



Groundnuts Subsector study.

Report of a study commissioned by SNV Zimbabwe, 6th Caithness Road, Eastlea, Harare.

November, 2012,



Table of Contents

1.0	Introduction and sector overview.....	1	2.7	Projected Financial Returns in the Subsector	15
1.1	Study approach.....	2	3.0	Conclusions and Recommendations.....	16
	Table 1: Data sources by category.....	3	3.1	Conclusions.....	16
2.0	The groundnuts subsector in Zimbabwe.....	3	3.2	Recommendations.....	16
	Table 1: Groundnuts input suppliers and producers.....	3	References.....		19
	Graph 1: Groundnuts producing areas (hectarage and yields) ...	4			
2.1	Key players.....	4			
	Table 2: Subsector buyers and processors.....	4			
2.2	Input supply: issues and prospects	4			
2.3	Production	6			
	Graph 2: Groundnuts production trends by land category	8			
	Table 3: Groundnuts production trends	9			
2.3.1	Private sector participation in subsector.....	10			
2.3.2	Farmers' perspectives on subsector problems.....	10			
	Graph 3: Leading groundnut producing areas (2011/12)	11			
2.3.3	Groundnuts subsector map	12			
2.4	Buyers, Shellers and Processors.....	13			
2.5	Wholesaling and retailing.....	14			
2.6	Marketing.....	15			

List of Acronyms

ATA	Appropriate Technology Africa
AGRITEX	Agricultural Technical and Extension Services
CIT	Cash in Transit
CFU	Commercial Farmers Union
CCZ	Consumer Council of Zimbabwe
FAO	Food and Agriculture Organisation
GMB	Grain Marketing Board
IRD	International Relief and Development
NGO	Non Governmental Organisations
NFU	National Farmers Union
SNV	Netherlands Development Organisation
VCA	Value Chain Analysis
ZFU	Zimbabwe's Farmers Union

1.0 Introduction and sector overview

Groundnuts in Zimbabwe are principally grown by communal and resettlement farmers in Natural (Farming) Regions 2 to 3 under dry land conditions. The principal growers of groundnuts are smallholders and in this farming sector the crop is predominantly considered a woman's crop. Groundnuts are also grown in regions 4-5 under irrigation. The smallholder groundnuts growers are estimated to be above 1.5 million. The number of commercial groundnuts producers is estimated to be below ten thousand farmers.

There is private sector willingness to support subsector activities focusing on benefiting producers while ensuring dependable availability of industrial raw materials. In fact the study learnt of contract farming programmes by national agencies like the Grain Marketing Board, a Government of Zimbabwe enterprise and Agriseeds, a private company alongside international NGO support by, among others IRD and Concern. The latter two international organizations supported smallholder farmers in Buhera and Gokwe respectively working closely with government extension staff.

National commercial demand for groundnuts is estimated at between 120 000t and 130 000t per year (USAID 2010). Production figures for the 2010/11 and 2011/12 seasons were 230 475t and 120 001t respectively (GRZ 2012). Because of the weak marketing arrangements for groundnuts produced by smallholders not all the produce is marketed formally. At the same time, the figures for

groundnuts consumed by producers themselves (mainly as green, roasted and in the form of peanut butter) and informally marketed are not readily available. This suggests that the proportion of local commercial demand met through local smallholder produce is difficult to establish without undertaking a comprehensive study of all processors big and small in terms of the make-up of their groundnuts raw materials. As such, the 120 000t to 130 000t demand estimate may refer to commercially marketed or handled produce rather than the total demand. Overall, processors meet their raw material demands through local produce and imports from within the region mainly from Malawi and Zambia.

The subsector has distinct players as shown in tables 1 and 2. Large groundnuts processors depend on imports for their processing requirements (USAID 2010). Two factors explain why they complement local sourcing with imports. One is that groundnuts are available for at most four months after any harvest. After that mobilizing output becomes extremely difficult and expensive. To ensure all year round operations processors therefore resort to imports. The second reason is that smallholders in Zimbabwe use returned seed and the varieties grown are not readily suited to confectionery uses. Additionally some of the groundnuts are small, which presents processing difficulties.

1.1 Study approach

This report follows an assessment of the groundnuts subsector using the Value Chain Analysis (VCA) approach to establish prospects for boosting smallholder production and productivity through market-

driven initiatives. The study relied on mixed methods. These involved review of literature and interviews with key informants or subsector experts working in strategic organizations (see table 1). The focus was on ensuring a grounded understanding of issues and prospects focusing on;

1. Primary actors in the subsector, their roles, responsibilities and relationships
2. Market channels and trends within the subsector
3. Constraints that are holding back growth and competitiveness opportunities that can be exploited for the benefit of subsector actors, more specifically the smallholder farmers
4. Value chain governance structures, and
5. Service providers to the value chain.

