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PARLIAMENT OF ZIMBABWE

FIRST REPORT

OF THE PORTFOLIO COMMITTEE ON LANDS, LAND REFORM RESETTLEMENT AND AGRICULTURE ON THE STATE OF PREPAREDNESS BY THE AGRICULTURAL SECTOR FOR THE 2005/06 SUMMER CROP

FIRST SESSION – SIXTH PARLIAMENT

2nd November 2005

1. INTRODUCTION

1.1 Pursuant to its mandate, your Committee carried out an inquiry into the state of preparedness of the agricultural sector, especially in view of the summer crop preparations. The motivation of your Committee to seriously look into this issue, was the pivotal role that agriculture plays in our economy. Apart from the need to satisfy food self-sufficiency, government has placed major emphasis on agriculture as a strategy to turn-around the economy. Thus a lot of financial resources have been channeled into this sector in a bid to achieve set goals.

1.2 In carrying out its inquiry, your Committee received oral evidence and written submissions from the following witnesses or stakeholders;

a) Ministry of Agriculture.

Mr. S. Pazvakavambwa – Permanent Secretary

Dr. N. Gata – Principal Director (AREX)

Dr. S. Hargreaves - Principal Director (Livestock and Veterinary Services)

Ms. Mutiro – Chief Economist (Economics and Markets Division)

b) Ministry of State for Water Resources and Infrastructural Development.

Mr. Chatora – Principal Director

Mr. HB Sibanda – Director

Mr. L. Kuwanda - Deputy Director

Mr. V. Choga – Director (Water)

Mr. P. Chizema – Director (Finance and Administration)

Mr. Chitsiko – Director (Irrigation)

Dr. E Chidenga – Deputy Director

Mr. C. Nyamariwata – Chief Engineer (ZINWA)

Mr. R. Muzamhindo – Director (DDF)

c) Ministry of Lands, Land Reform and Resettlement.

Mr. Masoka – Permanent Secretary

Mrs Tsvakwi – Principal Director

Mr. Neddy – Chief Accountant

Mr. Moyo – Chief Valuations Officer

Dr. L. Mushambi

Mr Matimbe – Chief Lands Officer

Mrs Makuku

d) Agribank

Mr. S. Malaba – CEO: Agribank
Mr. Dzumbika
Mr. Chikombere

Mr. Vengesai

e) ***Reserve Bank of Zimbabwe (RBZ)***

Dr. G. Gono – RBZ Governor
Mrs Mushipe
Mr. Musutwa

f) ***Noczim***

Mr. ZR Churu – CEO Noczim
Mr. K. Mashange – Acting Director: Marketing and Distribution (Noczim)
Mr. L.S. Gamba – Energy Development Officer (Ministry of Energy and Power Development)

g) ***Stakeholders (National Farmer Awards of Excellence)***

Mr. S.D. Hungwe	–	ZFU President/NFA Chairman
Mr. Raradza	–	ZFU Vice president
Mr. W. Mashingaidze	–	TGT President
Mr. D. kwenda	–	ZFU Director
Mr. W. Chigwada	–	HASTT Zimbabwe/ ADMA
Mr. S. Mupeti	–	STM Agricultural Services P/L
Mr. P. Mathemera	–	ZFC Ltd
Mr. B. Patel	-	Nico Ongo Ltd
Mr. C. Mare	-	ZFC Ltd
Mr. W. Nherera	–	Farmers World
Mr. O. Dibbue	–	OMNIA Fertilizer Zimbabwe
Mr. T. Nherera	–	Farmers World
Mr. I.W. Craig	–	Pannar Seed Pvt Ltd
Mr. O. Machiridza	–	Windmill Pvt Ltd
Mr. S. Nyanhete	-	Pioneer Seeds
Mr. W. Chigodora	–	Agriseeds
Mr. D. Myers	-	Pioneer Seeds
Mr. T.R. Nkatazo		Pannar Seed Pvt Ltd / Seed Traders Association Chairman

1.3 From this wide range of stakeholders, your Committee sincerely believes that the picture that emerged from this interactive exercise is representative of the state of affairs in the agricultural sector.

2. FINDINGS OF THE COMMITTEE

In its inquiry, your Committee looked at the following issues; availability of inputs, financial support, provision of tillage services, water and irrigation capacity utilization and the Command Agriculture Model. The findings of your Committee on the above-mentioned issues leave a lot to be desired. The agricultural sector is faced with severe constraints ranging from limited stocks of and distribution of inputs, financing, shortages of foreign currency and fuel, price controls and infrastructure development and capacity utilization, as can be seen below.

3. Agricultural Inputs

3.1 The Ministry of Agriculture officials informed your Committee that the introduction of the Agricultural Inputs Scheme at the onset of the Land Reform Programme was not clearly explained to farmers. Up to now farmers are still not clear whether the scheme is a loan scheme or a free handout scheme. Consequently this has created a dependency syndrome in farmers. Even those farmers, who can mobilize their own resources sit by and wait for government to provide them with inputs. As a result, a lot of production time is lost because inputs under the Government Scheme are usually delivered late. **It is the view of your Committee that government seriously needs to educate farmers on the nature of the Inputs Scheme and inculcate a culture of self-reliance in them**. This will see farmers mobilizing their own resources and doing land preparations on time.

