

UNIVERSITY OF CAPE TOWN



Exploring the Role of Development Finance Institutions in Enhancing the Financial and Technical Capacity of Smallholder Farmers for Agribusiness Integration: The Case Study of Zimbabwe

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By

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Abstract

The economic and social livelihoods of smallholder farmers in Zimbabwe have not improved despite them being holders of land as a key capital resource. Smallholder farmers are still marred with poverty and food insecurity challenges. The purpose of this research is to explore how the economic and social livelihoods of smallholder farmers can be improved to become more sustainable by devising strategies that will enable them to be integrated into the Agribusiness value chain. Helping smallholder farmers transform their farm operations into commercial operations, thereby integrating them into the agribusiness value chain, is the solution that will enable the economic and social livelihoods of smallholder farmers to be transformed. The study seeks to understand the financial and technical capacity challenges that smallholder farmers face and explore how the support of Development Finance Institutions can be leveraged to turn these challenges around. A qualitative approach was employed by conducting discussions with 30 farmers in the Chegutu region of Zimbabwe.

The results indicate that farmers face a myriad of challenges that are driven by both external factors and internal factors. Firstly, farmers have significant gaps in their financial capacity caused by inadequate, volatile, and unstable income, and this causes a lack of investment capital, impacting their potential to scale up and increase land utilisation and farm productivity levels. Moreover, the farmers are not deriving sustainable benefits from farm activities, as displayed by the continuous reinvestment into their farms from non-farm income sources. Secondly, farmers have several gaps impacting their technical capacity to drive innovation and efficiencies in their farming operations. This is due to low levels of education and a lack of farm infrastructure. Thirdly, farmers are facing limitations in monetizing their produce in the local agricultural market, which is caused by structural inefficiencies, inability to access markets, and pricing and demand constraints. Lastly, farmers are not getting adequate institutional support to address the capacity challenges. The results from the discussion prompt a call for action; hence, targeted strategies are recommended for DFIs to consider implementing to support the farmers in deriving a financial benefit from their farms through agribusiness development.

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List of Abbreviations

ADA	Agricultural Development Agency
AfDB	African Development Bank
AGRITEX	Department of Agricultural Technical and Extension Services
DFI	Development Finance Institution
DFID	Department For International Development
DME	Department Of Monitoring And Evaluation
FAO	Food and Agricultural Organisation
FSIN	Food Security Information Network
GDP	Gross Domestic Product
Global GAP	Global Good Agricultural Practice
GMB	Green Marketing Board
Ha	Hectares
IFAD	International Finance for Agricultural Development
IMF	International Monetary Fund
NAPF	National Agricultural Policy Framework
NGO	Non-governmental organisation
OECD	Organisation for Economic Corporation and Development
SDG	Sustainable Development Goals
SSA	Sub-Saharan Africa
WTO	World Trade Organisation

Chapter 1: Introduction

1.1 Background of the Study

Agribusiness is a concept known to have been developed initially by John H. Davis in 1956 as cited in (Fusonie, 1995). His analogy best describes this concept as the economic activity that is created as a result of operationalising and expanding the scope of agricultural activity beyond the conventional subsistence crop production and livestock rearing (Fusonie, 1995) (King et al., 2010). According to John H. Davis, the term Agribusiness describes the interconnection between farming, industrialisation and commercialisation in the agricultural sector, and his teaching provides an understanding of the value chain in the food system, commencing with the basic natural farming inputs being natural resources and human capital to final consumer goods (Fusonie, 1995). Developing agribusiness has been recognised to be extremely beneficial because it is considered to be one of the most impactful solutions to reducing poverty, increasing employment levels, raising incomes for individuals, driving economic growth and improving food security, especially for the world's poorest and most vulnerable (Tersoo, 2013). For Sub-Saharan Africa (SSA), food insecurity, acute poverty, inequality, unemployment, and hunger are of increasing concern; thus, developing the agricultural ecosystem is paramount to achieving an inclusive food system and effectively addressing the myriad societal ills that continue to beset SSA (Wudil et al., 2022).

A component of the agricultural value chain that amplifies the advantages arising from the sector's development is the commercialisation process, particularly for export or global trade. Experts suggest that the high levels of unemployment, especially among the youth, can be significantly reduced by agricultural activity in an era where agricultural commodities command high prices (Filmer & Fox, 2014). This is corroborated by the perception that export markets are less exploitative and more stable than local ones, particularly in the agricultural sector, where a wide range of produce is susceptible to nuances in supply and demand (Soper, 2016). Thus, through stability, farmers who export would benefit from consistent incomes. Additionally, participating in global trade has been proven to be beneficial to the income-earning potential of farmers, particularly in developing countries, as they would benefit from a higher price differential than farmers who only sell locally (Nugroho et al., 2021). The dual benefit would open up opportunities to scale up farming operations, thus leading to an increase in farm workers' wages and the creation of employment opportunities.

However, the agricultural opportunities in SSA are largely untapped (Filmer & Fox, 2014), given that 80% of agricultural land is held by small farmers, yet food production has become increasingly slower, and poverty and hunger remain high (Wiggins & Keats, 2013). The challenges that smallholder farmers face are key drivers of this gap. Developing smallholder farmers and uncovering their potential is thus believed to be a vital aspect of developing the agricultural ecosystem and effectively addressing social issues (Wiggins & Keats, 2013). Already, smallholder farmers are crucial in the food production value chain, producing the bulk of food consumed in developing countries with their current capacity (IFAD, 2013). However, they are too plagued by high levels of poverty, inequality, hunger and unemployment, as statistics reveal that the majority of smallholder farmers are considered to constitute the majority of the world's poorest people (IFAD, 2013). This depicts an imbalance in society at face value, as it means that most smallholder farmers derive very little value from land as a capital resource.

Given the size of the smallholder farmers' contribution to global food production and the fact that they hold a significant portion of agricultural land, which is one of the primary inputs according to the theory of factors of production, discussions on the socio-economic development of smallholder farmers remain essential because the issues they face are still largely unresolved. This research emphasises the importance of supporting this marginalised group of landholders in maximising the potential of the land and thereby improving their livelihoods, particularly in economic empowerment, community development, and food security. The traditional agrarian reform policies seek to use agriculture to reduce poverty and improve livelihoods. In most recent developments, African governments were in discussions to form alliances to address food insecurity by formulating strategies for developing a sustainable food system in Africa (AGRA, 2022).

This research seeks to explore practical strategies that can be implemented to drive the transformation of farming activities from a subsistence level into agribusinesses and improve the livelihoods and skills of smallholder farmers with the involvement and support of Development Finance Institutions (DFIs).

1.2 Problem Statement

The problem areas this research seeks to address are summarised as follows:

- i. Smallholder farmers struggle to improve their livelihoods in terms of economic empowerment, food security and community development despite possessing land as a key capital input.
- ii. Smallholder farmers continue to be limited to subsistence farming because they face challenges related to access to finance, lack of skills relating to agricultural production and agribusiness development, and inadequate access to markets, which impede their ability to develop or intensify their agricultural operations.

