discouraged farmers and reduced quality levels by 11 points.
- The presence of an NGO in the provision of agro-inputs to smallholders can potentially derail the commercialization of contract farming arrangements. This is mainly because farmers still associate NGOs with free handouts and therefore expect the NGO to understand them should they default. Some farmers were already raising several justifications why they may fail to pay back the input credit. The reasons ranged from late supply of inputs, poor yields and poor prices of summer crops among others. This then supports the observation that it is better to channel credit through private companies which then extend the same to farmers. NGOs can only come in to reduce transaction costs and risk through capacity building and additional monitoring.

STANDARD DATA

- Start and end date of contract : 1 October 2010 to 31 March 2012
- Consistence of team: Lead Advisor: Elton Mudyazvivi. 2 Local Capacity Builders
- Number of PP-days already invested and planned to be invested per category (staff/LCB/external consultant) : 250 PPDs
- Involved partnerships: Partnership with World Vision Zimbabwe
- Financial resources invested: USD 55 000
- Client satisfaction and enhanced capacity: To be done