3.2 Stakeholders in the agricultural sector noted that for the past five years there has been a decline in agricultural production due to a number of factors. This general decline has not spared the inputs sector. The current summer season is not any better from the previous seasons. Manufacturers of agricultural inputs testified to your Committee that there were limited stocks of inputs in the country for the summer season.

Seed Maize

3.3 Seed Houses informed your Committee that the industry only managed to produce a combined stock of 26 000mt of hybrid seed maize and about 4000 – 5000 mt of OPV seed. This gives a total of 31 000 mt of seed maize against a national requirement of 51 000mt. A deficit of 20 000 mt has to be imported urgently seeing that the summer crop season has already started. However, the importation programme has been delayed by the shortage of foreign currency. Efforts to secure foreign currency from the auction floors have been unsuccessful.

3.4 The severe shortage of foreign currency, fertilizer and sub-economic prices were identified by the Seed Houses as the major contributing factors to the shortage of seeds in the country. The Sector needs foreign currency to import spares in order to refurbish machinery and boost the capacity of the sector to meet the demands of the market. At the moment, the sector is operating below capacity.

3.5 Seed production is a specialized enterprise that requires adequate quantities of inputs. However, at the moment there is a shortage of fertilizer on the market and hence seed growers have to make do with what they get. This compromises yields and hence low production. Seed Houses also informed your Committee that sub-economic prices imposed by government contributed to the limited production of seeds. Seed Houses are finding it difficult to get farmers who are willing to venture into seed growing. To compound the situation, the producer prices are announced late into the season and by that time potential seed growers would have made up their minds to venture into other crop options with higher returns. As late as September when your Committee was conducting its inquiry, Seed Houses had not contracted any seed growers to produce seeds for the next season because the producer price had still not been announced. Your Committee is extremely worried that if something is not done urgently now, the country is going to experience the same problem of seed shortages next season.

3.6 Your Committee was informed by Seed Houses that the available 26 000mt can only do 1 040 000 hectares. This gives a production of 1 560 000mt assuming an average yield of 1.5 t/ha against a national requirement of 2 150 000mt for both consumption and stock-feeds. Be that as it may, information supplied to your Committee by the Ministry of Agriculture (AREX) on the seed situation in the country is totally at variance with the figures given by Seed Houses. The Ministry assured your Committee that there was adequate maize seed in the country to cater for the summer crop season. The figure put forward by the ministry was 70 500 mt and the breakdown is as follows:

	Hybrid Maize (t)	**OPV Maize Seed (t)**	**Standard OPV (t)**	**Retained Maize Seed**	**Total Available**
Seed Houses	46 900	9 950			56 850
AREX Contract		191.74	16.06		207.80
AREX ZUNDE			799.372	6.098	805.47
GMB				12 637.72	12 637.72
TOTAL					**70 500.99**

Source – Ministry of Agriculture (AREX)

3.7 The information regarding the availability of inputs for the summer crop is quite confusing. Your Committee is afraid that such conflicting situation will have serious ramifications on planning and production. The Seed Houses informed your Committee that they were in the process of importing maize seed to augment their stocks, which they said were at 26 000mt for hybrid maize seed, yet the ministry of Agriculture (AREX) was adamant that there was adequate seed in the country. Based on their figures, Seed Houses needed US$35 million to import the balance of 22 000mt of maize seed yet the ministry assured your Committee that there was adequate seed in the country. Some farmers also confirmed that they were still sitting on seed they were contracted to grow by Seedco and ARDA. If the figures given by the ministry are anything to go by, your Committee feels that there is misapplication of scarce resources in the sense that foreign currency given to Seed Houses to import the deficit seed could have been channeled towards the importation of fertilizer or to other more deserving national priorities. Your Committee, therefore, condemns this apparent lack of coordinated approach currently prevailing in the agricultural sector.

Fertilizer

3.8 The situation regarding fertilizer for the summer crop calls for an instant response from government if something can be salvaged from the situation even at this late hour. The fertilizer companies confirmed to your Committee that they had nothing in stock for the summer crop. The industry failed to secure foreign currency to import vital raw material components, that is, potash and ammonia. Representatives of the fertilizer industry lamented the fact that they had to bid for foreign currency at the foreign currency auction floor instead of getting direct allocations from the central bank, taking into cognizance the important role of the fertilizer industry in agriculture. Because of this predicament, all the fertilizer companies have scaled down their production levels and at times they have had to resort to stoppages thereby losing valuable production time. Zimbabwe Fertilizer Company (ZFC) officials told your Committee that the Company has had to close down its plant in Masasa due to its failure to secure foreign currency to import raw materials.

3.9 Between September and December the fertilizer companies said they could only produce 178 000mt of fertilizer through the granulation process if US$40 million was made available urgently. Otherwise, the only other option if the industry failed to secure foreign currency was to resort to non-potash fertilizer as a stop-gap measure. However, your Committee was told that non-potash fertilizer compromises yields.