Thus, the research question that will seek to provide an understanding of the problem statement and explore solutions to address it is:

- i. What are the financial and technical capacity challenges as well as external market access constraints that smallholder farmers are currently facing that are a direct deterrent to them participating in the agribusiness value chain and achieving a sustainable livelihood?

a. Agricultural sector performance in Sub-Saharan Africa

Agriculture is at the centre of development discussions in many SSA countries, which suffer from severe food insecurity, largely caused by the continuously declining performance in the domestic agricultural sectors and inadequate public infrastructure (Bjornlund et al., 2020). Policymakers have tried to concentrate on promoting subsistence farming practices bolstered by the use of irrigation technology to meet the food security demands, however, these efforts have not yielded any appreciably favourable outcomes as the problems remain unsolved (Bjornlund et al., 2020). The contributing factors to the underperformance include a lack of long-term consistent efforts by countries to develop commercial farming skills amongst agricultural landholders, absence of functional value chains or insufficient structures to drive value creation in the sector, inability to access investment and working capital by farmers, lack of supporting infrastructure such as road networks and supporting regulations such as trade restrictions (Bjornlund et al., 2020). These reasons are magnified since most of the world's farmers are smallholder farmers, and they produce at least 30% of the world's food (Ricciardi et al., 2018), thus making the development of this sector more critical. Moreover, because their average land sizes are estimated to be under 2ha (Ricciardi et al., 2018) (Giller et al., 2021),

coupled with the difficulty in accessing irrigation solutions provided by governments or development institutions and the impact of climate change, subsistence farming creates a limited benefit to only the farmers and their immediate family without any growth prospects. Rapsomanikis' studies on smallholder farmers in developing nations for the Food and Agricultural Organization have extensively explored the typical lives of smallholder farmers and the rationale for why their lives are designed to ideally experience poverty, hunger and unemployment (Rapsomanikis, 2015). A multitude of challenges have been identified. From a broader perspective of Sub-Saharan Africa, it is paramount that further solutions be explored, given the importance of the agricultural sector and the magnitude of the underperformance.

b. Agricultural sector performance in Zimbabwe

Zimbabwe is a predominantly agrarian society, and its agricultural sector significantly contributes to the country's economic growth; thus, the success of the sector is critical to the success of the economy (FAO, 2024) (Doroh, 2017). The sector faces many challenges, as recognised by the national government, multiple donor agencies, multiple DFIs and academic researchers. For a country that used to be nicknamed “the breadbasket of Africa”, the degree of dysfunction in the sector is a developmental red flag, and the government realises that it requires significant attention from multiple stakeholders, which include the private sector and foreign investors (Doroh, 2017). Zimbabwe’s government streamlined its SDG focus and created a Ten-point plan. Part of this plan included the restoration of the economy’s bedrock, the agricultural sector, by driving growth in sustainable agriculture, thereby reducing hunger and food insecurity and increasing the incomes of smallholder farmers by the year 2030 (Doroh, 2017). Additionally, they aim to invest in sector-specific quality education to drive the required skills development, and they recognise the need to create the necessary partnerships to finance the development initiatives (Doroh, 2017).

Smallholder farmers in Zimbabwe, whose number has significantly increased post the year 2000 agrarian reform, own the majority of the agricultural land, which formerly greatly fuelled economic growth. Despite this, their livelihoods are barely improving, and this is evidenced by the decline in agricultural output since the agrarian reform (Government of Zimbabwe, 2019) (World Bank, 2023) (FAO, 2023) and the worsening severe food crisis in the entire country (FSIN, 2023). Zimbabwe possesses fertile lands and a favourable agroecological climate; thus, if complimented by adequate skills and capital, the holders of the land should

primarily be, at the very least, utilising it to its full production capacity. The fundamental issue is that smallholder farmers continue to live without surplus and, in most cases, in poverty and food scarcity. In reviewing the Zimbabwe national agriculture policy framework and other opinions, the failure of smallholder farmer growth may be attributed to the fact that they were made to be benefactors of farms from the land redistribution programme without adequate support, training, knowledge, lack of financial capital, inputs and limited access to market information (Government of Zimbabwe, 2019). Several policies have been implemented by policymakers for the benefit of smallholder farmers, such as free land, the enablement of contract growers for commodities such as tobacco and cotton, and input support programmes; however, similarly to the trend in the broader SSA, the effectiveness of these initiatives is so far inadequate as production of these commodities has since declined (Government of Zimbabwe, 2019). The lack of targeted policies in the National Agricultural Policy Framework of Zimbabwe to address smallholder farmer challenges, as well as criticism by researchers of policy failures in the country and evidence of a lack of governance within the ministry, provides further insights as to why smallholder farmers continue to struggle in the sector in Zimbabwe.

This study thus seeks to complement the government's agricultural development policies by identifying and understanding the impact of the challenges faced by smallholder farmers and mapping out focus areas that development finance institutions (DFIs) should prioritise to support them in becoming successful agribusiness owners and strategically position them to compete efficiently and profitably in the global market. The overarching objective is to address poverty, inequality and unemployment by repositioning the socio-economic contribution of smallholder farmers.

This study will use a focus group in the Chegutu district of Zimbabwe to conduct an investigative analysis while developing insights into this subsector in the following aspects: market potential awareness, market participation rate, capital capacity, resource capabilities, and existing DFI support. From the analysis, the research seeks to propose strategies that further promote shared value between DFIs, policymakers, and smallholder farmers and effectively boost smallholder farmers' participation in this sector.

1.3 Research Objectives

The main objective of the study is to provide a long-term and sustainable recourse for improving the livelihoods of smallholder farmers through agriculture by leveraging the strength of DFIs.

The specific objective is:

- i. To understand the financial and technical capacity constraints that prevent smallholder farmers in Zimbabwe from utilising their agricultural land assets to attain sustainable livelihoods.

1.4 Scope and Justification of the Research

The research seeks to extend the existing studies pertaining to the livelihoods of smallholder farmers. The research also aims to extend the exploratory studies that have driven solutions that seek to improve the sustainability of the livelihoods of smallholder farmers by exploring a new angle that will propose solutions for the attainment of sustainable long-term advantages to the smallholder farmers and their families. Agreeably, the prior research and this research have a common theme of alleviating poverty, unemployment and inequality. However, the focus of many researchers in contributing to the field of study has been examining and identifying the difficulties and conundrums smallholder farmers experience, attempting to articulate the phenomenon of smallholder farming, examining strategies on how smallholder farmers could gain access to specific market segments at a country level, and examining the assistance received from governments and NGOs for the commercialisation of smallholder farmers' operations. Instances where strategies are examined and proposed for supporting smallholder farmers by prior researchers, including policymakers and NGOs, have so far appeared to be more near-sighted from the perspective of the smallholder farmer in that they exhibit a lack of continuity should the support be withdrawn or the solutions fail. Hence, the significance of this research, as better long-term solutions to promote the sustainable livelihood of smallholder farmers may emerge if the discussion is switched to empowering smallholder farmers by helping them create their own well-governed and sustainable agribusinesses and effectively integrate them into the local and global markets. With this strategy, it is possible to seek the proper solutions for smallholder farmers in terms of de-risking for capitalisation, resource capacitation, partnership linkages, and skills development that will have a longer-term beneficial effect and raise the odds of smallholder farmers improving their lives.

This approach makes other instances of success fathomable in addition to job creation and the creation of sustainable income for smallholder farmers, such as the economic benefit of having more informed and educated experts in commerce and agriculture through skills development and opportunities for future generations to earn income because the businesses and expertise can be passed down through the generations. Effectively, this study is an extension of the existing studies, and it is important as it will enable policymakers to shift their discussions to longer-term sustainable plans for the agriculture industry, particularly for smallholder farmers. Promotion of smallholder farmer incubation, encouragement of start-up and expansion capital investments in agricultural small businesses, and advocacy for less spoon-feeding and/or enabling techniques in favour of more empowerment strategies are a few themes which could be explored. Over time, smallholder farmers' dependency on project-based assistance from governments and development organisations like NGOs will diminish, allowing for diverted focus on other development goals.

The scope of the research covers smallholder farmers in the Zimbabwean economy with a focus on the farmers in the Chegutu region. The area of the study is centred around five sustainable development goals (SDG), and their importance to this research is illustrated below:

SDG1 (Poverty elimination) & SDG2 (Zero Hunger)

Studies have shown that farming is the key to driving food security and thus reducing poverty and hunger (SDG 1 and 2). The more produce that farmers make, the more food is available. Considering that studies have revealed that smallholder farmers occupy the majority of the agricultural land in Zimbabwe and that they are among the poorest affected by poverty and hunger, this research is significant in spotlighting the persistent issue among smallholder farmers and mapping a way forward to address these.

SDG8 (Decent work and economic growth) and SDG10 (Reduced inequality)

Studies have shown that agriculture is a high contributor to the reduction of unemployment and is a means of driving income generation for those who participate in it at a commercial scale. Thus, through its objectives and proposed solutions of assisting smallholder farmers in developing agribusinesses, this study will effectively address SDG8 and SDG10 through solutions that drive income generation and thus improve the livelihoods of smallholder farmers, all else equal.

SDG17 (Partnership for goals)

Providing solutions on how DFIs may be mobilized to assist smallholder farmers will require fostering collaboration between multiple stakeholders and thus promoting proposals regarding beneficial partnerships in the ecosystem that will drive the development of smallholder farmers. Hence, this research is essential in the identification of such partnerships.

