

Women Entrepreneurship in Fresh Fruit and Vegetables (WEFFV) Project

Competitiveness in Fresh Fruit
and Vegetables for Women Agro-
entrepreneurship in Zimbabwe¹

By

Prosper B. Matondi²



Prosper B. Matondi

EXECUTIVE SUMMARY

The production and marketing of Fresh Fruit and Vegetables (FFV) has become an important economic activity for women in Zimbabwe for their livelihoods, income earning and food security. This brief discusses the factors that affect women's competitiveness in the FFV sector. Competitiveness is here defined as the ability to compete in the domestic and international markets, which is affected by both

endogenous (capacity/ability, key factors of production such as climate, land, capital, labour and technology, efficiency of farm operation, sustained quality production, and so forth) and exogenous factors (including policy environment, services, market demand, prices, market access, infrastructure development, research and development).

¹ The policy brief is derived from a Ruzivo Working Paper 2 titled: *Harare, for a project funded by TrustAfrica and Oxfam Novib called Women Entrepreneurship in Horticulture (WEH).*

² Executive Director and Principal Investigator, [Ruzivo Trust, Harare, Zimbabwe] prosper@ruzivo.co.zw| Skype: Prosper Matondi | + 263-773-855554|

HEADQUARTERS

TrustAfrica
Lot 87, Sacré Coeur 3
Pyrotechnie x VDN
BP 45435
Dakar-Fann, Senegal

T +221 33 869 46 86
F +221 33 824 15 67
E info@trustafrica.org
W www.trustafrica.org

The ICBE Research Fund is a joint initiative of TrustAfrica and the International Development Research Centre.

INTRODUCTION

Zimbabwe has the rapid emergence of new forms of informal entrepreneurship dominated by smallholders, both men and women in the FFV sector competing in a complex market place. The FFV value chain is being shaped by the on-going contestation over the economy. Zimbabwe has seen the rise of a spontaneous economy since the formation of the inclusive government in 2009.

The first observation is that common people are rising to establish and grow their own economies in response to the failure of the state and markets. A second development setting is the emergence of grassroots differentia organizations manifesting through institutional transformation. In this case, people do what is practically possible to look after their families, with little reference to government and policy. A third relevant pattern hinges on the counter rise of markets, as seen through super marketisation deriving substantial reinforcement and benefits from the weakness of the state and the economic struggles of the majority.

These three patterns manifest themselves differently in both the source of the FFV to the end consuming markets.

METHODOLOGY

This study traced the value chain of FFV, from production to the marketplace, and analysis for the governance of the chain. This was in the context of women in Zimbabwe's economy and food security. A multi-faceted approach used existing secondary data on production, yield, and market trends, while collecting a range of original qualitative and quantitative data. The data collection exercises included interviews of 431 producers in Goromonzi districts, 65 marketers. There were a total of 15 narratives of producer/marketers, 45 producers in Mazowe district, and 27 transporters from Goromonzi district. Through focusing on people

and commodities (FFV), it was possible to analyze products, structures, and systems from production to consumption.

BOX 2.1 FACTS ABOUT THE FFV SECTOR IN ZIMBABWE

Yesteryear

- Large scale commercial farmers dominated the export FFV sector, while smallholders serviced the domestic market;
- Annual turnover in 1999 was USD 140 million and 2010 is USD 40 million;
- The country used to export 85 percent of its products to the Netherlands, 90 percent of fresh vegetables to Britain, South Africa, Namibia and Zambia;
- Some 80 percent of fruits went into the British and South African markets.

Today

- Smallholder farmers dominate the depressed FFV sector, much of the production is aimed at the domestic market;
- Zimbabwean supermarkets are dominated by fresh produce from South Africa and Mozambique;
- Street FFV trading is inundated with foreign produce.

Source: Kavhu (2012)

RESULTS AND CONCLUSIONS

The FFV sector has been a growth sector for small producers and marketers, and the study found the following:

Production-related challenges: The constraints to women's competitiveness start at production level. Despite their dominance at production level in Goromonzi (80%; n=431) and Mazowe district

(90%; n=45), they do not have control over land and this requires resolution. There are also technical problems with production, such as poor timing of production, inadequate water per crop, mistiming in the production season, limited understanding of crop diseases and their control, and mishandling of crops that affects yields. At the production level, the key challenges included problems of managing seasonality and timing, as smallholders tended to produce FFV without reference to the market (demand). More often, they tend to suffer losses, as the markets were usually flooded with the same type of produce. The survey found some of the producers penetrating distant markets that traditionally are short of FFV of a wide variety, which became a risk coping strategy of managing losses.

Use of conventional inputs and implications on competitiveness: Inputs affect the FFV in varied ways, yet issues of inputs are caught in the debates of whether smallholders should use conventional agricultural inputs or should stick strictly to organic farming. Organic farming describes systems that work to optimize natural processes for the production of agricultural crops. The study found out that in both Mazowe and Goromonzi, producers were using fertilizers and chemicals without any regulations. An exceptional case was flower production in Goromonzi, where the contracting company exporting the flowers produced by smallholder farmers only accepted organic means of production. In general, smallholder farmers have not taken organic farming seriously, hence they continue referring to access to fertilizers and pesticides as limiting their potential.

