

Impact of Zimbabwe's Current Maize Marketing Systems under a Command Economy on Grain Productivity by the Smallholder Sector; A Case of Some Selected Farms in Bindura District; Mashona Land Central Province

Chisango Future Fortune T

Senior Lecturer, Faculty of Agriculture, Zimbabwe Open University, Zimbabwe

Abstract: *The study sought to establish and analyze the challenges and opportunities on grain marketing particularly maize among Zimbabwe's rural and A1 resettlement farmers, mainly focusing on those in high rainfall regions of the country. The main objective was unveiling practical and feasible strategies for improving grain/maize production and marketing viability in the country's disadvantaged communities. To achieve this, a descriptive study design was used while random stratified sampling procedure was employed to select a sample of 80 farmers specializing in maize production from selected farms in Matepatepa area of Bindura district; Mashonaland central province. The sample constituted communal and newly resettled farmers under the small-scale A1 Farming Model. Questionnaires were used to solicit for primary data from the respondents. Secondary data from government departments and other stakeholders was obtained through interviews. The generated primary and secondary data sets were analyzed qualitatively to ascertain challenges and opportunities associated with Zimbabwe's smallholder grain productivity and marketing with particular emphasis on maize which is the main livelihood crop as staple food and source of revenue for the resource poor farmers. It was established that maize productivity / total physical product TPP attained per given unit of land were generally low to enable farmers have surplus produce to sell particularly among the communal producers. The irrefutable findings from the Gross Margin Analysis computed to establish the economic justification of boosting maize productivity among the smallholder producers revealed that lack of guaranteed price level for maize at the farm gate and competitive markets coupled with the dictatorial tendencies of GMB constitute the main constraints discouraging communal and resettled farmers from boosting grain productivity as the production cost always surpasses gazetted producer price, hence failing to advance and sustain the livelihood of small-scale farmers. The study, therefore, recommended that government and other stakeholders should provide adequate technical and institutional support to effect robust positive developments on the country's smallholder maize / grain production, to recover the lost pride of the country's agriculture as a lucrative business.*

Keywords: maize marketing systems, command economy, grain productivity, smallholder sector, total physical product (TPP), the gross margin analyses & monopsony marketing structure

1. Background

Three main policy frameworks have affected the performance of agriculture in Zimbabwe in the past two decades. First, there was the "growth with equity programme" pursued by the government between 1980 and 1990. It sought to redress the colonial legacy in favour of communal farmers. Second, there was the "structural adjustment market-oriented reforms", the Economic Structural Adjustment Program (ESAP), adopted in 1991. Finally, with more profound implications for the sector, there was the programme of "fast-track land resettlement and redistribution" which started in year 2000 and is currently claimed to be in progress (Cross 2012).

Initially the main thrust of land reform programmes in Zimbabwe was to boost production of major grain crops like maize, soybeans, wheat, and other cereal crops so that they would contribute immensely to food security in the country. As the country's consumption level was pegged at approximately 1.8 million tons of maize annually while about 500,000 tons of wheat was required to meet the local consumption of wheat products annually (Gono, 2008). The essence of boosting productivity of grain crops centered on the concept that these have high content of carbo-hydrates,

for example maize, sorghum and wheat, while others have high levels of protein and fats which are essential to human diet for energy and growth, respectively. However, despite the importance of grain crops, and the thrust by government to boost productivity, their production started to face a decline after the launch of the fast track land reform in Zimbabwe. The decline may be attributed to a number of factors that may include poor agronomic practices, climatic variability but central was the poor pricing coupled with a monopolistic approach; monopsony marketing structure where the government's parastatal GMB was mandated to purchase all grain from producers countrywide. Monopsony is perceived as a market form where there are many sellers in this case grain producers versus a single buyer with the autonomous power to dictate the pace at which marketing activities should operate. In such a set up, where a buyer monopolises; the buyer can exercise excessive control over producer on what to produce, when and where to be sold, at what price. The buyer in such a system has an upper edge over the producers. It is imperative that by adopting a monopsony marketing structure the government of Zimbabwe exposed its producers to an oppressive system where unscrupulous buyers who profiteer from the cheaper produce dictated the pace.