Thus, the study's relevance comes from its contribution to the debates and potential solutions for promoting development. Additionally, it encourages critical thinking among the various stakeholders. For instance, policymakers like the government could perhaps gain different perspectives on how smallholder farmers can be developed. This research may also spark discussions about how policies can be tailored to help smallholder farmers become more self-sufficient and establish more sustainable farming operations, especially in a country like Zimbabwe, where literacy rates are high. The impact this research has on various stakeholders may be summarised as follows:

Smallholder farmers: Through this research, smallholder farmers are educated about the potential in the agricultural sector, the potential of barriers to trade being eliminated in the sector, the requirements of running a successful business, insights on the level of upskilling required to run a profitable farming operation, and the requirements to participation in the global market.

DFIs: This research should be used by DFIs to drive discussions around strategies that will drive sustainability at all levels, including individual, corporate, economic, and environmental levels, where smallholder farmers are concerned.

National government: The national governments would benefit from this research by getting insights on other strategies that would drive sustainability in the agricultural sector, thus promoting better allocation of state resources and reducing the level of grants for the sector. For example, resources could be geared towards improving accessibility and infrastructure for smallholder farmers in remote areas so they can have a better ability to search for their own markets either virtually or physically.

Exporters: Exporters would benefit from this research by being made aware of ways in which their agricultural produce supply may be expanded via policy change and resource mobilization through DFIs.

Food Retailers and processors: Food retailers and processors would benefit by gaining awareness of the challenges in the sector that affect the supply of final goods for sale and raw materials for food production, thus potentially driving Enterprise Supplier Development decisions within such firms.

Communities: Communities would benefit from the research as they would gain awareness of potential income generation and skills development opportunities that would be created through the development of agribusinesses among smallholder farmers.

Regulators and Tax Authorities: Regulators and tax authorities would ideally be supportive of such development solutions as they would mean more formalised firms in the agribusiness sector as well as economic growth and thus more fiscal revenues through tax and other regulatory fees that relate to the sector such as the Global GAP certification.

Consumers: Through this research, consumers can understand the market dynamics that drive the supply of the food they consume and the impact on the landing cost to them. For example, where there is a decline in local farming produce, as happened in the case of Zimbabwe, this shifted the value chain to a more import-based value chain to the detriment of the consumer as it would mean higher prices than what they are accustomed to.

NGOs / Donor organisations: NGOs / donor organisations would gain insights from this research on other ways development may be driven without having to give aid. They, however, might question whether such development strategies that encourage self-sustainability among the aid recipients would nullify the need for aid in the Zimbabwean economy.

Academic researchers: Academic researchers may want to explore how such a development strategy of driving sustainability amongst smallholder farmers would benefit the economy and to what extent it would be able to change the livelihood of smallholder farmers through empirical studies.

1.5 Organization of the Study

This research paper will comprise five chapters. The first chapter discusses the motivation behind the research topic while carefully highlighting significant facts surrounding the topic in Zimbabwe and, given the similarities in the classification of and difficulties faced by the countries in Africa, the chapter also highlights facts surrounding the research topic in the wider perspective of the African continent. The second chapter provides a detailed theoretical review that is of an explanatory nature, with the objective of explaining the concepts surrounding the research area and building an argument that supports the needs of this study area. Various literature was explored, covering policy statements, empirical studies, theoretical studies and applicable case studies. The third chapter details the research methodology that has been chosen and implemented for this study. The research methodology selected is qualitative, and the guiding processes are defined in the analytical framework. The fourth chapter will include the evidence of the research and findings from the discussions held with the research participants. The last chapter will provide a conclusion in response to the research objectives and provide a proposal to the respective research participants and further research areas that future researchers could expand into.

Chapter 2: Literature Review

2.1 Introduction

The structure of the literature review conducted begins by explaining the main concepts that form the basis of interest in the research, which are agribusiness and development finance in the context of smallholder farmers. The next sections provides an overview of the key concepts applied in the context of the Zimbabwean economy and market dynamics, whose complexity over the years forms another basis of interest in the research. The research then explains the theoretical framework applicable to the research, which is useful for gathering insights into the research objective. Lastly, a review of empirical studies is performed as a knowledge base whose insights will drive the research analysis.

2.2 Definitions of Terms and Concepts

2.2.1 Agribusiness

The term agribusiness was first defined by John H. Davis in 1956, who, together with his colleague Ray A. Goldberg, popularised it in their book “A Concept of Agribusiness” (Fusonie, 1995). Davis and Goldberg defined agribusiness as “the sum of all farming operations, plus the manufacture and distribution of farm commodities” as cited by (Fusonie, 1995). Since then, the term "agribusiness" has been defined more precisely; to put it simply, it is the application of business administration theories and practices to companies involved in agriculture and the supply of goods and services related to agriculture (Fleet, 2016). The companies vary in size; however, they will participate in the sector either as a producer, supplier, distributor, processor, marketer or a combination thereof to make a profit (Fleet, 2016). Smallholder farmers participate in the agribusiness value chain through integrative channels such as contract farming and cooperative formation (Trienekens, 2011) though in Zimbabwe, opportunities are either limited or poorly governed. Agribusiness development is important because it reduces poverty through employment and income generation for all the stakeholders involved; thus, integrating smallholder farmers into the agriculture value chain through agribusiness development improves their sustainable livelihoods (Larson et al., 2020). A natural person is considered to have a sustainable livelihood if they are able to use their capabilities to pursue opportunities and activities that drive them to earn a living, accumulate and maintain assets, and create provisions for future generations whilst supporting their day-to-day needs and positively

contributing to the other livelihoods (Natarajan et al., 2022). The concept of sustainable livelihood is considered a neoliberal development approach, which is socially oriented and intended to confront the challenges of people experiencing poverty through private sector involvement and entrepreneurship advancement (Natarajan et al., 2022).

2.2.2 Development Finance

Development finance is a crucial component of both the international and local financial systems and is largely facilitated by Development Finance Institutions (Spratt, 2009). Development finance is a concept that can be broadly defined as an approach whereby multiple stakeholders, such as governments, donor agencies, traditional financial systems, philanthropic organisations and societies in collaboration with DFIs, mobilize financial resources to achieve aligned economic, environmental and social development mandates (Alhassan, 2023). In this collaboration, DFIs are the drivers of mobilizing finance because they play a key role in addressing market failures, financial system failures and government failures in meeting environmental, social and economic development needs (Mazzucato & Penna, 2015). Thus, DFIs function fundamentally as avenues that facilitate the achievement of social, economic and environmental human development needs and goals using capital harnessed from owners of financial capital (World Bank, 2015) (Spratt, 2009). The owners of capital include both private and public sector participants. Public sector participants attain capital through revenue earned from providing domestic services (World Bank, 2015) (Spratt, 2009). Spratt emphasizes that the success of financial systems and reforms by private and public sector capital providers should be benchmarked on whether their existence alleviates poverty and drives development (Spratt, 2009). Development in the agricultural sector includes financial capacity building for farmers, skills development for farmers, sector formalisation, value chain creation, and infrastructure development in the sector. The most common mobilizers of finance for development are multilateral development banks such as the World Bank and the IMF, which were established after the Second World War to drive stability in the global financial system (World Bank, 2015). A channel used in the agricultural sector to mobilize capital for developing financial capacity is cooperative banks, which disburse microloans to farmers (Karmakar, 2008). However, the capital disbursed by them is usually restricted to small geographic areas, and their capacities are highly prone to operational risks (Karmakar, 2008). In India, they developed a unique way to mobilize finance for microloans in the sector in 1992 through the bank linkage programme (Karmakar, 2008). This was a programme designed to build social

collateral among poor agricultural communities by pooling together their micro-savings to use for the purpose of accessing credit from commercial banks where individually they would not ordinarily have access to capital due to collateral limitations (Karmakar, 2008).