Skills and extension and contribution to competitiveness: In Goromonzi district much of the fresh vegetables are produced by family-owned enterprises, whereby production and marketing knowledge is passed on from generation to generation. This is unlike in Mazowe where the irrigators are still the first generation of producers since the scheme was established in the 1990s. This means that a lot of capacity to produce irrigated crops had to be invested by government and donors. In Goromonzi, the producers require less government extension systems, and in fact the respondents indicated that they found government extension systems weak and a waste of their production and marketing time. The study found

high levels of post-harvest losses from the farm to the market. These losses were attributed to poor technical management, poor transportation systems, as well as market distortions. The extension of produce storage life, as well as the enhancement of supply chain connectivity, will greatly help preserve the quality, quicken the delivery, increase the sales, and reduce the loss of FFV.

The infrastructure for trading is inadequate. Ideally, the local authorities should put in place public sanitary infrastructure so that smallholder farmers trade in a hygienic environment.

Contracting and competitiveness: The emerging spontaneous economy has altered perceptions of the marketplace. Local FFV producers with limited financial resources can opt for contracts, and a few have done so in Goromonzi and Mazowe districts. In Mazowe about 2.6 percent of the respondents were in a position to secure inputs through contractual arrangements of donor input supply schemes. The others are left in a precarious situation where no alternative means of securing finance or credit is available. None of the respondents had obtained credit from a formal institution in Goromonzi. The majority of these farmers are unable to mobilize larger operating capital through formal credit channels. This is either because there are no credit programs available to them or because the transaction costs of obtaining a loan are high relative to their capacity. Reasons for unsuccessful contractual arrangements include abuse of contractual terms by farmers, disputes over product quality, and final price at time of harvest and defaulting on contractual obligations. As a result, wholesale FFV entities have lost interest in financing smallholder FFV enterprises.

Information on FFV and implications for competitiveness: In both Mazowe and Goromonzi the study found that women producers would like information about the varieties of FFV, sources of inputs, prices of inputs and products in distant markets. The few producers who diversified tended to be well educated, trained, experienced in contract farming, and connected to complex markets in Harare. A majority of the farmers were depending on verbal information transmitted via intermediaries

(usually marketers). Some found the information relayed to be unreliable for them to make decisions, and some had gone to the market-based on this information and made poor sales of their FFV. Information about input price can assist farmers in farm management decisions, including where to get inputs with fairer prices and how much capital (or profit of one season) may be required to pay for inputs. The majority of the respondents also identified input price as one of the important pieces of information they needed. The analysis also showed a significant difference in information needs on input price between genders. Male respondents showed higher interests in input price information than females. Therefore, providing market-related information will be pertinent.

Challenges of value addition: Most small-scale farmers do not have the capacity to venture into value addition of their produce. Because most farmers need cash when their produce is ready for the market, they prefer selling it in its raw state. The value-addition processes appear to prolong the time it will take to sell to the buyers. The middlemen often influence their decision to sell since they go to the farmers with cash and are ready to buy. Even for commodities, such as green beans, that can simply be packaged into plastic packs and sold off, farmers still are disinterested and just sell the produce straight from the field. This keeps them at the producer level within the value chain and limits their opportunities to also feature in the value chain as processors or retailers subsequently earning them more money. There is need for processing companies to find ways of going to the farmers to assist with value addition.

Unregulated market competition: The FFV markets have traditionally been dominated by white producers (now pushed out by the land reform program) and smallholder women entrepreneurs largely selling in FFV kiosks, on the roadside and on shop pavements. However, the study found an increasing number of men in these marketplaces. The marketplace has become more complex because of the FFV import by large companies controlled by men. Large commercial entities with access to cheap finances tend to flood the FFV markets

at will. Therefore, smallholder women marketers in Zimbabwe are pushed out, and largely cannot access cheap finance in the financial markets. It is imperative that government and other players address the question of expensive credit that has created inequities in the FFV sector. The formal and informal, existing in loosely implemented market regulations, limited intervention from the state and stiff competition among chain actors—smallholders, transporters, retailers, market marshals, wholesale processors and retailers and regulatory authorities are negatively impacting smallholder women entrepreneurs.

BOX 3.2 FACTS ABOUT THE FFV SECTOR IN ZIMBABWE

Informal markets

- *Roadside markets* - producers selling from strategic points on the roadsides, often from the back of running and non-running vehicles;
- *Farmgate markets* - popular with most producers as they cut significantly on transportation costs since the buyers directly purchase produce from the production site

Formal markets

- *Open-air market* - such as Mbare Musika, which is the main centre for purveying fresh produce in Harare;
- *Weekend flea markets* - city councils, such as Harare, designated some areas in suburbs for weekend markets, which allowed vegetables to be sold also.

Moving fresh produce to the market: In Mazowe, four main modes of transportation cited by the producers are wheelbarrows, animal drawn scotch-carts, lorries, and hired vehicles. The respondents noted that high transaction costs were such that a significant amount of the income realized goes towards paying for the transport. Therefore transportation and distribution of perishable

horticultural produce in Zimbabwe is expensive and difficult. It is exacerbated by potholed roads and unreliable public transport, which expose producers to risks involving delays and breakdowns thereby contributing to rapid deterioration of produce before it even reaches the market.