3.10 Fertilizer production is a highly intensive capital enterprise and therefore there is need for government support to ensure that these companies remain afloat. Although government extended a hand of financial support for the industry through the Productive Sector Facility (PSF) and its successor programme, Agricultural Sector Productivity Enhancement Facility (ASPEF), some fertilizer companies confirmed to your Committee that they did not take up the loans under the above mentioned facilities because of the prohibitive interest rates. The interest rates are as high as 300% and the companies said that such interest rates would put them in a perennial debt trap and eventually go under.

3.11 The other constraint cited by fertilizer companies to your Committee was the inability by the National Railways of Zimbabwe (NRZ) in moving raw materials on time. The parastatal is experiencing its own operational constraints.

3.12 The fertilizer companies also complained to your Committee about price controls, which they said have rendered the industry unviable. Price reviews take time to be done yet costs of production would be going up. Another concern by companies on price controls was that the controls were imposed at the tail end of the production chain. As a result this tended to distort the whole pricing structure and hence the emergency of black market and profiteering. **It is interesting to note**

that government announced new prices for fertilizer and maize seed during the course of your Committee's inquiry.

Fuel

3.13 Farmers and stakeholder representatives that appeared before your Committee decried the acute shortage of fuel (diesel) and said that this would have an adverse impact on their preparations and subsequently on production. The ministry of Agriculture (AREX) officials confirmed to your Committee that the agricultural sector was receiving an erratic supply of fuel from Noczim. On their part, Noczim officials informed your Committee the erratic supply was due mainly to the shortage of the commodity on the market in general. Noczim officials said that they were mindful of the key role that agriculture is playing in the economy and hence they always ensure that 50% of low volumes of fuel trickling into the country is directed to the agricultural sector.

3.14 Your Committee was informed that on average, the agricultural sector requires 30 million litres of fuel. Of that volume, 10 million litres are for the winter crop and 20 million litres for the summer crop. Noczim officials said that between January and September this year the utility supplied the agricultural sector with 19.4 million litres.

3.1.5 The system is such that farmers apply for fuel at AREX offices and the Ministry of Energy and Power Development vet their applications before they get their allocations from Noczim. Noczim distributes fuel directly to individual A2 farmers who purchase bulk quantities above 5000 litres whereas AREX is responsible for A1 farmers. Your Committee was concerned that the current system was not water-tight as it appeared to be riddled with glaring loopholes. Agricultural stakeholders and Noczim officials confirmed to your Committee that some unscrupulous farmers were channelling fuel meant for agriculture to the black market where it is fetching anything as high as Z$100 000/litre compared to the subsidised price they would have bought it at (Z$11 000/litre). Noczim blamed this state of affairs to macro-economic distortions in the market where some sectors get subsidised fuel in a situation of commodity shortage. Noczim further told your Committee the fuel subsidy was threatening the viability of the utility because the prescribed prices were unsustainable. The officials told your Committee that Noczim was currently making a loss of Z$6 373 /litre.

Chemicals

3.1.6 Representatives of the agro-chemical industry informed your Committee that there were no stocks of chemicals for the summer crop. Nearly 100% of agro-chemicals are imported. Hence to due to the unavailability of foreign currency the industry was not able to import chemicals in preparation for the summer crop. The net effect of this situation is that crop yields would be reduced considerably if something was not done to salvage the situation.

4 Financial Support Programmes

4.1 Since the launch of the Land Reform Programme, government has been providing financial support to agriculture to assist farmers especially with inputs. The funding was availed through the national budget and the level of funding is shown in the table below.

Year	**Budget allocation ($)**
2000	1 600 000 000
2001	4 600 000 000
2002	8 500 000 000
2003	80 000 000 000
2004	25 000 000 000
2005	____________
Total	**118 000 000 000**

4.2 As can be seen in table above, there was no budget allocation for the year 2005 to finance the inputs programme. The explanation that the Ministry of Agriculture was given by Treasury was that the money would be raised from the market. The Reserve Bank of Zimbabwe (RBZ) has since come up with a successor facility to the Productive Sector Facility (PSF) dubbed Agricultural Sector Productivity Enhancement Facility (ASPEF). Farmers are expected to apply for loans under this facility to finance their summer crops. However, farmers' representatives that testified before your Committee had grave reservations about this arrangement. They said farmers would sink deeper into debt as they were already reeling under the stringent terms of PSF. Farmers were advanced loans under the PSF at 50% interest rate. This financing model was a short-term measure with the repayment period put at 6 months. As a result, those farmers that ventured into a 12-month cycle crops could not pay back the loans at the stipulated time. At the expiry of the repayment period, the RBZ immediately applied commercial interest rates (300%) to loans drawn from the PSF.

4.3 Farmers' representatives informed your Committee that because of the debt trap that farmers find themselves in, they were not willing to take up loans under ASPEF for fear of sinking deeper into debt. Ministry of Agriculture officials and farmers representatives also expressed concern with the confusing interest rate terms of ASPEF. At the inception of ASPEF, the central bank advised the ministry of Agriculture that the loans would be advanced to farmers at 5% interest rate. However, this figure was later reviewed upwards to 20%. The 20% review was not publicly announced. Even in its monetary policy review Statement, RBZ mentioned a figure of 5%. It is because of this lack of policy clarity that has discouraged farmers from making use of ASPEF as farmers fear that the RBZ could change interest rate terms willy-nilly once they had taken up the loans. Further to the issue of interest rate terms, farmers are required to produce collateral before they can access loans under ASPEF. This has also become a major stumbling block to many farmers since most of them are coming from poor economic backgrounds.