2.3 Overview on Smallholder Farmers and Agricultural Sector in Zimbabwe

2.3.1 Smallholder Farmers

Smallholder farmer is the term used to define individuals who occupy small pieces of land and, due to limited resources, primarily use the land to produce food for their families (Rapsomanikis, 2015) (Pienaar & Traub, 2015). The average land size may be less than 2ha. In another view, the average land size is less than 20ha (Hazell, 2020). There are two premises depicted in the definition of smallholder farmers according to the literature. The first is smallholder farmers are defined by the resources they possess, which are land size, inputs and labour (Rapsomanikis, 2015) (FAO, 2010). The second is that smallholder farmers are defined by the extent of the farming activities they engage in on the farm, which are minimal (Rapsomanikis, 2015) (FAO, 2010). However, there is no standard dictionary definition of what a smallholder farmer is due to the different views of the various development organisations and researchers. This variation seems country-specific according to the land distribution, population growth, technology and the economic landscape (Rapsomanikis, 2015), (AGRA, 2022).

In the context of Zimbabwe, the resettled farmers will be considered as smallholder farmers even though some may hold land sizes that, due to the land reform, are largely above the average of other countries and were once large enough for commercial farming (Zimbabwe National Statistics Agency, 2019). The justification is on the second premise, which is the similarity in the activities of all the resettled farmers as well as the levels of poverty that have been maintained over the years due to all resettled farmers facing similar challenges in the sector. A study by Rapsomanikis gives instances where the average land sizes decrease in certain countries, creating more smallholder farmers (Rapsomanikis, 2015) (Hazell, 2020), and the resettlement program created more smallholder farmers through the division of land (Zimbabwe National Statistics Agency, 2019).

A majority of smallholder farmers remain entrenched in poverty together with the broader population (Mutami, 2015). As of April 2023, Zimbabwe's multidimensional poverty index of

42.40% ranked 122nd out of 149 economies, according to the World Bank, reflecting that it has one of the highest levels of poverty (World Bank, 2024). The highest indicators driving this were lack of drinking water, sanitation, a shortage of power supply and most importantly, the level of deprivation of money or monetary assets among households (World Bank, 2024), thus reflecting a continuous lack of capacity and opportunities in the country.

2.3.2 Farming and Agricultural Practices by Smallholder Farmers in Zimbabwe

The agricultural sector in Zimbabwe used to thrive until after the year 2000's fast-track land reform program, which saw a redistribution of land from a handful of white farmers to many landless black Zimbabweans, and most of the recipients did not necessarily hold the farmer title (Masiyandima et al., 2011). Currently, the resettled farmers are experiencing land ownership challenges since the resettlement program, and this has increased the riskiness of the sector and has had an impact on farmers accessing capital to drive development however, there is a growing practice of farmers engaging in contract farming as a means of tackling these challenges such as inability to access finance (Masiyandima et al., 2011). In the most recent news, the Ministry of Agriculture announced the finalization of a land audit, which will result in the seizure of dormant or abandoned previously redistributed land for new redistribution, and this reflects an underlying problem of the reduced rate of land utilisation since the land reform.

Where farmers are utilising the land, studies reveal that the farming strategies implemented by smallholder farmers in Zimbabwe are largely steered and influenced by policymakers and non-governmental organisations, and farmers produce according to the inputs they receive from the government and NGOs (Mutami, 2015). This evidence is aligned with the strategies laid out in the national agricultural framework, which stipulates the provision of inputs as a method of development for rural and resettled farmers (Government of Zimbabwe, 2019). The study recognises, however, that the strategies of NGOs and policymakers may be restrictive to the growth of smallholder farmers as they are steered into a certain *modus operandi* (Mutami, 2015). As such, the smallholder farmers not affiliated with contract buyers have mostly engaged in staple food production such as maize. In addition, the focus of contract farming means that access to the local and global markets by smallholder farmers is limited to the extent that they participate in contract farming.

2.3.3 Agricultural Development Policies and Agribusiness Development in Zimbabwe

The current National Agricultural Policy Framework of Zimbabwe (NAPF) acknowledges the agricultural sector's failure and ascribes it to the absence of a sound and supportive institutional and legal structure, and this has led to diminishing and below-average productivity and output (Government of Zimbabwe, 2019). The government displays consciousness of the sector challenges and has taken them into consideration when crafting the current policy pronouncements and course of action. The fact that developing agricultural trade and markets and addressing the issue of food security and employment have consistently been given top priority over the years in order to enable income generation among all farmers is essential to highlight (Government of Zimbabwe, 2019). The challenges and policy responses by the government of significance to the research are ensuring food and nutrition security for the country and the average person in a resilient and sustainable way, expanding the use of agricultural inputs that boost output in a safe, sustainable, and accurate manner; drive agricultural knowledge and technology adoption in the sector; improving the market infrastructure in the sector to provide farmers more opportunities to monetise; and lastly increasing the financial flows, financial inclusion and increasing opportunity for farmers to attain agriculture finance and credit (Government of Zimbabwe, 2019).

The agriculture sector's performance continues to deteriorate as poverty levels rise despite the targeted governmental policy reforms to address the sector challenges. Institutional and fiscal challenges the government is dealing with prevent the policy actions from being put into action (Government of Zimbabwe, 2019). This reinforces the need for further resource mobilization; however, the government is concerned that the agricultural industry has now become risky, and to its detriment, the challenges in the industry have frequently made it a less enticing investment prospect for institutional private sector investors (Government of Zimbabwe, 2019).

Additionally, the poor coordination of policy measures, according to Mazwi et al., was a contributing factor to the sector's failure to implement policies (Mazwi et al., 2019). There is a significant amount of expectation set by the government to the benefit of the farmer as an audience, however, the expectation is largely unmet due to funding availability or program management failure (Mazwi et al., 2019). An example of a failed government initiative is the command agriculture policy reform, which involved the formation of a partnership between the public and private sectors in establishing contract farming programs for maize, wheat and

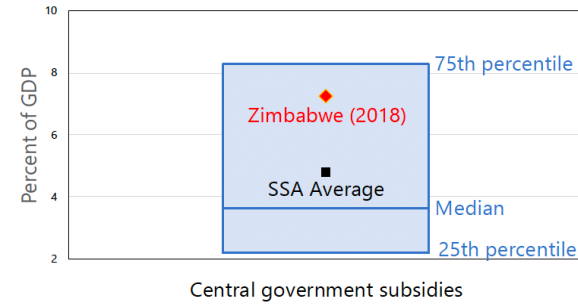
soybean (Mazwi et al., 2019). In this program, capital was distributed as loans to farmers by provision of physical farming inputs at subsidized prices, and the produce would be purchased from the farmers by the Zimbabwean government at predetermined prices (Mazwi et al., 2019).

In essence, this program shows how an agribusiness might grow in the ecosystem, but because the capital inputs were free and the returns were hypothetical, it would be difficult to measure financial performance and make comparisons within the industry. However, the authors' findings are essential in characterizing the level of agribusiness among smallholder farmers in Zimbabwe. These agribusinesses can be broadly categorized as being small, informal, hand-held operations. This is supported by the fact that in the command agriculture program, the farmers expected to be provided with input and were assured of a market, which proved unsustainable for the farmers as the partners mismanaged the program resources, as was the case with most of the policy implementation initiatives after the land reform (Mazwi et al., 2019).

2.3.4 DFIs in Zimbabwe

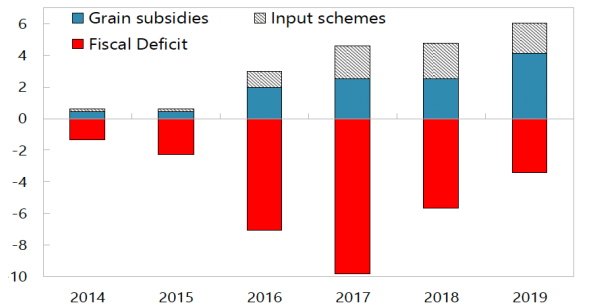
Zimbabwe has its own DFIs however, despite their existence, there is a heavy reliance on international DFIs as well as donor organisations for driving development in the economy. A study on conservation agriculture practices revealed that most farmers, greater than 75%, were highly expectant of donor inputs such as seed and fertilizers to drive production on their specific farms (Mazvimavi et al., 2010), thus implying a high level of NGO support. Furthermore, the NAPF is largely responsible for fostering a donor mentality in the sector, beginning with the land redistribution program that gave land to landless people and other prior and ongoing initiatives where farmers are supplied with inputs and fertilizer. Evidence from the International Monetary Fund (IMF) shows that government subsidies have been directed towards increasing farmer incomes in recent years (see Figure 1 below) however, this has had a negative impact on GDP, as can be seen in Figure 2 below, which depicts the effects of the command agriculture program that was implemented in 2016 (IMF, 2020).