Volume 6 Issue 11, November 2017

www.ijsr.net

[Licensed Under Creative Commons Attribution CC BY](https://creativecommons.org/licenses/by/4.0/)

The existing marketing structure coupled with a Command Economic System characterized with a highly centralized Control: The most notable feature being that a large part of the economic system is controlled by a centralized power; / federal government never worked to promote the interests of the local farmer. It was instead oppressive in that the Zimbabwean government assumed ownership overall resources involved in the agricultural production and all industrial process, from manufacturing to the distribution processes, hence resulting in critical shortages of basic food items.

In the short and long-run, poor pricing of grain crops significantly affected farmers' choice of crops to grow as cited by (Jayne, 1994). Since the sole buyer of most grain crops in Zimbabwe is Grain Marketing Board (GMB), the price that it offers to farmers is far below the cost of production. In addition, securing local market for most grain crops has remained a complex constraint in many developing countries including Zimbabwe. This discrepancy has led many farmers to shift from growing grain crops to cash crops like tobacco, cotton and others. The shift from grain production to cash crop production undermines food security and perpetuates poverty in developing countries. This therefore means that the gap between production and consumption levels is normally bridged by importation of grain by governments of developing countries especially maize and wheat. Importation of grain result in loss of much needed foreign currency that may be used in other critical sectors such as health and education.

The fast track land reform FTLR in Zimbabwe ushered in a new dimension on the role and perceived significance of grain farming and productivity in Zimbabwe's rural communities. Cereals particularly maize and a wide range of small grains though pivotal in augmenting cash incomes from other ventures and enhance food security, became a neglected facet of agriculture as majority of the farmers opted for more viably lucrative cash crops such as tobacco and cotton. Although many small holder farmers are now realizing the potential of grain crops particularly maize in buffering catastrophic impacts of food deficit among the rural populace, and the generation of the much needed household income attempts to access viable markets for the crop remains the major stumbling block. And as such there is need for organized private players to come in and compete with the sole state commissioned grain buyer; the Zimbabwe's Grain Marketing Board. The only prescribed marketing channel has exposed farmers to exploitation as their voice in bargaining for viable producer prices became subdued and finally fizzled out. Grain producers became subjected to an underperforming highly politicized marketing structure characterized with poor road network to link producers, dilapidated infrastructure, unnecessary congestions at the depots; a marketing system which is just so chaotic. Such a volatile market with distorted market information was meant to expose farmers to prejudice by unscrupulous grain buyers who profiteer from the cheap produce. As farmers have no other better options to market their produce they are always on the losing end hence fail to register meaningful progress in advancing and transforming their livelihood.

Ja'afar-Furo et al., (2011) cited that an alternative to stimulate an increase in production of grain crops and profitability among farmers is to promote value addition, which is simply defined as a process of increasing value and consumer appeal. According to Coltrain et al, (2000) value addition means improving the product economically by altering its current place, time and form characteristics. With value addition maize can be processed and transformed in to various products which can be packaged and branded to bring the uniqueness which is important in marketing hence enabling the produce to fetch more and highly rewarding in the long-run. A good example of high end processing can be drawn from extraction of ethanol from maize grain which may be used in production of bio – fuels.

Chisango, (2017) cited that while Zimbabwe has made remarkable strides on achieving equitable land redistribution to the peasantry majority, it is pathetic that the greater part of the population continues to live in abject poverty as the existing policy framework on the marketing of agricultural produce has totally striped off farmers of their bargaining powers hence exposing them to exploitive market environments where buyers dictate selling and purchase prices of the produce. He observed that agitating the Zimbabwean farmers' plight was the abolishment of the Zimbabwe's Agricultural Marketing Authority (AMMA) and Farmers' representative organizations such as Farmers Unions; which have become more of shadow organizations with no mandate to mediate as before and negotiate for viable producer prices on behalf of the farmer on the ground. This has impacted negatively on farmers who are failing to breakeven as producer price is always failing to surpass production cost hence leading to lack of confidence in the government's sole buyer of grain GMB. It is therefore imperative that improved grain marketing systems aimed at incentivizing producers will boost the morale of the country's grain producers hence incite them to enhance grain productivity for the sustenance the ZIMASET cluster for food and nutrition whose main thrust is on the provision of adequate nutritive food to the impoverished vulnerable groups of the society. A boost in grain production would automatically see Zimbabwe reclaiming its bread basket status in the Southern Africa Development Community (SADC) region. Market development and restructuring is thus viewed as a single facet which has the potential to revamp the country's agricultural sector.