Table 1: Data sources by category

Category of respondents/institutions,	No,
Farmers	18
Farmer Organizations	4.
Input Suppliers	3
NGOs/Development Partners,	3
Processors,	3
Public Sector/Regulator,	3
Research Institution	1

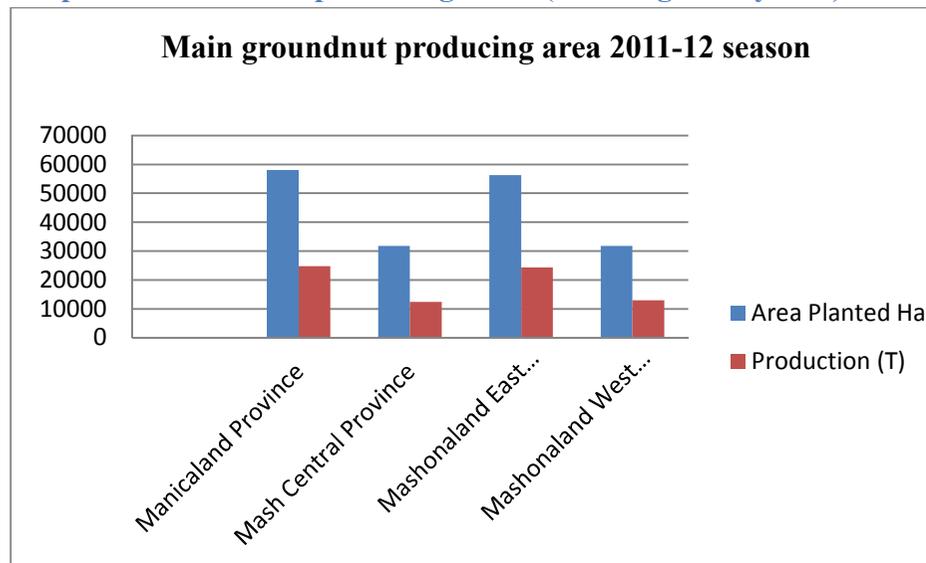
2.0 The groundnuts subsector in Zimbabwe

The crop originated in South America. It is now grown in almost all tropical and sub-tropical countries. The crop is beneficial in dietary terms as it is a good source of protein, edible oils, energy, minerals and vitamins. Groundnuts are also a very good rotation crop because of its nitrogen fixing qualities while also useful in terms of the production of animal feeds. It is grown throughout Zimbabwe but mainly concentrated in ecological regions 2-4 of the country with parts of Manicaland and Mashonaland East provinces being the major producing areas in terms of area planted and output (see Graphs 1 and 3).

Table 1: Groundnuts input suppliers and producers

Function	Examples of actors	Remarks
Input suppliers (Fertilizers, Seed etc)	Fertilizer companies; Zimbabwe Fertilizer Company and Windmill	Have urban based distribution points, Produce specialised fertilisers for groundnuts
	Seed Companies; Seed Co, Pioneer, Prime Seeds, Agri-Seeds and Pannar,	Some have good networks of rural agro-dealers and thus input distribution networks Some, e.g. Agriseeds have contracted smallholder farmers to grow groundnuts seed,
Producers	Smallholder farmers in North Eastern (Mount Darwin, Mudzi) and Eastern districts (Makoni, Buhera, Hwedza, Chikomba) Masvingo (Gutu, Zaka, Bikita and Masvingo) and Mashonaland (Chikomba, Hurungwe and Hwedza)	

Graph 1: Groundnuts producing areas (hectarage and yields)



Source: AGRITEX August 2012

Smallholder farmers dominate groundnuts production with women playing a central role in both the production and marketing. They (smallholders) contribute 75%¹ of output and grow the crop in light soils. Production has traditionally been viewed as women’s socio-economic activity mainly for household consumption and to supplement household income through local sales of shelled and unshelled nuts as well as peanut butter.

¹Interview with Rob Kelly 19 September 2012

2.1 Key players

The sub-sector has many players from production to processing.

Table 2: Subsector buyers and processors

Category,	Company examples,	Comments,
Bulk buyers,	Monakem Investments, Agricom, Agriseeds, REAPERS, Predomn Investments and Berckabury,	Buyers purchase groundnuts at USD600/t unshelled and between USD750 and USD1000 shelled,
Processors,	Nutresco, REAPERS, Lyons, Karima Investments, Cairns etc,	Combine imports and local purchases with imports meeting up to 90% of raw materials when local produce is out of stock, Other combine growing own crop and local purchases (e.g. REAPERS) and still others contract farmers

2.2 Input supply: issues and prospects

Inputs required for groundnuts production include;

- Certified seed of suitable varieties (mainly short duration varieties for dry land production)
- Fungicide to dress the seed before planting
- Lime to correct the soil pH
- Basal fertilizer with boron (Single Superphosphate or manure can be used as cheaper alternatives)
- Gypsum for topdressing, and

- Shelling equipment to ensure that farmers sell shelled nuts to increase their returns,

In terms of seed, both Government and Seed Houses (SeedCo, Agriseeds etc) have bred over eleven groundnut varieties. SeedCo has developed three groundnut seed varieties (SC Orion, SC Nyanda and SC Mwenje). SC Orion is a long season (160 days) high yielding variety adapted to production under irrigation while SC Nyanda is a short-season variety, drought and heat stress tolerant and gives good yields in marginal rainfall areas. SC Mwenje is a short season variety, virus resistant, suitable for most value-adding market purposes, and can be used for peanut butter and most other confectionery needs.