Fig 1. Zimbabwe: Subsidies in Sub-Saharan Africa (in percent of GDP, average of 2009-2018)



Source: (IMF, 2020)

Fig 2. Zimbabwe: Agriculture Spending and Central Government Deficit (in percent of GDP)



Source: (IMF, 2020)

Thus, it is implied that there are few smallholder farmers with the self-sustenance ideology and that the majority of them exhibit the dependency ideology, which would seriously impede the ideology of establishing agribusinesses as such demands innovation.

2.4 Conceptual Framework: Sustainable Livelihoods Framework

In examining the function of DFIs and recommending strategies to implement, we will apply the Sustainable livelihood framework as it relates to the livelihood of smallholder farmers. The Department for International Development (DFID) created the sustainable livelihood frameworks, which serve as a foundation for understanding how social-institutional processes affect the economic attribute of livelihoods, or more specifically, how inputs like capital, assets, and resources are linked to outcomes like employment rates, financial stability, and poverty levels (Natarajan et al., 2022). This justifies the use of this framework because it offers the opportunity to comprehend what drives smallholder farmers' sustainability by breaking down the elements that go into their way of life, comprehending each part in its own right, and examining the influence that DFIs can have on improving the smallholder farmers' standard of living and finding recourse to the difficulties that smallholder farmers encounter. This paradigm enables DFIs to better effectively evaluate the value proposition related to supporting smallholder farmers in building sustainable and profitable agribusinesses and successfully integrating into the global market.

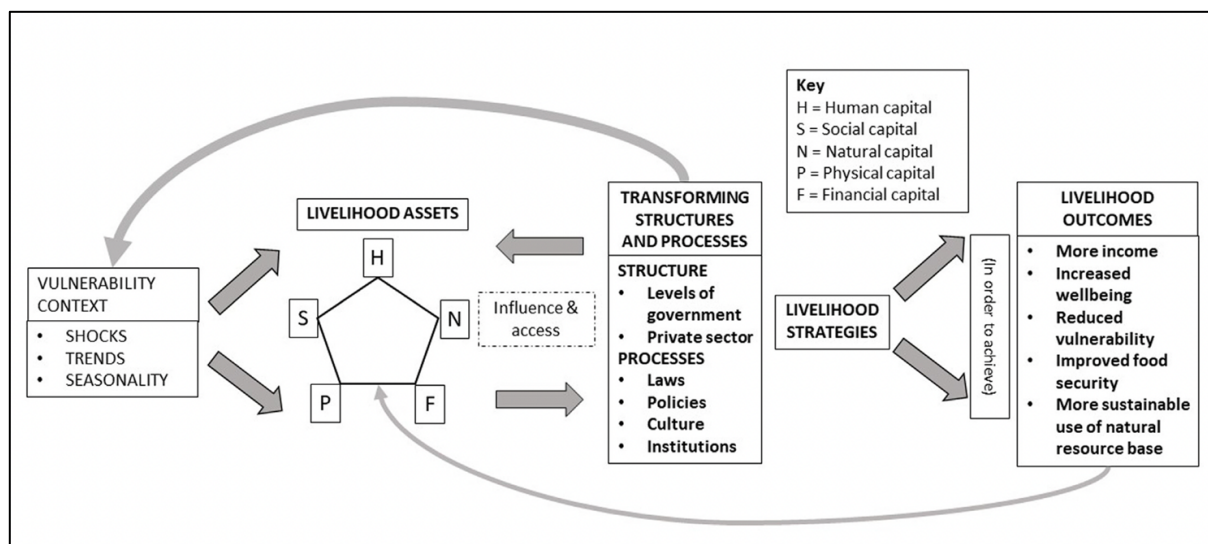


Fig 3. Sustainable livelihoods framework. DFID as cited by (Natarajan et al., 2022)

The concept, as shown in Figure 3 above, emphasizes specific factors that influence livelihood outcomes for individuals and, consequently, should be considered when developing strategies for improving livelihoods. The factors are explained as follows:

A. *Livelihood assets*: The core of the concept is the assessment of the different types of capital that individuals possess as they are deemed to have a direct impact on the livelihood of the individuals (Morse & McNamara, 2013). These types of capital, which are considered as the capacity of the individuals are classified as human capital, social capital, natural capital, physical capital and financial capital (Morse & McNamara, 2013). Understanding the capacity level of an individual through an assessment of their livelihood assets gives a basis for determining their needs and support required.

B. *Vulnerabilities*: These arise from environmental, economic and social events outside of one's control that occur over time (Morse & McNamara, 2013). It is deemed that an individual's livelihood assets are indirectly impacted by shocks from environmental, economic and social changes (Morse & McNamara, 2013). Such events include climate change, financial crises, and changes specific to the agricultural sector, including rainfall pattern changes or drought (Morse & McNamara, 2013). Assessing the severity of the shocks and the extent of risk mitigation strategies in place is critical in building a basis for understanding the resilience of the individuals' livelihood assets (Morse & McNamara, 2013).

C. *Institutional structures and policies*: The institutions in consideration are the public sector, private sector and NGOs, which, together with policies and processes, are collectively known as the “transforming structures and processes” within the framework (Natarajan et al., 2022) (Morse & McNamara, 2013). Analysing the existing institutional structures, including legal frameworks, policies, and processes in place, is essential as these factors are deemed to directly influence individuals’ access to and utilization of livelihood assets (Morse & McNamara, 2013), thereby influencing their overall capacity and resilience.

Overall, the sustainable livelihoods framework allows for DFIs to obtain a deeper understanding of the realities faced by smallholder farmers by assessing their capacity levels, resources and external factors that influence the ability of smallholder farmers to sustain their livelihoods. This understanding allows for the development of targeted and high-impact solutions to improve the livelihood outcomes of smallholder farmers. Figure 4 below provides a guideline on how the framework may be applied by DFIs in the context of smallholder farmers.

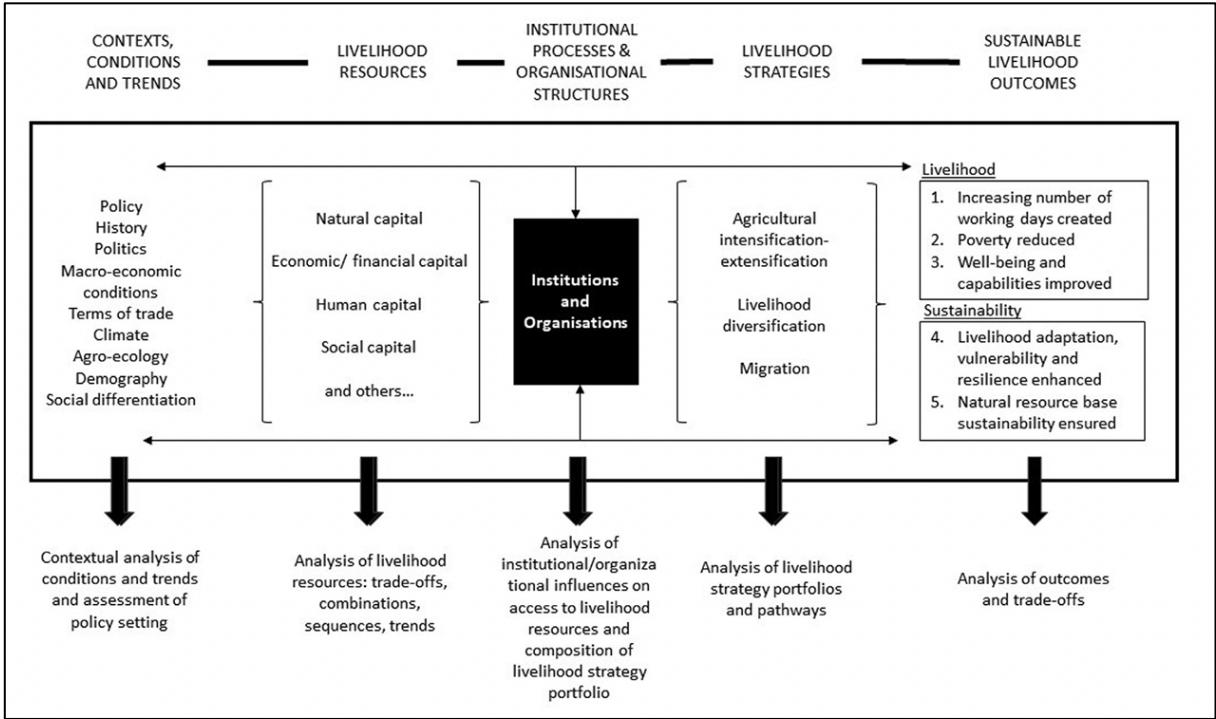


Fig 4. Sustainable rural livelihoods. Source: (Scoones, 2015) as cited by (Natarajan et al., 2022)