4.4 Your Committee sought clarification from the RBZ Governor on these concerns raised by farmers and other stakeholder representatives. The RBZ Governor informed your Committee that loans under ASPEF would attract a concessionary interest rate of 20% per annum. He further assured your Committee that the interest rate would remain at 20% until end of December 2006, when a review would be done. On the issue of collateral security, the governor said that government was looking into the issue. As soon as government finalized the lease agreements, the lending institutions would relax the requirement for collateral security. Officials from the Ministry of Lands, Land Reform and Resettlement informed your Committee that the ministry was in the process of carrying out a land audit to verify occupants on the allocated farms before issuing lease agreements.

4.5 Your Committee was concerned to note that the current financing facilities were tailor-made for large-scale commercial farmers (A2s) at the expense of the smallholder farmers in A1 scheme and communal areas. This is despite the fact that the latter are major producers of strategic crops such as maize, small grains and cotton. Both the RBZ Governor and the Agribank Chief Executive Officer were equally concerned about the issue and made an undertaking to sensitize government about the issue. **Consequently, the RBZ has already released Z$1 trillion to assist A1 and Communal farmers for the current summer crop.**

4.6 It is not only the farmers that find themselves in a predicament in so far as the RBZ financing facilities are concerned. The Ministry of Agriculture has been subjected to garnish orders by the RBZ for funds advanced to government to finance the inputs programme at the launch of the Land Reform Programme in 2000. The ministry officials informed your Committee that the nature of the financing arrangement between government and the RBZ was never explained to the ministry at the onset of the inputs programme. Hence the garnish orders were coming as a surprise to the Ministry. Because of the garnishes, the ministry has run into a budget deficit. Consequently, the ministry has had to shelve some of its projects.

4.7 Farmers told your Committee that because of lack of clarity on financing models coupled with late release of funds and bottlenecks experienced by farmers at lending institutions, it would take some time before agriculture fully recovers. Farmers' representatives also alleged that only 40% of funds availed by government to the agricultural sector reaches farmers on the ground. As a result, the funding channeled to agriculture for the last 5 years has not made a significant impact on turning around the fortunes of the sector. Stakeholders urged government to revise its financing strategies and come up with appropriate and comprehensive financing models in order to achieve desired results.

5 Water Resources and Irrigation Capacity Utilization

5.1 The lack of capacity utilization of existing water bodies for irrigation purposes is a serious cause for concern to your Committee. Your Committee was informed that there are 25 dams built by government years back whose water is still lying idle. These dams have a combined potential to irrigate 48 000 hectares. However, this water cannot be harnessed for irrigation due to lack of infrastructure. Your Committee failed to understand this kind of policy mismatch where government constructs dams and not provide simultaneously for the development of irrigation infrastructure. This clearly demonstrates lack of an integrated approach by government departments charged with the responsibility of overseeing agriculture, water resources and irrigation development in the country. **It is your Committee's considered opinion that even during a drought year, Zimbabwe should never suffer from a food deficit if water from existing dams was harnessed and used for targeted production of food crops.** The table below shows the list of dams in question.

NAME OF DAM	PROVINCE	DISTRICT	POTENTIAL IRRIGABLE AREA (ha)
Osborne	Manicaland	Mutasa	11 000
Mpudzi	Manicaland	Mutare	700

Ruti	Manicaland	Buhera	6 500
Arcadia	Mash Central	Bindura	3 300
Jumbo	Mash Central	Mazowe	600
Mufurudzi	Mash Central	Madziwa	100
Chimhanda	Mash Central	Rushinga	60
Bumururu	Mash Central	Muzarabani	80
Cliffton Eastwolds	Mash Central	Mazowe	500
Masembura	Mash Central	Bindura	1 200
Lilstock W Laurie	Mash Central	Mazowe	540
Nyava	Mash Central	Shamva	80
Mahusekwa	Mash East	Seke	170
Mutawatawa	Mash East	UMP	100
Sadza	Mash East	Chikomba	30
Wenimbi	Mash East	Marondera	800
Biri - Manyame	Mash West	Zvimba	5 030
Ngezi	Mash West	Kadoma	740
Mamina	Mash West	Chegutu	570
Mazvikadei	Mash West	Zvimba	6 300
Mbindangombe	Masvingo	Chivi	1 200
Muzhwi	Masvingo	Masvingo	5 000
Zhovhe	Mat South	Beit Bridge	1 500
Mtshabezi	Mat South	Umzingwane	950
Padress pool	Midlands	Kwekwe	200
		Total	**48 000**

Source – Ministry of Water Resources and Infrastructural Development

5.2 Ministry of Water Resources and Infrastructural Development officials told your Committee that the Ministry has not been able to develop irrigation infrastructure on completed dams because of inadequate funding under the PSIP vote. The irrigation development programme requires massive funding and therefore, the fiscus alone cannot shoulder the required budget. To develop irrigation infrastructure on the above-mentioned dams, the Committee was informed that a budget of Z$3 trillion was required. This figure was subject to adjustment due to the hyper-inflation enviroment. **Your Committee is glad to report that during the course of its inquiry the RBZ announced a $7 trillion facility for agriculture and out of that amount, $3 trillion would be channeled towards irrigation development**.