1.1 Problem statement

Resettlement and communal households in Matepatapa area of Bindura district particularly maize/cereal producers have never viewed crop farming as of much economic significance. Copious challenges associated with cereal crop production and the existing monopsony marketing structure for the produce has made farmers perceive the venture as an undertaking only suitable for subsistence purposes. The notion has led farmers to attach less value on cereal crop production as much of their produce is sold at farm-gate or bartered to unscrupulous buyers who parade as middlemen at give away prices owing to unfavourable prices offered by the government's sole Grain Marketing Board (GMB), thus depriving the poor farmers of any meaningful benefit from their crop. The middlemen, who are suspected to be working

in cahoots with GMB officials, always, enjoy super profits as they deliberately underpay producers and deliver the same produce to the parastatal where they fetch reasonable prices gazetted by the treasury. Unavailability of information on sound marketing opportunities from government departments and other stakeholders has rendered grain crop production a futile undertaking not worth venturing into. It is therefore against such a pathetic background that the study sought to examine possible ways of realizing the full potential of grain crops in Zimbabwe's marginalized communities to advance rural livelihood through establishment of competitive markets for the produce. Realization of the rationale that a monopsony market prevailing in a command economy does not fuel the production of any targeted crop to yield positive benefits for producers has motivated the study.

1.2 Research objectives

Central to the study was to examine the potential of grain crops in unlocking Zimbabwe's rural economies by means of boosting production in the stallholder sector through establishment of competitive markets as opposed to the existing monopsony marketing structures which prejudice the poor producers. The main thrust was on unveiling practical and feasible strategies for improving maize production and marketing viability in the country's disadvantaged communities. **However the specific objectives were;**

- Explore farmers' perceptions on the existing grain marketing structures in Zimbabwe
- Profile challenges associated with the monopsony marketing structure particularly under a command economy and its impact on production

2. Methodology

The study aimed at unveiling practical and feasible strategies for improving maize production and marketing viability/competitiveness in Zimbabwe's disadvantaged communities was carried out on selected farms in Matepatepa area of Bindura district; Mashonaland central province. A descriptive study design was used while random stratified sampling procedures were employed to draw a sample of 80 farmers from an estimated population of 460 producers specializing in maize production in the area (Agritex, 2017). The sample comprised communal and newly resettled farmers under the small-scale A1 Farming Model. Questionnaires were used to solicit for primary data from the respondents. Secondary data from government departments and other stakeholders was obtained through interviews. The generated primary and secondary data sets were analyzed qualitatively to ascertain challenges and opportunities associated with Zimbabwe's smallholder grain productivity and marketing with particular emphasis on maize which is the main livelihood crop as staple food and source of revenue for the resource poor farmers. The Gross Margin Analysis was also computed to establish the economic justification of boosting maize productivity among the smallholder producers.

3. Results and Discussions

3.1 Gross Margin Analysis to establish the Economic Justification of boosting maize productivity;

Table 3.1: Gross Margin Analyses for Maize enterprise

Items	Price/Item in US\$	Average price N /kg/lt	Recommended input Quantity kg/lt/ha	Expected optimal Yield/output tons/ha	Average obtainable yield tons/ha	Output (Farm gate price/ kg/ton) US\$	Total Output market (P x Y) US\$
Seed	\$100/25kg	\$4	25				
Fertilizer basal & top dressing	\$45/ 50kg bag	\$0.9	300kg+300kg				
Land preparation/ ploughing, discing	\$100+\$80	\$1.36/lt	40lt&30lt				
planting	\$70	\$1.36/lt	20lt				
Labour on weeding & harvesting	\$120+ \$140/Ha respectively	\$120&\$140/Ha	2+2ldys				
/shelling	\$60	\$1.36/lt	2ldys				
Packaging & transportation	\$60+\$60	\$1/bag	2+1ldys				
Miscellaneous @ 1. %	\$13.30						
				8-10	4	\$390 GMB & \$180 Pvt	
Inflow							\$1560
Out-flow			\$1330				\$1343.30
G/Margin							\$216.70