DFIs have the opportunity to enhance the livelihood resources of smallholder farmers to drive improvement in their livelihood. For instance, DFIs have the opportunity notwithstanding other

factors, to reduce the gap in accessing finance by providing financial capital to smallholder farmers through targeted finance solutions or services (International Finance Corporation, 2014) (National Development Agency, 2015). Human capital of smallholder farmers may too be enhanced by DFIs through targeted training initiatives to strengthen their technical capabilities (Commercial Agriculture for Smallholders and Agriculture, 2020). Thus, notwithstanding other factors, DFIs have the opportunity to be catalysts of development in the lives of smallholder by utilizing their resources for capacitating smallholder farmers.

2.5 Review of Empirical Literature

2.5.1 Characteristics and Livelihood of Smallholder Farmers

Evidence from research conducted across nine countries reflected that generally, smallholder farmers and poverty go hand in hand, meaning that smallholder farmers are poor people, and their living conditions are not much to be desired (Rapsomanikis, 2015) (Wollburg et al., 2024). It is further established that smallholder farmers have limited capital resources, and an example of this is how they use their families to capacitate the human capital requirements in their farming endeavours (Rapsomanikis, 2015) (Myeni et al., 2019). In most countries, smallholder farmers are located in rural settings or remote areas away from urban cities with inadequate road infrastructure, and that has arguably been viewed as a deterrent to them participating in the food supply value chain (Rapsomanikis, 2015) (Wiggins & Keats, 2013). This observation is critical in the analysis of accessibility being a key determinant of trade and income growth. Empirical evidence has revealed that doing business in areas that are difficult to access may hamper one's ability to conduct trade activities and possibly limiting growth in financial capacity (Barrett, 2008).

Circumstantially, lack of market accessibility limits smallholder farmers to consumption of most of the food they produce and seldom selling to the market generally (Rapsomanikis, 2015) (Wiggins & Keats, 2013). However, having to produce for consumption results in product diversification becoming an inherent production strategy for smallholder farmers as they have to grow different crops and keep various livestock in an attempt to have enough variety of food to meet their immediate basic food requirements (Mango et al., 2018) (Rapsomanikis, 2015). These observations, too, are critical for consideration in the research as they support the objective of further probing the problem of a lack of commercialization amongst the

smallholder farmer population. The findings of the study by Rapsomanikis are pertinent to this research because the countries in question have similarities in the magnitude of the smallholder farmer population compared to the wider population, poverty rates among smallholder farmers, and the smallholder farmer data portrait of each country revealed a significant contribution by smallholder farmers in food production (Rapsomanikis, 2015), and they are not concentrated in one region. Thus, any identified characteristics and similarities of smallholder farmers will be valuable, considering that different countries have different agricultural landscapes.

2.5.2 Agribusiness Development

Agribusiness is described as a concept that involves numerous interconnected activities involved in the production of food and cultivated commodities for consumer use (Gunderson et al., 2014). The activities are interrelated, beginning from the production and supply of inputs, farming the produce, processing and merchandising of produce, retailing of final products and consumption (Gunderson et al., 2014). A commonality between all the activities is the need for financial capacity and supportive systems (Gunderson et al., 2014).

Participation by smallholder farmers in the sector is in the capacity of agricultural producers. As agricultural producers, the expectation for participants in this capacity is to participate competitively in the supply of agricultural produce consistently because studies show that many firms that participate in the various subsectors are large and multinational firms who naturally benefit from economies of scale (IFAD, 2013) (Gunderson et al., 2014). Gunderson et al. suggest that for participants to operate and derive some benefits in the sector effectively, they need to understand the characteristics of the sector which pose as inherent challenges within the sector and possess knowledge and targeted managerial skills (Gunderson et al., 2014).

Considering one of the challenges identified by Rapsomanikis below is that smallholder farmers lack skill and knowledge of the dynamics of the industry, this would, therefore, explain the lack of participation at an agribusiness level by smallholder farmers as certain capabilities are required to function formally in the sector. For example, one of the characteristics identified is the differing competitive structures within the different stages of the sector (Gunderson et al., 2014). In the case of Zimbabwe, it is not clear how the competitive environment is structured within the agricultural producers' subsector where smallholder farmers would ideally operate, however, the objectives and policy statements of the NAPF would indicate little to no

participation by smallholder farmers in this subsector or participation at a contract farming level. Thus, indicating a lesser benefit being derived by smallholder farmers as opposed to if they possessed the necessary managerial skill and sector knowledge. This then supports the need to drive smallholder farmers to become part of the agribusiness sector.

The importance of developing smallholder farmers has benefits of a humanitarian and economic nature. For example, a study by (Aliber & Hall, 2012), which advocates for the support of smallholder farmers in South Africa through policy actions that increase their commercialisation, suggests that the main benefit of this is the alleviation of the high unemployment rate prevalent in the country. The humanitarian benefit is that individuals will get income-generating opportunities, whilst the economy benefits in terms of GDP growth and added fiscal revenues indirectly flowing from the reduced unemployment. This finding is relevant in the context of Zimbabwe, whose unemployment rate is even higher (Zimbabwe National Statistics Agency, 2024). It would be value-adding for this research to explore and gain an understanding of the market dynamics in the agricultural producers' subsector to drive better strategies for improving smallholder farmers' livelihood through agribusiness.

By participating in the agricultural market through the commercialisation of agricultural produce, farmers drive food security globally and increase the food choices for consumers globally whilst at the same time benefitting from improved livelihoods (OECD, 2023). Examples of opportunities farmers can exploit to improve their livelihoods can be seen in the consumer trends, which reveal that there is an increasing call for sustainable agriculture and an increasing need for organic food globally since the pandemic, and organic farming produce attracts a high price point globally (Cheong et al., 2013). For smallholder farmers, given the capacity, exploiting the organic produce opportunity would be fairly achievable, all else equal, considering that one of their characteristics is the practice of organic farming, which is inherent due to their lack of financial capacity to as an example buy agrochemicals (Cheong et al., 2013).

Furthermore, capacitating their farms with modern technologies would give them a greater comparative advantage as they can respond to global demands more swiftly. However, trade policies have an effect on whether smallholder farmers can participate in international trade, as studies reveal that countries have to be careful of the impact of the trade agreements they enter into (Cheong et al., 2013). In the case of Zimbabwe, the agricultural sector makes a significant contribution to the nation's overall export balance, however, the high levels of food insecurity

led to the implementation of a targeted and restrictive policy for the key product, maize, known as the "single-buyer" policy, which required farmers to only conduct local business with the national Grain Marketing Board (Government of Zimbabwe, 2020). This, however, is not a limitation on all agricultural produce, and the opportunity to engage in local trade and exports of other produce exists in the country as statistical data reveals that Zimbabwe has been a net exporter of agricultural produce in various years (Government of Zimbabwe, 2020).

2.5.3 Challenges Affecting Smallholder Farmers in Commercially Integrating Into the Agribusiness Sector

Historically, there is a view that smallholder farmers have been observed to have a higher and more variable productive capacity than large-scale farmers however, studies suggest that technology and the evolution of the food value chain are making smallholder farmers become less economically viable as firms prioritise minimising transaction costs, and leverage on their economies of scale (Rapsomanikis, 2015). Thus, smallholder farmers are at a disadvantage because they lack the resources and skills to leverage and compete effectively in the changing environment.