However, as a long-term solution to this problem, your Committee was informed that the Ministry was in the process of transforming the Irrigation Department into a full-fledged parastatal, to be known as the Irrigation Development Authority. The rationale behind this policy is that, as a parastatal, the Irrigation Development Authority will be able to source funds for irrigation development from the market and also through bilateral arrangements instead of waiting for limited resources from government. If this strategy is the panacea that will see full capacity utilization of abundant water bodies currently lying idle across the country, your Committee stands ready to support such policy. **It is your Committee's considered view that the development of irrigation infrastructure on all the dams in the country will unlock value out of that water and ensure food security and economic prosperity.**

5.3 Your Committee was informed that with the available limited resources from the fiscus, the ministry was directing its efforts towards the resuscitation of existing irrigation schemes. Your Committee heard that at the height of the Land Reform Programme, a lot of irrigation equipment was vandalized on farms, reducing the irrigable hectarage from 160 000ha down to 40 000ha. However, despite the limited resources and other constraints, the Irrigation Department has managed to resuscitate vandalized irrigation schemes to the level of 100 000 ha. Apart from inadequate funding, the resuscitation programme was faced with an acute shortage of irrigation equipment. The local industry was failing to supply the market. For instance, two companies, Almin Industries and ProPlastics, contracted by the Ministry to manufacture irrigation pipes were facing operational constraints because of the unavailability of foreign currency.

5.4 Your Committee visited the two companies to ascertain problems they were facing and observed that Almin Industries was the worst affected as it was operating at 30% capacity. Almin Industries is partly owned by government (51%) and it manufactures aluminum irrigation pipes among other products. Its major raw material (Ingot) is imported. The scarcity of foreign currency has adversely affected the operational capacity and viability of the company. Management at Almin Industries informed your Committee that as a stop-gap measure, the company had resorted to recycling aluminium scrap metal. Your Committee was further informed that while there were adequate depositories of aluminium scrap metal in the country, some with parastatals such as ZESA and ARDA, Almin industries was having problems in accessing that aluminium outside the tender process. This aluminium always found its way to private companies. Your Committee was told that aluminium scrap metal has become a big business to private companies. They smelt it and export or smuggle it to neighbouring countries as ingot. Statutory Instrument 39 of 2005 allows the exportation of ingot as a mineral. According to the information supplied to your Committee, the Mineral Marketing Corporation of Zimbabwe (MMCZ) only issued two companies with export permits of ingot. However, reality on the ground was that quite a number of companies were involved in the illegal exportation of aluminium scrap metal through fraudulent documents. Your Committee was informed that as a result of these fraudulent activities the local industry has been starved of aluminium scrap metal and hence the predicament of Almin Industries.

5.5 ProPlastics is a privately owned company, which among other products specializes in the production of PVC irrigation products. The company has a contract to supply the Ministry of Water Resources and Infrastructural Development with PVC pipes for the 48 000 ha project. Whilst the company was facing the same problem of the unavailability of foreign currency like Almin Industries, the company made an arrangement with its bank to source foreign currency for the requirements of the importation of its raw materials. The company told your Committee that it had negotiated a price lock-up arrangement with the supplier of its raw materials. This agreement was to last for a certain period. Hence the company wanted to maximize on this arrangement before the prices were reviewed. However, the major constraint that the company was facing in sustaining its business agreements with its suppliers was the delay by the Ministry of Water Resources and Infrastructural Development in releasing the local component of funding as per the contract. Proplastics management further told your Committee that it had lost its export market due a directive by government for it to stop exporting. The Company told your Committee that through limited exports the company was able to raise adequate foreign currency to sustain its operations at full capacity without having to burden the RBZ with its foreign currency requirements. The company had also come with an innovation to circumvent the problem of foreign currency unavailability, known as the "toll extrusion concept" This concept entailed that foreign clients would supply Proplastics with raw materials for the manufacture of any product that the client wanted. The company told your Committee that it had quite a number of foreign clients waiting on the sidelines to place their orders with Proplastics using the toll extrusion concept, with Mozambique offering a huge business opportunity. However, the company told your Committee that this proposal was still awaiting the green light from government.

5.6 Current work on major dam projects is on hold due to inadequate funding and shortage of foreign currency. As a result of suspension of work by contractors due to the above-mentioned factors, government continues to incur heavy penalties in the form of standing charges. Ministry officials informed your Committee that the interest alone on the penalty has soared to Z$40 billion and that the figure is attracting commercial interest rates.

6 Tillage Provision

6.4 As part of its support to farmers government has been providing tillage services alongside other farming inputs for the past years. The Department entrusted with this task was the District Development Fund (DDF). Your Committee observed that DDF was not adequately resourced to carry out this important task. As a result of the Land Reform Programme, the demand for tillage support services has grown beyond the capacity of DDF and because of this DDF is unable to provide an efficient service which meets the expectations of farmers. The expanded responsibilities of DDF that came along with the Land Reform Programme have not been matched with adequate resources. Your Committee was informed that DDF was operating an ageing fleet of 734 tractors. Of that number only 420 tractors were functioning. The last acquisition of tractors was done in 1998 under the French bilateral deal. It was clear to your Committee that the current fleet of tractors that DDF is operating has outlived its economic life and hence the frequent breakdowns.