However, seed companies do not have short season varieties bulked up in sufficient quantities to make an impact on production. Small scale and communal farmers grow a mixture of seed varieties not suitable for the confectionary trade or for export. The majority of smallholders use retained seed shunning certified seeds, which explains why seed houses argue that there is no effective demand for certified groundnuts seed. A total of 2000t² of seed is bulked across all seed houses. On their part farmers often cite the following reasons for not using certified seeds;

1. The certified seeds require management practices and equipment that smallholder farmers are unused to.

2. The certified seeds are too risky in drier climates where the majority of the smallholder farmers are found. These varieties do better under irrigation, and
3. Smallholder farmers consider certified seed as requiring additional external inputs for optimal production, which makes their operations expensive for a crop whose market is not fully developed.

Smallholders use returned seed that does not require intensive management practices. The variety of choice is the Natal Common, which has been bastardised. The production of a hectare of groundnuts costs US\$404.00³. The inputs include 80kg seed (US\$144), 200kg Compound D (US\$120), 200kg Gypsum (US\$24) and 69 labour days. However smallholders rarely apply fertilizers, lime and other external inputs to their groundnuts crop. Family or unpaid community labour is used. Generally a woman's crop, land and labour allocation is often sub-optimal for groundnuts. This reduces prospects for boosting production and productivity as smallholder households give priority to food and cash crops. In maize, tobacco and cotton producing areas, groundnuts are lower on the crop packing order.

By virtue of the main producers being in the smallholder sector, extension services are mainly provided by AGRITEX. Private sector related extension is available to contracted farmers under REAPERS, Agriseeds and Willards Foods for instance. Extension services for the subsector are currently weak, a function of both supply and demand

² Written input from Seed Co, October 2012,

³Interview, Rob Kelly October 2012

constraints. Supply in terms of low numbers of experienced and adequately resourced staff and demand since producers grow the crop under the notion that it is a simple non-cash crop and therefore allocate the least resources to its production. The consequence is that groundnuts production suffers from poor agronomic practices.

Currently there are no financial services targeting producers in the groundnut subsector even in smallholder irrigation schemes. The absence of appropriate financial services also affects middlemen who are critical in terms of bulking produce from resettlement and communal areas. Such a production-marketing context has acted to reinforce a subsistence production culture. Contract farming of the crop is not yet widespread. Available financial services are structured in relation to cash crops and even providers of financial services lack adequate experience to structure groundnuts financing.

2.3 Production

The smallholder farmers in communal and resettlement areas produce up to 75% of groundnuts in Zimbabwe under dry-land conditions. Very few commercial producers grow the crop. Those that do like REAPERS grow the crop under both irrigation as well as rain-fed conditions with a general preference for long season varieties. Long season varieties of groundnuts have a higher yield potential than short season varieties.

⁴Second round crop and livestock assessment,

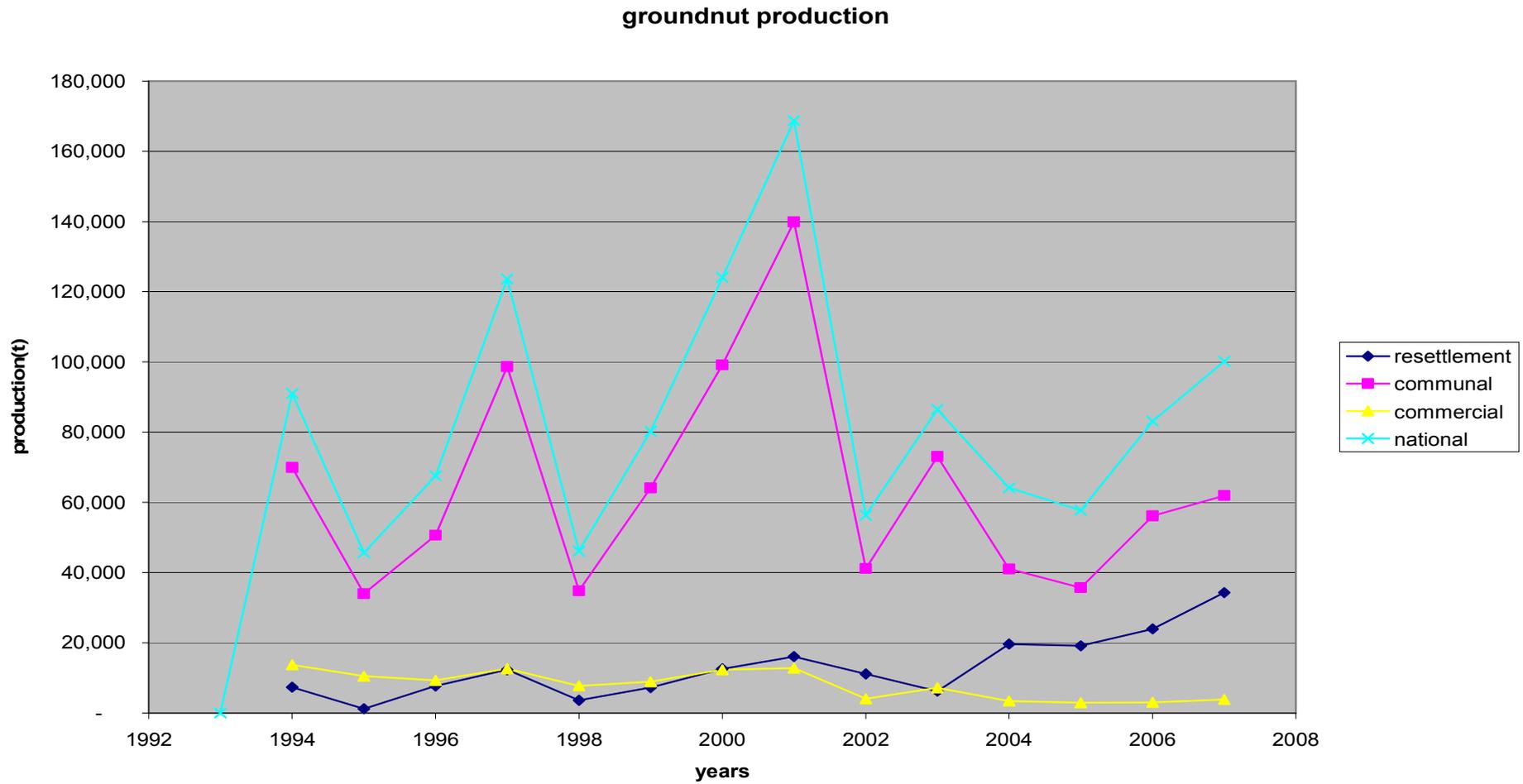
Government estimates show an output surge from the 100 000t in the 2006/7 season to 230 475t in the 2010/11 season (GoZ 2012⁴) with estimates for the 2011/12 season expected to be nearly half at 120 001t (see also Graph 3 for production districts). As noted earlier production estimates⁵ suggest that outputs could be enough to meet local commercial demand. However, three points should be made. One is that varieties produced are more suited to peanut butter making than confectionery and other uses, which results in some processors having to import to meet their demand. The second is that not all produced groundnuts are formally marketed if at all. When IRD supported groundnuts production in Buhera they encountered produce from at least two seasons that farmers kept in their granaries. The third point is that depending on the timing of a crop assessment, mid-season dry spells, pests and other production-related problems may affect eventual output.