Tables 3.1 show that for the same rate of agronomic inputs, the total cost of production inputs, including the cost of performing field operations was found to be \$ 1330 per hectare for maize on selected farms with an average gross output of 4 tons/ha. The study established that at the current level of production producers were generating \$1560,

assuming that all produce is marketed and nothing is reserved for consumption; a scenario that is practically impossible as resource poor smallholder farmers prioritize food security. The findings indicated that a gross margin of \$216.70 was realized per every one hectare unit of land and all the yield is marketed through GMB. It was however

disturbing to note that for produce sold at the farm gate to unscrupulous buyers huge gross margin deficits were witnessed signifying that producers were operating below breakeven point hence risking incurring huge losses. This concurs well with findings by Chisango, (2017) that Zimbabwean smallholder farmers have never viewed farming as of much economic significance as the existing marketing structures have never worked in their favour as much of their produce was sold at a giveaway price in an effort evade challenges associated with post harvest management. The scenario has made farmers perceive the venture as an undertaking only suitable for subsistence purposes. Such a notion has led farmers to attach less value on cereal crop production as much of their produce is sold at farm-gate or bartered to unscrupulous buyers who parade as middlemen. It is imperative that owing to unfavourable prices offered by the government's sole Grain Marketing Board, poor farmers have been deprived of any meaningful benefit from their cropping venture. It was observed that lack of guaranteed price level of farm produce at the farm gate and local markets constitute the main constraints discouraging communal and resettled farmers from cultivating grain crops at a reasonable scale, hence bar them from benefiting on the economies of scale. The study noted that possible solutions to increase the gross margin can be achieved through additional cultivated area, favorable input price changes, additional product values per area (additional yields or output price changes) and additional production / value addition as transforming the product or change in product would translate to change in price. All these are means were perceived as ways of increasing profitability so as to entice farmers to boost production.

3.2 Challenges emanating from the current maize marketing structures in Zimbabwe

Table 3.2: challenges associated with the current maize marketing structures

Nature of problem	respondents	% response rate
One buyer as opposed to many	10	12.5
Under pricing of grain & Delayed payment	16	20
Geographical spread of GMB depots	8	10
Road infrastructure and transport network	12	15
Bureaucracy in the system	5	6.25
Corrupt practices	12	15
Monopoly in supply of packaging material	8	10
Lack of information	9	11.25
Total	80	100

The findings on challenges encountered by communal and newly resettled producers as shown on table 3.2 above indicate that there are numerous obstacles hindering the marketing of grain crops in Zimbabwe's rural communities. Impediments cited varied from; being coerced to deal with one buyer as opposed to many where the highest bidder would get the produce, under pricing of grain & delayed payment by GMB which is the sole buyer, the Geographical spread of GMB depots which does not favour those in the remote areas as they are located in urban centers, bureaucracy in the system and corrupt practices where

unnecessary delays on deliveries of grain from the smallholder sector are effected by pressure from politicians and senior government officials who always solicit favours from GMB officials, to lack of information which is regarded a crucial economic resource as it guides farmers on sound decision making. It was observed that the greatest percentage of participants constituting 20% revealed that the existence of a monopsony marketing structure where the country's parastatal GMB was the sole buyer gave the institution the autonomous power to determine the functioning of the frontiers of marketing;(the 7 Ps). 15% of the respondents cited corrupt practices as the major drawback which hindered progress among the communal farmers as politicians and government official were working in cahoots with GMB officials who had organized syndicates of unscrupulous buyers who were getting grain from farmers at a giveaway price and side marked it to the same GMB depots at government's gazette price. It was perceived as deliberate that crucial information to guide farmers on their operations and where to access viable markets was made not available so that every season their produce would end up being in the warehouses of these unscrupulous buyers.