6.5 In a bid to salvage the situation with regard to the summer crop, the RBZ extended Z$30 billion loan to DDF, payable in 5 years, to resuscitate its ageing fleet. That exercise managed to bring back to life 146 tractors at a cost of Z$25 billion. The officials informed your Committee that the resuscitation exercise was hampered by the unavailability of foreign currency to import spare parts. At the time your Committee was conducting its inquiry, these tractors had not been deployed to provinces because they were still awaiting inspection by the RBZ.

6.6 The total strength of DDF geared towards the summer crop is as follows;

Item	**Quantity**	**Functional**
Tractors	734	420
Disc Harrows	174	70
Ploughs	623	235
Planters	228	71

Source – Ministry of Water Resources and Infrastructural Development

Your Committee was informed that due to the state of dilapidation, the efficiency rate of the current DDF fleet of tractors was 75%. And at that efficiency rate, the fleet was able to do 42 300ha of ploughing and 50 400ha of discing. Government set a target of 1 500 000ha earmarked for maize production this season. This is not to say that all this hectarage will solely rely on DDF. Commercial farmers (A2) are expected to mobilize their own resources. The ministry officials underscored the fact that the DDF tillage service was an interventionist programme meant to support those farmers who did not have their own means. Be that as it may, the social imperatives on the ground are such that the bulk of A1 and communal small-holder farmers depend on

DDF for their tillage needs. And these are the farmers who contribute the bulk of maize to the national silos as compared to their A2 counterparts. The latter normally opt for cash crops.

6.7 Other constraints bedevilling the tillage provision programme, brought to the attention of your Committee by ministry officials, were; critical shortage of fuels and lubricants, unavailability of foreign currency, high cost of spares and the erratic and bureaucratic release of funds by Treasury for the maintenance of the tillage equipment.

6.8 Apart from the problem of draught power, representatives of Agricultural Dealers and Manufacturers Association (ADMA) told your Committee that the sector was also faced with an acute shortage of disc harrows. This situation was precipitated by delays in supplying raw materials to manufacturers by ZISCO and also the unavailability of foreign currency to import other components necessary for the manufacture of discs. Hence, for the first time in history, the country will have to import discs. Your Committee was informed that to import a 6-month supply of discs from South Africa, R1 million was required. This amount had not been secured at the time your Committee was carrying out its inquiry.

7 Command Agriculture Model

7.4 In a bid to meet basic minimum production requirements, government has come up with a target-oriented model, dubbed Command Agriculture. This programme entails setting production targets for strategic crops and these have been clustered into 3 major areas; food security crops/livestock, industrial crops and export crops. Each province was required to select 200 farmers to participate in this programme. These farmers would be fully resourced by government in order to achieve set production targets of particular crops they were contracted to produce. The ecological profile of each province would form the basis of targeted crops in each particular province so as to ensure maximum returns. The summary of set targets for 2005/6 summer crop season are tabulated below;

Crop/Livestock	**Target hectrage**	**Target production**	**Cost**
Maize	1 500 000ha	2 250 000t	Z$5,967trn
Maize seed	6 500ha	49 500t	Z$67bn
Small grains	506 000ha	702 000t	Z$1,790trn
Oil seeds	175 000ha	185 000t	Z$988,2bn
Tobacco	45 000ha	90 000t	Z$3,065trn
Cotton	150 000ha	210 000t	Z$1,121trn
Sugarcane	4 000ha	2 00 000t	Z$273,8bn
Coffee	2 500ha	2 750t	Z$39,1bn
Tea	7 500ha	8 250t	Z$7,5bn
Livestock			Z$1,280trn
Horticultural crops	30 000ha	750 000t	Z$376,5bn
Fruit trees	7 500ha	300 000t	Z$15 billion
Grand Total			**Z$14,992trn**

Source – Ministry of Agriculture

7.5 This ambitious programme by government though it looks noble on paper; it seems to be a still-birth. The programme requires massive resources in terms of finance and inputs. Your Committee was, however, informed by Ministry of Agriculture officials that Treasury said that the fiscus alone did not have the capacity to bank-roll the programme to the tune of Z$14,992 trillion dollars due to other pressing national priorities. Hence as late as September, Treasury had still not committed itself to funding the programme. **However, RBZ released Z$7 trillion dollars under ASPEF during the course of inquiry by your Committee**. The breakdown of the above-mentioned facility is given hereunder:

FACILITY	**AMOUNT**	**INTEREST RATE**

Irrigation Support	$3 trillion	20%
Horticulture, Barn Rehab etc	$1 trillion	20%
Beef Cattle Support	$750 billion	20%
Dairy Support	$750 billion	20%
Piggery and Poultry Support	$500 billion	20%
Other Crop & Livestock Facility	$1 trillion	20%
TOTAL	**$7 trillion**	

Source - RBZ

7.6 Farmers representatives that gave oral evidence to your Committee bemoaned the fact that funds were released late into the season and thereby missing the summer crop deadlines. Funding for the summer crop to the tune of Z$7 trillion was released as late as September. Farmers' representatives said that this funding coming late as it did, would not have a significant impact on the current summer crop production. They said that it was, therefore, well worth to keep it for the next season or channel it to inputs manufacturers so as to push the cost of inputs production down. This would make inputs affordable to farmers.