The area planted was on the increase during the last decade partly because of the contract farming promotion of the crop by some actors in the industry such as REAPERS and Agriseeds. This shows that with a ready market and supported production, smallholder farmers can take up groundnut production to a semi-commercial level. Large scale commercial farmers are not necessarily active in groundnuts production in Zimbabwe. One reasons given by some key informants is that the crop is labour intensive especially at harvesting. However, experiences in other countries show growth in large scale commercial

⁵Particularly for crop assessments these figures are based on calculations using land planted or cultivated and expected yield.

farmer activity e.g. in Ghana. This shows that large scale commercial production can be explored in Zimbabwe at least for seed initially.

Graph 2: Groundnuts production trends by land category



Source: SNV 2009⁶

⁶ A study of the Oilseeds subsector in Zimbabwe

Table 3: Groundnuts production trends

Season	1980s (avg)	1990s (avg)	2005/06	2006/07	2007/08	2008/09
Production (MT)	84 280	85 532	83 170	100 168	131 536	216 619
Percentage Change		1.4	-4.07	15.5	51.7	149.8
Area (ha)	197 888	174 097	176 196	224 318	299 252	354 636
Percentage Change		-12.0	103.2	15.3	53.8	82.3
Yield (kg/ha)	423	487	472	447	440	610
Percentage Change		15.1	-2.6	-7.7	-9.2	25.8

Source; World Bank 2009,

Table 3 shows productivity levels of between 0.4 and 0.6t/hectare from the 1980s through the 2008/09 season compared to up to 4t/hectare under irrigation (FAO 1997⁷). In the 2011/12 season, productivity dropped to 0.36t/hectare (GoZ 2012) reflecting farmers' inclination not to allocate prime land and other resources to groundnuts production. Waddington and Karigwindi (2001⁸) corroborate this experience when they note that smallholders find it more beneficial to continuously grow maize with fertilizer than rotate with groundnuts because of low yields, marginal to zero profitability and high labour costs of groundnuts-maize rotations. This shows that

⁷Socio-economic impact of smallholder irrigation development in Zimbabwe, www.fao.org/docrep (downloaded October 8th 2012),

⁸Productivity and profitability of maize + groundnuts rotations compared with continuous maize on smallholder farms in Zimbabwe, pp83-98 in Experimental Agriculture, Vol. 37. Issue |1,

at smallholder level groundnuts production is not necessarily considered a commercial operation.

Low smallholder productivity is explained based on;

- *Use of retained seed*; despite Zimbabwe having developed over 11 varieties since 1950, which yield 80% more than local ones, mostly smallholder farmers still use retained season⁹. The market for processed seed is not developed due to low demand.
- *Non-use of other external inputs*; farmers, mostly in communal and resettlement areas, are unwilling to invest in fertilizer, lime, chemicals and other technologies to boost productivity. Not much inter-farmer transfer of best practices e.g. through farmers' organizations focuses on groundnuts, which like other small grains do not have the 'pride of place' that crops like maize, cotton and tobacco for instance have.
- *Poor agronomic practices*; most producers do not allocate prime land and labour during planting, weeding and harvesting leaving the crop to be grown under sub-optimal conditions.
- *Low priority*. Considered a woman's crop is given low priority among the crops that are grown by households in Zimbabwe
- *Home consumption*. Groundnuts are not given priority because it is used mostly for home consumption.

⁹ Two interrelated strategies can be used according to key informants to increase use and ready availability of high yielding seed varieties to smallholders. One is buying certified seed after every four years. The other is using a percentage of certified seed every year on a proportion of land planted for own seed.