4. Conclusions and recommendations

4.1 Conclusions

Copious challenges associated with cereal crop production and the existing monopsony marketing structure for the produce has made farmers perceive the venture as an undertaking only suitable for subsistence purposes. The notion has led farmers to attach less value on cereal crop production as much of their produce is sold at farm-gate or bartered to unscrupulous buyers who parade as middlemen at give away prices owing to unfavourable prices offered by the government's sole grain marketing board, thus depriving the poor farmers of any meaningful benefit from their crop as cited by Chandiposha et al, (2013). The middlemen, who are suspected to be working in cahoots with GMB officials, always, enjoy super profits as they deliberately underpay producers and deliver the same produce to the parastatal where they fetch reasonable prices gazetted by the treasury. Unavailability of information on sound marketing from government departments and other stakeholders has rendered grain crop production a futile undertaking not worth venturing into. It is therefore against such a pathetic background that the study sought to examine possible ways of realizing the full potential of grain crops in advancing rural livelihood through establishment of competitive markets for the produce. Realization of the rationale that a monopsony market prevailing in a command economy does not fuel the production of the target crop to benefit producers has motivated the study.

4.2 Recommendations

In light of the observations above, the study gives the following recommendations;

- The Gross Margin Analysis computed to establish viability to justify continuity of maize production by small holder resource poor farmers revealed that lack of guaranteed price level for the produce at the farm gate and competitive markets coupled with the dictatorial

tendencies of the country's sole buyer; GMB constituted the main constraints discouraging farmers from boosting grain productivity and advance their livelihood. It is therefore paramount that government and stakeholders need to come up with a policy framework that encourages participation of other key players/ competitors in the marketing of maize so that a competitive price is offered to the farmer.

- It was established that numerous challenges associated with cereal crop production are a result of the existing monopolistic nature of marketing where only one buyer GMB is mandated to buy all grain stock from all grain producers in the country (monopsony), this has given autonomous powers to the parastatal to control all frontiers of marketing; the 7Ps, hence leading to payment of meager producer prices to the farmer. In this regard the study opines that the government needs to establish a market driven economy which will define what farmers should produce, how to produce it and for whom to produce it, and gazette competitive prices that surpass production cost.
- A paradigm shift from a command economic system where; control is highly centralized and a large part of the economic system is controlled by a centralized power/ a federal government is vital. This kind of economy is oppressive on in that it tends to develop when a country finds itself in possession of a very large amount of valuable resources which are, to a larger extent not equitably distributed, an example being the land question in Zimbabwe where politicians parceled themselves with vast tracks of land. The government should therefore advocate for a market oriented structure, where market decisions rely on supply and demand for pricing. Hence government's role would only be to create a stable economy for the market to operate properly and offer incentives for growers to boost production.
- Information regarding available products and services needs to be available to producers and consumers. Producers use the information to set accurate prices and procure supplies at the lowest cost. Price relates directly to the costs and benefits of product creation and use and required profit.
- Constant engagement of all stakeholders and other relevant players in the grain production, value-chains and value addition is always critical in solving challenges which may prohibit continuity and sustainability in the production of cereals to meet the country's food requirements and advance farmers' livelihood.

References

- [1] Agritex, (2017). Government orders millers to get maize from GMB; Newsday July 2017, Harare
- [2] Misheck Chandiposha, Chagonda Ignatius and Makuvaro Veronica, (2013). Utilization of common grain crops in Zimbabwe African Journal of Food Science
- [3] Chisango F F T, (2016). Challenges and opportunities associated with the current livestock marketing trends in Zimbabwe's marginalized rural communities, with particular reference to one of the country's most impoverished districts of Binga in Matabeleland North Region, International Journal of Advanced Educational Research ISSN: 2455-6157; Impact Factor: RJIF 5.12
- [4] Coltrain D, Barton D, Boland M (2000). Value Added: Opportunities and Strategies. Department of Agricultural Economics, Kansas State University
- [5] Cross E, (2012). The Zimbabwe Economics Society, <http://www.zimfa.gov.zw/images/HE.gif>
- [6] Gono G, (2008). Extraordinary Interventions by the Reserve Bank of Zimbabwe: Supplement to the second half Monetary Policy Review Statement. Reserve Bank of Zimbabwe; Harare, Zimbabwe.
- [7] Ja'afar-Furo MR, Bello K, Sulaiman A (2011). Assessment of the prospects of value addition among small-scale rural enterprises in Nigeria: Evidence from North-eastern Adamawa State. J. Dev. Agric. Econ. 3(3):144-149.
- [8] Jayne TS (1994). Do high food marketing costs constrain cash crop production? Evidence from Zimbabwe; Economic development and cultural change 42:2.