7.7 The agricultural sector stakeholders including farmers unions expressed ignorance on the Command Agriculture Model. They told your Committee that they were not consulted on the issue, and therefore they had not mobilized resources to meet the requirements of the programme, especially the inputs manufacturing companies such as seed houses and fertilizer companies. Your Committee failed to understand how government could formulate and implement a programme of such magnitude without consulting key stakeholders in the agricultural sector. According to the Ministry of Agriculture officials, government under its Command Agriculture Model, was working on a set target of 1 500 000 hectares to produce 2 250 000mt of maize at a total cost of Z$5,967 trillion. The gap between government set targets and the available stocks of inputs points to a serious lack of proper planning by government bureaucrats. **It is your Committee's considered view that this lack of coordinated approach will not yield the desired results**.

8. Farmers Representatives

8.1 It is your Committee's conviction that farmers unions are an integral part of the agriculture because they play a key role in organizing farmers and thus provide a link between farmers and other key stakeholders. Be that as it may, the farmers unions admitted to your Committee that their activities were currently at disarray because of budgetary constraints. They used to get government grants and levies from farmers to cover their operational costs. However, all this has since been stopped. As a result, this has rendered them ineffective since their presence has diminished on the ground. **However, your Committee is glad to report that soon after the farmers unions presented their concerns to the Committee, government responded promptly and gave farmers unions a substantial amount as a grant for their capacity building programmes from the Z$1 trillion facility earmarked for A1 and communal farmers.**

8.2 Regrettably, your Committee observed that there was no good rapport between farmers unions and the Ministry of Agriculture. The unions told your Committee that they were often left out of government programmes yet they were the ones working closely with farmers on the ground. They cited the issue of non-representation in institutions that deal with agriculture, land and water resources such as; Agribank, Agricultural Marketing Authority (AMA), ZINWA, GMB, ZESA and NOCZIM. They further decried the fact that they were not involved in the distribution of inputs and yet they were expected to help recover loans from their members. The other issue, which the farmers unions said were they were not consulted on, was on the formulation and implementation of the Command Agriculture Model. They did not understand how farmers in the provinces were identified and selected to participate in this programme without the involvement of the farmers unions. Hence they expressed reservations on the success of the programme.

9. RECOMMENDATIONS

Based on its findings, your Committee is making the following recommendations and urges government to seriously consider these recommendations.

9.1 Agricultural Inputs

9.1.1 That the ministry of Agriculture together with inputs manufacturers and distributors should come up with a comprehensive strategic plan which will ensure that inputs are made available to farmers in good time as opposed to the current situation which is characterized by lack of planning and coordination.

9.1.2 That the Ministry of Agriculture and inputs manufacturers should coordinate their statistics on the quantities of available inputs to enable government to plan timeously if there is a need to import.

9.1.3 That pre-planting, producer and post harvest prices should be announced within a stipulated annual time-table so that farmers plan their programmes in advance and these prices should be attractive enough so as to incentivise more farmers to venture into seed production and other strategic crops. A regular price review mechanism should be part of this strategy.

9.1.4 That government and inputs manufacturers should agree on a viable pricing structure, which aims at achieving price parity between local commodity prices and import prices. Further to this, price review mechanisms that will allow adjustments of prices in line with inflation levels should be put in place.

9.1.5 That inputs manufacturers should be allowed to export limited quantities of their products, however in a manner that will not starve the local market, so as to generate enough foreign currency with which to import raw materials and spares instead of queuing up at the RBZ

9.1.6 That the National Railways of Zimbabwe (NRZ) needs to be capacited so that it can deliver raw materials to inputs manufacturers timeously.

9.2 Financial Support Programmes

9.2.1 That government should come with up a holistic and comprehensive financing model as opposed to the current piece-meal approach, which has failed to achieve desired results.

9.2.2 That funds should be released timeously so that farmers could be able to meet planting deadlines since agriculture is time bound.

9.2.3 That the concessionary interest rates offered to farmers should apply across the board in order to avoid distortions in the market currently prevailing whereby farmers access loans at 20% concessionary interest rates whereas the inputs manufacturers are accessing the same facilities at punitive interest rates as high as 300% thereby pushing the cost of inputs beyond the reach of farmers.

9.2.4 That government should seriously consider invoking the *in deplume rule* on interest payments on the principal loans borrowed under the Productive Sector Facility (PSF) and other related facilities in order to alleviate the plight of farmers and agro-business dealers who are currently in a debt trap as they are failing to service their debts on the PSF loans due to the ever changing interest rate terms.

9.2.5 That government should come up with a specific loan facility for the small-holder A1 and communal farmers since these are the reliable and bulk producers of strategic crops such as maize, small grains, cotton etc.

9.2.6 That government should finalize the issue of lease agreements as a matter of urgency so that farmers could use these as collateral when they apply for loans since financial lending institutions are demanding some form of security before the disbursement of loans. To encourage optimum utilization of land, lease agreements should be tied up with a tax system that rewards those farmers who are fully utilizing land and an equally punitive tax system for idle land.