2.3.1 Private sector participation in subsector

The production of groundnuts in Zimbabwe has been facilitated through contract farming between the smallholder farmers and the private sector players. The GMB has been contracting over six thousand smallholder farmers in the areas around its silos. The highest number of contracted smallholder farmers being in the Buhera and Rushinga districts. AGRISEEDS has established thirty-five (35) collection points in Gokwe and Rushinga districts for the contracted farmers. REAPERS, IRD and PRIME SEEDS are involved in contracting the smallholder farmers to produce groundnuts. The contracting experiences differ between the companies. The general complaint among the contracting companies is the issue of side selling by the smallholder farmers, which results in the non-repayment of the inputs advanced.

Overall the production of groundnuts is constrained by production and productivity challenges, issues around farmer organization and knowledge transfer, low private sector appetite to support production due to some negative experiences and weak marketing structures.

2.3.2 Farmers' perspectives on subsector problems

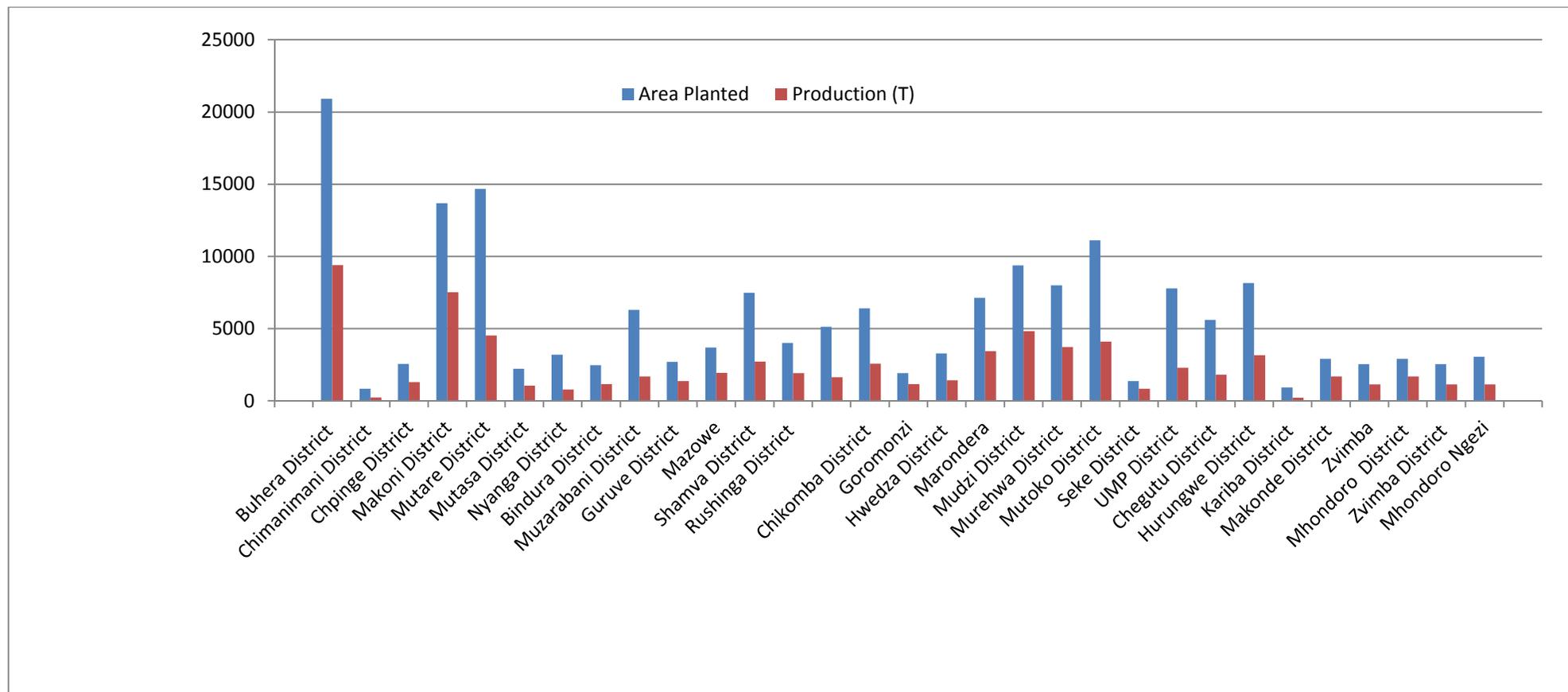
Growing private sector interest in the crop has resulted in some farmers in the main growing areas organizing themselves with NGO support. This is the case in Buhera and Gokwe. Despite private sector interest and farmer organization there are problems that farmers face. The experiences of stakeholders, including a farmer from Gokwe

working with Concern, shared at the 30th October workshop show that the main problems relate to;

1. Lack of market information (buyers, prices),
2. Poor access to quality inputs,
3. Lack of appropriate technology (e.g. for shelling),
4. Lack of appropriate technical and extension services,
5. Misconception of contract inputs as grants amongst growers, and
6. Lack of direct access to financial services (high bank charges, lack of appropriate collateral).