A study on commercialization in the Tigray region in Ethiopia revealed that a key resource smallholder farmers lack is capital finance to acquire capital resources such as farm machinery, irrigation equipment, human resources, and production inputs, which are essential for deriving output or scaling up existing farming activities (Gebreslassie et al., 2018). An interesting observation, though not statistically significant, was a lack of interest in engaging in commercialization, which was attributed to awareness-related issues, reduced crop prices and high input prices (Hailua et al., 2015). The lack of finance as a form of capital is attributable to multiple factors, which includes but is not limited to the lack of financial inclusion among smallholder farmers (Mhlanga et al., 2020) and the riskiness of smallholder farmers due to the lack of collateral (Vitoria et al., 2012) (Rapsomanikis, 2015). Mhlanga et al. established that increasing participation in financial services by smallholder farmers could be beneficial to poverty reduction as farmers can save money and thus earn interest, gain access to credit, as well as transact easily (Mhlanga et al., 2020). The ability to transact easily drives market participation globally and internationally.

Other challenges that affect smallholder farmers in commercializing and participating in the local and global agricultural markets are weak road infrastructure which deters accessibility and increased transportation costs for farm labourers and for market activities such as transporting produce (Rapsomanikis, 2015); lack of market access and information regarding where to sell their produce or how to export their produce (Rapsomanikis, 2015); lack of compliance with food safety standards as farmers require Global Gap certification to be able to participate in the export market (Rapsomanikis, 2015); Lack of diverse product knowledge and skilled labour. In Zimbabwe, though the literacy rate is high, skilled labourers rather opt for non-farm activities as they can generate more income, which is a similar trait among developing countries (Rapsomanikis, 2015) and lack of electrification or shortage of electricity (Rapsomanikis, 2015). Smallholder farmers in Zimbabwe are largely situated in rural areas where there is no electricity, or if there is electricity, they are affected by frequent power outages (IMF, 2020). The research reveals that most of the challenges discussed are similar among developing countries.

2.5.4 DFI Activity

DFIs have created strategies to participate in the sector by building the capacity of farmers from a financing and value creation perspective, which, if implemented well, would allow for a reduction in the financing gaps that hinder development through investment capital and reduce the vulnerabilities affecting the smallholder farmers (Faye et al., 2013). However, some of the strategies are planned for specific large-scale projects and are applicable to commercially viable investments (Faye et al., 2013). Examples of these strategies include the Zimbabwe Agriculture Investment Plan by FAO, the Smallholder Irrigation Revitalization Programme by IFAD, the Smallholder Agriculture Cluster Project by IFAD and the African Emergency Food Production Facility by the African Development Bank (AfDB). Thus, these strategies would partially contribute to solving the problems smallholder farmers face. These strategies were cultivated in partnership with the public sector, private sector and non-governmental organisations. There is no data to show the progress of these initiatives; however, given the worsening poverty and food security metrics, it would be reasonable to note that progress from these initiatives is slow. Thus, necessitating a further deep dive and exploration of alternative strategies to support the existing strategies.

2.6 Summary of Literature Review

The literature review highlighted the empirical, contextual and theoretical foundations relevant to the smallholder farmers and agribusiness development. A key realization was that based on the definition of a smallholder farmer, did not place smallholder farmers in a position to do agribusiness as defined due to the absence of livelihood assets and purpose of farming activity. Studies reveal that there is a wide concern over the challenges affecting smallholder farmers as they are key participants in addressing food security and unemployment and driving economic growth.

Policymakers, researchers, and NGOs have investigated and implemented certain concepts of commercializing smallholder farmers' products, such as contract farming. There are various proposed policy reforms suggested that are geared to improve the livelihood of smallholder farmers however, there are missing conversations about developing smallholder farmer entrepreneurs and how this may be beneficial for the long-term sustainability of smallholder farmers as individuals, as members of families and the economy at large. There are missing conversations about how to transform smallholder farmers into successful agribusiness owners and, more essentially, how institutional support can be critical to achieving this agenda for smallholder farmers. A lot of the conversations are centred on subsidising smallholder farmers with inputs, contract farming, creating dependencies and not enough solutions that drive the independence of smallholder farmers as agribusiness owners.

Additionally, the empirical literature revealed that DFI activity has largely been targeted toward high value commercial farmer development in the sector. The sustainable livelihoods framework highlights the needs from a smallholder perspective and the opportunity from a DFI perspective to overall achieve sustainable livelihoods for smallholder farmers. Thus, the need for this research to formulate how this can be achieved, to determine which strategies should be implored by development finance institutions, which partnerships are necessary, which policies are necessary and how the macro-economic environment needs to improve to drive the creation of long-lasting agribusinesses amongst smallholder farmers.

Chapter 3: Research Methodology

3.1 Introduction

The study is exploratory in nature as it seeks to address the research objectives which were defined in the introduction to the study. The research question that addresses the research objectives is:

- i. What are the financial and technical capacity challenges as well as external market access constraints that smallholder farmers are currently facing that are a direct deterrent to them participating in the agribusiness value chain and achieving a sustainable livelihood?

3.2 Research Approach

The research problem identified sought to mainly solve a socio-economic problem as classified in the sustainable development goals (Mangukiya & Sklarew, 2023) by exploring in depth the nuanced financial and technical capacity challenges as well as external market access constraints faced by smallholder farmers and further how DFIs can address these challenges. The research was driven by an area of interest, and the research question was best addressed by understanding the experiences of smallholder farmers with the goal of formulating practical solutions to improve these experiences. This understanding was obtained through triangulation of insights which were gathered from interviewing smallholder farmers. Thus, the qualitative method was considered appropriate for this research because of the methodological purposiveness and exploratory and contextual nature of the research question (Richards & Morse, 2013) (Hennink et al., 2020). To address the research question, interviews of smallholder farmers allowed the researcher the opportunity to explore the farmers' lived experiences and obtain an in-depth view of the challenges they faced. These insights were analysed to identify the common challenges and their root causes, and DFI intervention was proposed to address these challenges.

3.3 Research Design

3.3.1 Population

The target population for this research was the smallholder farmers in Zimbabwe, which comprise resettled farmers from the old resettlement scheme and those classified as A1 (small-sized) and A2 (middle-sized) farmers from the land reform programme, as illustrated by the

Zimbabwe National Statistics Agency (Zimbabwe National Statistics Agency, 2019). Excluded from the definition of smallholder farmers were communal farmers from the old resettlement scheme. Due to logistical and accessibility reasons, the targeted population was narrowed down to smallholder farmers in a specific region which is the Chegutu region of Zimbabwe. Thus, the targeted population became the smallholder farmers in the Chegutu region of Zimbabwe who attained agricultural property under the land reform program.

3.3.2 Sample and Sampling Procedure

In the study, the sample was a select group of smallholder farmers amongst the smallholder farmer population in the Chegutu region. The research objective was centred around improving the sustainable livelihoods of smallholder farmers by understanding the capacity challenges they face and recommending strategies to address these through agribusiness integration. It was significant to consider this objective as it informed the sampling method. It was critical, thus, to have evidence collected covering farmers with similar experiences. Thus, the sampling approach used was the non-probabilistic purposive sampling method as it was appropriate for the nature of the research, which was centred around understanding in-depth the context of the participants' lived farming experiences, which were relevant and sufficient to answer the research question (Stratton, 2024). Further justification for the sampling technique was that the research was in the form of a case study of farmers in a specific region with specific characteristics of being farmers that were representative of smallholder farmers (Vehovar et al., 2016).

A sample of 30 farmers was selected from a selected area within the region being, the Chegutu district, and was considered sufficient given the concept of data saturation (Guest et al., 2006). Therefore, it was a reasonable consideration that no new information would be gathered beyond the sample size selected (Guest et al., 2006). The sample excluded smallholder farmers who were currently running agribusinesses as the study sought to understand the capacity challenges of farmers still operating at a subsistence level and whose livelihood assets and capacity was limited impeding their ability to integrate into the agribusiness value chain to improve their livelihoods. The Chegutu area has community leaders, and it was beneficial, though not critical, to obtain support from the community leaders to drive the participation levels in the research.