As Key Informant noted, *“the road to the market is a difficult one for the smallholder marketer, riddled with obstacles with the end of it being an uncertain affair! At the market, one wins or loses, so to literary speak....”*. The study found out that higher education levels and networking were associated with higher awareness of risk in transportation, and seasonality. The irrigators at Negomo generally were most vulnerable to marketing risks in transportation and seasonality, while those in Goromonzi seemed to be least bothered by these marketing risks. This is because they understood the Harare market better, in terms of its fluctuations and swings over time.

Price risks: The results showed that female respondents seemed to be more vulnerable to price risk than males. This is because men who are slowly entering the FFV production and marketing tend to be educated and highly connected in the marketplace. They were more than willing to go to the riskier markets. For instance, some marketers from Goromonzi were traveling to areas such as Bulawayo—more than 400 kms, Kariba (300 kms) and Gokwe (300 kms) searching for markets that provides optimal prices. This may imply that females face difficulties in accessing such markets, but have relatively weaker price negotiation power with traders. Nevertheless, other socio-demographic variables like age, education, and membership were not proven to have significant differences in price risk.

POLICY IMPLICATIONS

The conclusion drawn is that there is need to improve the governance of the FFV value chain, if women are to benefit. It is with such institutional and policy interventions that it will be possible for women to compete fairly in the FFV sector. The key recommendations are:

- a. **Facilitating women’s access to niche markets:** Large supermarket retail chains dominate selling points for fresh produce with stringent conditions guiding procurement hinged on a diverse product range of high quality, consistent supply and formalized contractual arrangements. While women FFV entrepreneurs sell their produce on their doorsteps, it is essential to establish relationships with supermarkets starting from production through quality checks up to marketing.
- b. **Infrastructure solutions:** Many of the smallholders are trading in the streets in both rural and urban areas. The infrastructure for trading is inadequate, due to poor roads, lack

of water, and dysfunctional toilets. Ideally, the local authorities should put in place public sanitary infrastructure so that smallholder farmers trade in a hygienic environment. City councils and local authorities collecting user fees from marketers have a role to provide the trading infrastructure, and oversee the maintenance of such places.

- c. **Market regulations:** While it is essential to let market forces operate in the FFV, it is essential to intervene towards fair trade through legislation. Bylaws are usually enacted on health grounds, unfortunately local authorities concentrate on users fees, without offering services for fees paid by marketers. In any case, the mechanisms for enforcing by-laws are too weak. It is only the city of Harare that has a functional police force that interfaces with vendors in the city centre and surrounding locations. There is also limited capacity among the regulators from the Ministry of Health to enforce safety and health regulations.
- d. **FFV Investment through Public and Private Sector Partnerships:** There is no question

that the FFV sector in Zimbabwe requires investment for resuscitating infrastructure and providing working capital. Neither government nor local private sector companies, including financial institutions, have been able to provide such investments. While government has pushed for the formulation of large scale Public Private Sector Partnerships (PPPs) for infrastructural development, there is no attention to the PPPs that are appropriate for smallholders. Thus, from a policy perspective, the PPPs being formulated tend to be large scale, requiring huge capital outlays that smallholders can hardly afford. There is no model for PPPs that apply to smallholder FFV producers; such kinds of PPPs need to be developed and spearheaded by the private sector. The following policy intervention may assist women in improving their entrepreneurship in

the FFV sector:

- e. **Training and capacity development:** Although it's not new in the horticultural sector, government, private sector and donors have traditionally conducted training and capacity development—with some level of success and failure. Women farmers are largely labour constrained, and resources such as water are going to waste due to poor production practices. They also tend to rely on expensive inputs and could better depend on natural resources. To increase production and marketing efficiency, skills training is essential for technological adoption at production levels, while providing tactics for penetrating niche markets. In addition, they also require skills on collective action to address the fragmented networks to access critical information on market demands, trends, and prices.

REFERENCES

Dolan, C., Humphrey, J. & Harris-Pascal, C. 1999. Horticulture Commodity Chains: The Impact of the UK Market on the African Fresh Vegetable Industry. Working Paper 96, Brighton: Institute of Development Studies.

Herald, 22 June 2011 "Horticulture Exports fall sharply – Council" Harare.

Kavhu, S. (2012) Is horticultural industry dead? The Sunday Mail In-depth, July 29 to 4 August.

Matondi, P. B. (2012), Women Entrepreneurship and Competitiveness in Fresh Fruit and Vegetables in Zimbabwe, Working Paper, Ruzivo Trust, Harare, mimeo.

Matondi, P. B and Chikulo S. (2012) Governance over Fresh Fruit and Vegetables in Zimbabwe: Market Linkages and Value Chain Study, Harare, mimeo.

Matondi, P.B and Chikulo S. (2012) "Governance of the Horticulture Value Chain in a Rising Spontaneous Economy in Zimbabwe", Working Paper, Harare, mimeo.