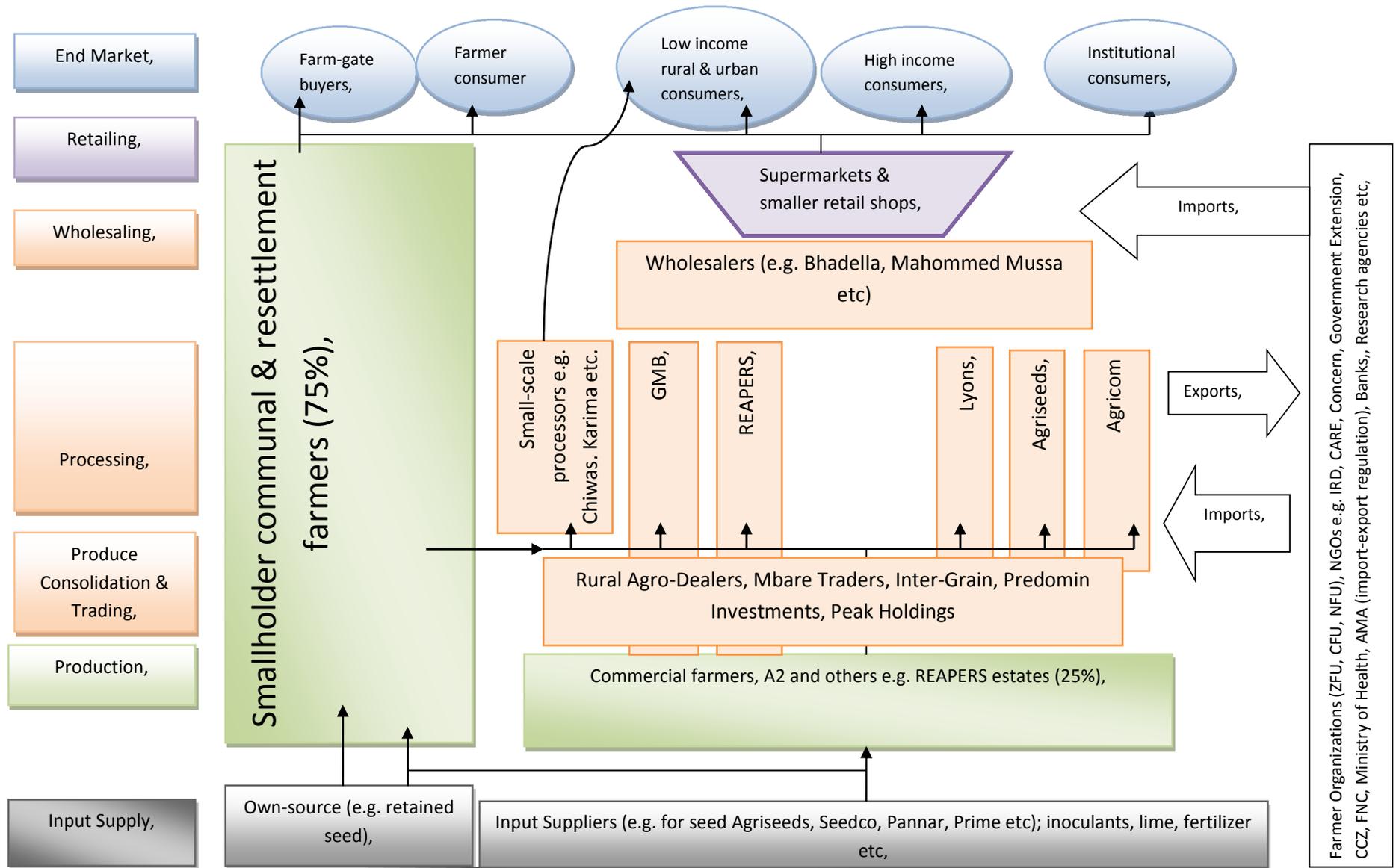
Subsector opportunities include farmers' willingness to engage, the near collapse of cotton in Gokwe (and possibly other cash crops in future) makes groundnuts an optional cash crop and the significant export potential that exists.

Graph 3: Leading groundnut producing areas (2011/12)



Source: AGRITEX records, August 2012

2.3.3 Groundnuts subsector map



2.4 Buyers, Shellers and Processors

Groundnuts are bought by a number of large and small-scale buyers. The main buyers in Zimbabwe include the GMB, REAPERS, Agriseeds, INTERGRAIN, AGRICOM, Predomn Investments and Peak Holdings. There is also a host of small processors and informal traders involved in the buying and resale of groundnuts. The middlemen sell to processors or to other traders at main markets like Mbare in Harare.

Groundnuts are shelled either at household or factory level. At household, shelling is done either by hand or hand-operated shelling machines produced and distributed locally (e.g. Appropriate Technology Africa, ATA). At industrial level GMB and REAPERS have the largest shelling plants. The two have large shelling plants in Harare and Rusape, which also is indicative of the producer concentrations. Other processors have smaller in-house shelling capacity or use toll shelling facilities provided by larger subsector players. Some of the main buyers and processors also promote seed production to increase production for commercial use amongst smallholder farmers. For instance, REAPERS imported seed two seasons ago from South Africa to boost own production and contract farming activities.

Leading small-scale processors include Chiwas and Karima Investments, Bescom Enterprises and ROTVIC. These processors purchase groundnuts from communal areas and also import from

Malawi and Zambia. Some do toll-processing for informal sector actors.