9.2.7 That government together with farmers unions should encourage farmers to repay loans to ensure the sustainability of the revolving fund.

9.2.8 That foreign currency requirements for the inputs programme should be known in advance and availed to the sector 6 months before the onset of the farming season in order to meet deadlines.

9.2.9 That government should ensure adequate supplies of fuel to the agricultural sector. However, government should consider removing the fuel subsidy, as this is unsustainable and causing serious viability problems to Noczim. This has also created a thriving fuel black market. Fuel costs should be part of the package of inputs support under the loan facilities offered to farmers by government so that farmers buy fuel at the commercial prices and factor their costs in the pre-planting, producer and post harvest prices.

9.3 Water Resources and Irrigation Capacity Utilization

9.3.1 That government should move with speed to provide irrigation infrastructure in order to utilize abundant existing water bodies currently lying idle as a way of mitigating the effects of drought and thus ensure food security and save the scarce foreign currency resources, which are currently being channeled towards food importation.

9.3.2 That government should prioritise the completion of major dam projects in a way that will ensure that the suspended projects are completed before embarking on new projects.

9.3.3 That canal or piped water from dams like Bangala, Manjerenje etc should benefit the hinterland and the local community as it passes through their areas to its final destination such as Triangle Sugar Estates.

9.3.4 That the manufacturers of irrigation equipment should be given a leeway to export limited quantities of their products in order to generate foreign currency which they need to import raw materials and spare parts; or alternatively, they should be allowed to take advantage of the toll extrusion concept whereby foreign clients supply the raw materials themselves.

9.3.4 That government should revisit Statutory Instrument 39 of 2005 with a view of banning the exportation of aluminium scrap metal to protect local industry.

9.4 Tillage Provision

9.4.1 That in the short-term DDF should come up with an effective deployment plan of the current fleet of tractors that will ensure that the tractors spend most of the time in the fields not on the road.

9.4.2 That government should institute an audit of farm equipment to establish units available in the country, the state of the available equipment and the current capacity utilization.

9.4.3 That in the long-term government should embark on a massive mechanization programme in order to ensure maximum production levels and also ensure that capital equipment acquired through deals underwritten by government is closely monitored and distributed in the national interest.

9.4.4 That tillage support services should be provided on a full cost recovery basis to ensure the viability of DDF and that government should pick up the cost for social interventionist services rendered by DDF to needy A1 and communal farmers. DDF should strive to give a fair service to those farmers who provide their own fuel.

9.5 Command Agriculture Model

9.5.1 That a high powered Committee comprising key ministries of Agriculture, Economic development, Finance and Water Resources and Infrastructural Development should be set up to oversee the smooth implementation of the Command Agriculture Model with specific terms of reference that address; the identification and selection criteria of farmers, funding and loan repayment model, provision of support services to the selected farmers, types of crops to planted and hectarage thereof, and commodity marketing strategies.

9.5.2 That the programme should involve all the stakeholders and ensure that all the required resources are put in place in good time if the programme were to succeed.

9.5.3 That educational curriculum should be revised and agriculture be adopted as a compulsory subject up to Ordinary Level as part of a paradigm shift that recognises agriculture as the basis of the economic turn-around programme. The Committee sincerely believes that if the 11 million hectares of acquired land for agricultural purposes are going to be productive, then we have to catch them young otherwise the current generation of farmers risks bequeathing a legacy of laziness and unproductiveness to the coming generations.

9.5.4 That Master Farmer Training programmes should be done for all beneficiaries of the Land Reform Programme to capacitate them with appropriate farming and business skills.

9.6 Farmers Representatives

9.6.1 That government should continue giving grants to farmers unions to ensure their effectiveness in organizing their members on the ground. A deliberate capacity building programme for farmers unions that include computerization of membership, structuring of commodity associations, marketing and logistics down to ward level should be embarked upon as a matter of urgency and funding provided for that purpose.

9.6.2 That government should seriously consider harmonizing the farmers unions so that there is one representative body that speaks with authority on issues to do with agriculture as opposed to the current fragmented representation, which is misleading stakeholders and government on planning for the sector.

9.6.3 That there should be a good rapport between the ministry of agriculture and all stakeholders in the sector. As a way of building this rapport the Committee recommends that the 3 lines ministries should hold regular meetings with stakeholders, preferably fortnightly.

9.6.4 That farmers unions should be represented in boards of all institutions that deal with agricultural issues such as AMA, GMB, Agribank, ZINWA, etc to ensure that concerns of farmers are taken into consideration before policy implementation.

10. CONCLUSION

10.1 It is your Committee's fervent hope that its recommendations will be taken seriously by all the key players in the agricultural sector otherwise the country risks a catastrophic crisis in the coming year. Your Committee would like to emphasize that it is within our capabilities as a nation to turn around the fortunes of the agricultural sector provided we adopt a holistic and integrated approach based on a common vision and national objectives. Your Committee was encouraged by prompt response by government to some issues raised by stakeholders during the course of its enquiry. It is hoped that government will maintain this momentum otherwise stakeholders in the agricultural sector who submitted their concerns to your Committee with the hope of finding solutions, will lose confidence in the system.