Large-scale processors with product brands particularly peanut butter in the market include REAPERS, Lyons Maid and Nutresco. REAPERS is the leading player among the processors with a capacity to process 500 000 tonnes a year. The company gets the groundnuts from contracted smallholder farmers, its farms and imports. REAPERS' peanut brand is Mama peanut butter.

Lyons Maid is the second largest processor currently operating below its installed capacity. It processes peanut butter and is currently importing groundnuts for its operations paying up to US\$1 100/t for shelled groundnuts from Malawi and Zambia. In the late 1990s, the company tried contract farming in Muzarabani district, with farmers operating in groups. Farmers would be paid in groups and it was up to the group to sort what each member would get paid based on one's contribution. This method did not work smoothly and the company stopped contracting.

Nutresco is the third leading processor in the country, and currently imports 90% of its groundnuts requirements from Mozambique and Malawi. The groundnuts are processed into Country Kitchen peanut butter. Nutresco pays US\$900 per tonne for shelled groundnuts delivered to its factory. The company is also involved in toll shelling and processing to use some of its underutilised capacity.

The other relatively large processors in the groundnuts subsector are Cairns (Willards Foods), National Foods and CHARHONS. Willards

Foods in 2009 operated at 50% (600t per annum against a peak of 1200t reached in 1999) based on importing up to 80% of requirements from Malawi until recent operational problems within the group seriously affected its viability. Willard previously contracted smallholder farmers. The company's model integrated extension services for farmers through its agronomists.

The key challenges identified by the processors include;

1. Constrained local supply, which increases costs of mobilizing produce (logistics of buying small quantities of groundnuts from individual farmers and transporting it to processing plants) and at times creates an unproductive stampede amongst subsector actors for the available produce,
2. Farmers are not producing big nuts. As such, the big nuts sub-market needs to be fully understood as there is potential considering this is the type of produce most large scale processors demand,
3. The isolated nature and weak organization of farmers involved in groundnut production,
4. Side marketing. Unlike tobacco and cotton for instance which cannot be processed on-farm, groundnuts are highly susceptible to side marketing and on-farm processing, making it unattractive for contract farming. This is a challenge that also affects sugar beans,
5. High cost of production per unit & processing due to lack of a guaranteed supply of groundnuts throughout the year. As a result some companies have had to close at times in the year e.g. GMB and REAPERS Shelling plants, Karima Investments etc,

6. Poor rural road networks which also pushes production costs,
7. Weak information systems,
8. High transaction costs per unit, and
9. Trust [& other 'ubuntu'] deficits where farmers for instance insist on cash payments forcing large scale buyers to use Cash in Transit [CIT] services to reduce their exposure to risks. However, this increases companies' costs of participation in the subsector and reduces their competitiveness especially given the growing number of small scale processors active in the peanut butter value chain.

The produce mobilization framework was better when the Grain Marketing Board provided the link between farmers and the private sector. However, GMB is not playing that role effectively any more as it is also venturing into processing. This has created space for informal middlemen and formal commodity brokers who purchase groundnuts from farmers for onward selling to private companies in the subsector. This leaves farmers without any support for their production as these actors only come for buying. Discussions with the end-users of groundnuts showed that such companies had more flexibility than what GMB used to offer, although the unmatched comparative advantage of GMB is that it has better infrastructure across the country.

2.5 Wholesaling and retailing

The wholesaling of the groundnuts-related products is through the fast-moving consumer goods supply/distribution chain of wholesalers

and retailers (supermarkets, factory shops etc). Some peanut butter processors are finding challenges in their relations with wholesalers around prices, which are currently subdued largely because of informal peanut butter processors.

2.6 Marketing

Groundnuts are a decontrolled crop although previously the Grain Marketing Board (GMB) operated the only approved shelling plants. The local supply of groundnuts does not meet the requirements of local processors throughout the year. Large local processors import roughly 90% of their requirements because local groundnuts supplies dry up or become uneconomic for bigger subsector players from about August of each year till the next harvest period.

The groundnuts subsector's market channels are;

On-farm market: In this channel groundnuts is consumed as a raw product or is processed into roasted peanuts or peanut butter. The volumes entering this market are unaccounted for.

Poor Urban Market Channel. This channel consumes groundnuts as a raw product, roasted peanuts or peanut butter. This channel is serviced by retailers and supermarkets operating in the high density areas and through local small scale processors sourcing groundnuts directly from smallholder farmers of Mbare Market. Like the on-farm market, this is also unaccounted for or fully quantified.

High Income Urban Market Channel. This market is supplied by supermarkets and also consumes imported peanut butter.

Institutional Buyer's Market Channel. This channel is made up of schools, hospitals, hotels and restaurants. These institutional buyers mostly purchase directly from the processors and few quantities from wholesalers and retailers.

The first two channels are largely supplied through the informal marketing channels not necessarily by the formal private sector-led processing model. The informal marketing framework has remained flexible in terms of the business model and over the years expanded its reach especially with the growth in appropriate technology for shelling and peanut butter making. Actors in this market segments have become aggressive and also sophisticated with the result that formal processors have almost been pushed out. Some home-based processors of peanut butter have coalesced into clubs that export peanut butter to neighbouring countries.

The high income urban market channel is a specialized one where consumers for products like peanut butter look for specific qualities like consistency and smoothness. This is the segment facing serious challenges in terms of accessing groundnuts from the local market for processing into locally marketed products and exports. Actors supplying this segment like GMB noted significant unmet demand with orders of up to 200t/month not being supplied.

2.7 Projected Financial Returns in the Subsector

Table 4 below indicates financial returns from hectare of groundnuts, assuming that the farmer's yield is 900kg per hectare.

Minimum producer price	USD/kg	0.6¹⁰
Expected yield	kg/ha	900
Producer costs	USD/ha	404
Gross Return	USD/ha	540
Profit/(loss)	USD/ha	136
\$ return: \$ invested		1.34
Break even yield	kg/ha	673.33
Return to family Labour	USD/day	1.97

3.0 Conclusions and Recommendations

3.1 Conclusions

The groundnuts sub-sector faces challenges regarding production and productivity (0.4t/ha against 1.2t/ha realized in Buhera under IRD support), which has impacted on raw material availability for the peanut butter and other value chains dependent on the subsector. Subsequently there is low capacity utilisation. The crop however constitutes an ideal vehicle for facilitating increase in rural incomes for women who are the main producers, micro-processors and marketers with scope for improving employment generation. At the

¹⁰Price for groundnuts in-shell

same time, it can underpin diversification out of cotton for some farmers given challenges in this subsector. Subsector governance needs to be improved to underpin improved smallholder contributions and strategic participation of large scale commercial farmers. Private sector players focusing on different aspects of the subsector (inputs, research, marketing, processing etc) exist although there is limited subsector coordination around a shared framework. All considered though, the subsector has potential for private sector supported smallholder productivity and production enhancement.

3.2 Recommendations.

The study identified the following areas as critical for subsector development;

1. Production and productivity improvement,
2. Developing marketing structures overall and smallholder participation i.e. producer-processor interaction, and
3. Improving the policy and business environment.

Based on the subsector assessment, specific recommendations for SNV consideration targeting groundnuts producing districts should focus on support a process of shifting smallholder production from subsistence to commercial production. This is because the current production orientation among the smallholder farmers is inadequate for current subdued demand (due to economic problems) and will not underpin any industrial expansion. Subsistence farmers mainly grow the groundnuts for household consumption. There is therefore a

compelling need to facilitate commercial production. This shift can only happen through working with model farmers able to demonstrate improved livelihoods from groundnut production and increasing the numbers of farmers taking up commercial groundnuts production in the main producer areas. The study therefore recommends the identification of model farmers who will be coached and mentored on commercial groundnut production. These farmers would then be supported in terms of

1. Access to improved seed (variety/breed);

- **Short-term:** seed importation, which however may be expensive and that imported seed may not always be , not always ‘true-to-type’ as well as issues of adaptation,
- **Long-term:** seed multiplication working with established farmers either Small Scale Commercial Farmers (SSCF), A2 and remaining Large Scale Commercial Farmers (LSCF). This will create an easier to manage seed production environment with smallholder level interventions assuring demand for produced seed. Also the proper selection of returned seed under proper management (agronomic practices) would boost productivity and production,

2. Ensuring access to and usage of other inputs including fertilizer,

- **Basic inputs:** improved seed, seed dressing and top dressing,
 - **Optional:** basal fertilizer,
3. Improving access to and uptake of appropriate technologies;
- Demonstration plots in production hubs (anchored by an increasing density of producers),
 - Ongoing capacity development of individual farmers, extension staff and other stakeholders,
 - Supporting provision of “disciplined¹¹ and resourced extension” that integrates state and non-state extension to reduce risks of mixed-messaging during production mentorship processes.
4. Better structuring and facilitation of marketing processes including improving subsector information and communication systems;
- Instituting competitive buying framework (number and diversity of players),
 - Supporting improved governance of marketing processes,
 - Engaging stakeholders critical for the supply of secondary services like roads, ICT and appropriate technology e.g. farm-level shellers and produce bulking facilities,
5. Improving subsector coordination (i.e. actor engagement for mutual success);
- Creation anew or supporting emerging collaborative framework for actors in subsector,

¹¹ Supporting farmers at every stage of production through frequent (once a week) monitoring and mentoring.

- Developing and securing funding for strategic subsector initiatives (e.g. activities envisaged under recommendations 1 to 4 above),
6. Strengthening subsector research and development to anchor development and implementation of improved approaches, answering subsector questions (e.g. the inner workings of the informal subsector channels and role in a formal process of subsector development/growth) and developing new products,
 7. Improving funding of subsector actors tapping into existing products (e.g. CREATE Fund and products of other banks like Agribank), and

Business environment development through supporting policy research, lobbying and advocacy within the framework of the collaborative framework suggested in 5 above or through linkages with research or policy centres interested in the subsector.

References

1. FAO (1997) Socio-economic impact of smallholder irrigation development in Zimbabwe, www.fao.org/docrep (downloaded October 8th 2012),
2. Government of Zimbabwe (2012) Second Round of Crop and Livestock Assessment
3. SNV-Zimbabwe (2009) A Study of the Oilseed Subsector in Zimbabwe
4. Waddington and Karigwindi (2001) Productivity and profitability of maize + groundnuts rotations compared with continuous maize on smallholder farms in Zimbabwe, pp83-98 in Experimental Agriculture, Vol. 37. Issue |1,
5. World Bank (2009) Zimbabwe Agricultural Sector Assessment Report
6. USAID, 2010. Zimbabwe Agricultural Market Study