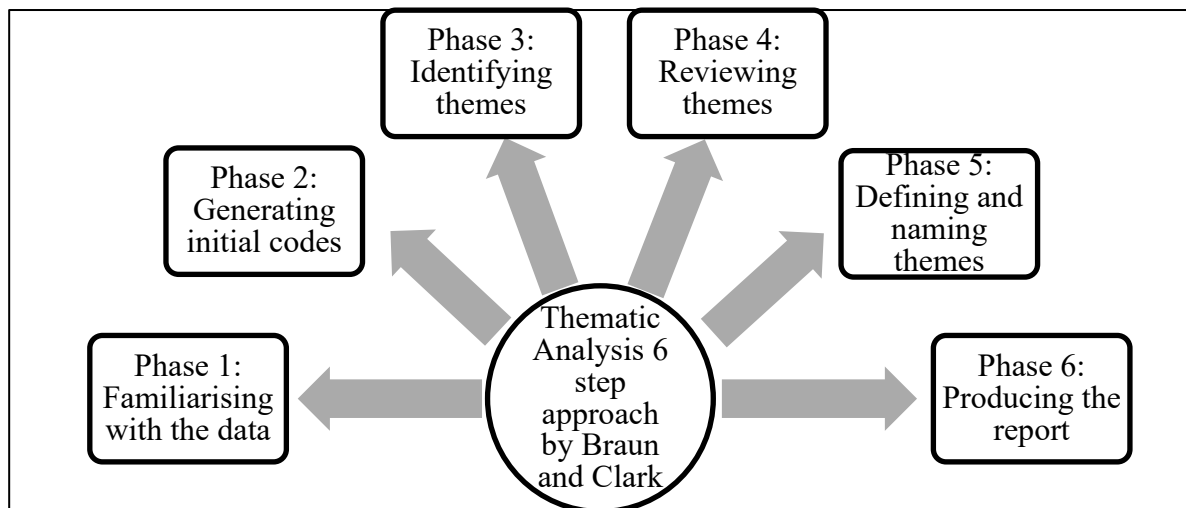
3.3.3 Data Collection

The data collection process was performed by conducting structured individual in-depth interviews with smallholder farmers. The interviews were held between the 11th of November 2024 to the 28th of November 2024. During the interview, the discussions with participants were voice recorded. The participants signed consent forms before participation. The interviews were conducted in either English, Shona or a mix of both languages to accommodate the participants. A digital voice recorder was used for recording purposes during the interviews. The voice recordings were extracted and saved onto a password protected personal computer and stored on a USB flash drive for backup. The voice recordings were manually transcribed and then manually translated into English. The transcriptions were saved on a password protected personal computer and stored on a USB flash drive for backup. There was no use of cloud storage facilities to maintain confidentiality. The recordings will be retained for a period of two years. There were no images or videos of the participants taken for the purposes of this research. Evidence from the interviews was considered in parallel to establish the persistent smallholder farmer challenges, the feasibility of smallholder farmers in establishing and managing successful agribusinesses and establishing areas where smallholder farmers need assistance in terms of capacity development, agribusiness value chain integration development and policy development.

3.3.3 Data Analysis

In analysing the evidence, the Thematic Analysis approach by Braun and Clark (2006) was selected because it is a realist method used for analysing and reporting experiences and realities identified from interviews with participants in relation to a specific research question (Braun & Clarke, 2006). The thematic analysis is a flexible research analysis that uses a six-step approach to the analysis, which involves the identification of themes in data, analysis and reporting on the data (Braun & Clarke, 2006). The steps were taken to analyse the data in accordance with the thematic analysis approach are shown in Figure 5 below;

Figure 5: Data analysis steps using the Thematic Analysis



Source: (Braun & Clarke, 2006)

In phase 1 of the process, in order to familiarise with the data, the interviews with the participants of the research were transcribed orthographically (Byrne, 2022) and translated into English. Transcription is considered an important part of the analysis as it provides the researcher with a thorough understanding of the data through transcribing it (Braun & Clarke, 2006) (Byrne, 2022). In phase 2 of the process, the coding of data was informed by the structure of the interview questions (see Annexure 1), which were divided into segments that aligned to the research question. Thus, the transcribed data was manually coded by manually collating together each response (Braun & Clarke, 2006) according to the interview question in each segment. This was done using a Microsoft Excel spreadsheet. Phase 3 involved analysing the data coded by searching for similarities within the data to identify themes and patterns across the different segments.

Phase 4 involved contextualizing the themes identified, searching for meaningful coherence within the themes and mapping them according to how they were interlinked (Braun & Clarke, 2006). Furthermore, the themes were reviewed for validity in relation to the data set and ensuring they reasonably describe the data set. Identification of themes was critical as this enabled the understanding of patterns that inform the understanding of the critical challenges smallholder farmers face (Braun & Clarke, 2006). In phase 5, the identified and reviewed themes were defined by conducting a deep analysis of the underlying data in each theme (Byrne, 2022), after which an account was given representing phase 6 of the process. In the reporting

stage, the themes were triangulated against the most recent empirical research. This process was essential because, while reviewing the literature, numerous authors acknowledged the existence of difficulties that smallholder farmers face. As a result, through the process of triangulation, the themes were compared to those of recent empirical studies to find commonalities and evaluate how common these challenges were and, in the process, identify smallholder farmer challenges that were unique to the country as they relate to financial and technical capacity as well as market accessibility.

3.3.4 Trustworthiness of Findings

3.3.4.1 Transferability Considerations

Despite the sample size being a research limitation, evidence about the difficulties faced by smallholder farmers can be used to explain the characteristics of a wider local and global population of smallholder farmers because this topic has been extensively studied over the years, particularly in the developing countries and in countries with relatively high levels of hunger and poverty. As a result, the findings in this study will support earlier evidence. However, any new challenges discovered may not be easily used to explain the international population as they may be unique to the country of Zimbabwe. However, the new findings would be acceptable in explaining the characteristics of the smallholder farming population in Zimbabwe as they operate in the same macroeconomic environment and have historically demonstrated similarities in their activities. Evidence from reports published by the local agriculture ministry would naturally be used in assessing the total smallholder farmer population within the country of Zimbabwe, however, it would not be relevant to the global smallholder farmer population due to the differences in macroeconomic environments and trade agreements that are country specific.

3.3.4.2 Dependability and Authenticity Considerations

Data availability specific to the country seems to be an area of risk due to some data being unavailable from certain years going forward. In addition, the research's exploratory nature necessitates a thorough and comprehensive study to increase confidence in the dependability and authenticity of the research. The first action to ensure dependability and authenticity will be to triangulate the evidence gathered, comparing it to other existing peer-reviewed empirical literature. The second action will be to keep transparent documentation of the evidence received from interviews through physical and digital means. The third action will be to keep an audit

trail of the process followed in conducting the research to provide more context in the research process to the readers.

3.3.5 Ethical Considerations

As the research involves discussions with individual farmers, the research took cognisance of ethical considerations required for the research and ethical approval was received from the University of Cape Town Graduate School of Business ethics committee on 7th of November 2024. During the interviews, a questionnaire was provided to the participants to provide consent to participate in the research before commencing the interview. No personal identification information was required from the participants. There were instances where the smallholder farmer did not reside on the farm and was not present during the time of the interview due to non-farm activities they take part in, thus, a representative of the farmer who actively participated in the activities on the farm became the participant.

Chapter 4: Discussion of Findings

4.1 Introduction

The study focuses on comprehending the financial capacity constraints, technical capacity constraints and market access limitations of smallholder farmers that deter them from attaining sustainable livelihoods. The research question that informed the interview questions for the discussions was:

- i. What are the financial and technical capacity challenges as well as external market access constraints that smallholder farmers are currently facing that are a direct deterrent to them participating in the agribusiness value chain and achieving a sustainable livelihood?

4.2 Description of participants

A total of 30 participants were engaged in discussions through individual interviews to understand their lived experiences as smallholder farmers and the current challenges they are encountering with regard to utilizing their respective farms to enhance their livelihoods. The interviews were held between the 11th of November 2024 to the 28th of November 2024. On average, the duration of the discussions ranged approximately between 15 minutes to 40 minutes. There was a moderately fair gender balance among the participants, with female participants being slightly more than male participants. The majority of the participants had been practising mixed farming for a tenure of over 10 years. A summary of the characteristics of the participants is detailed in Table 1.

Table 1: Characteristics of interviewed participants

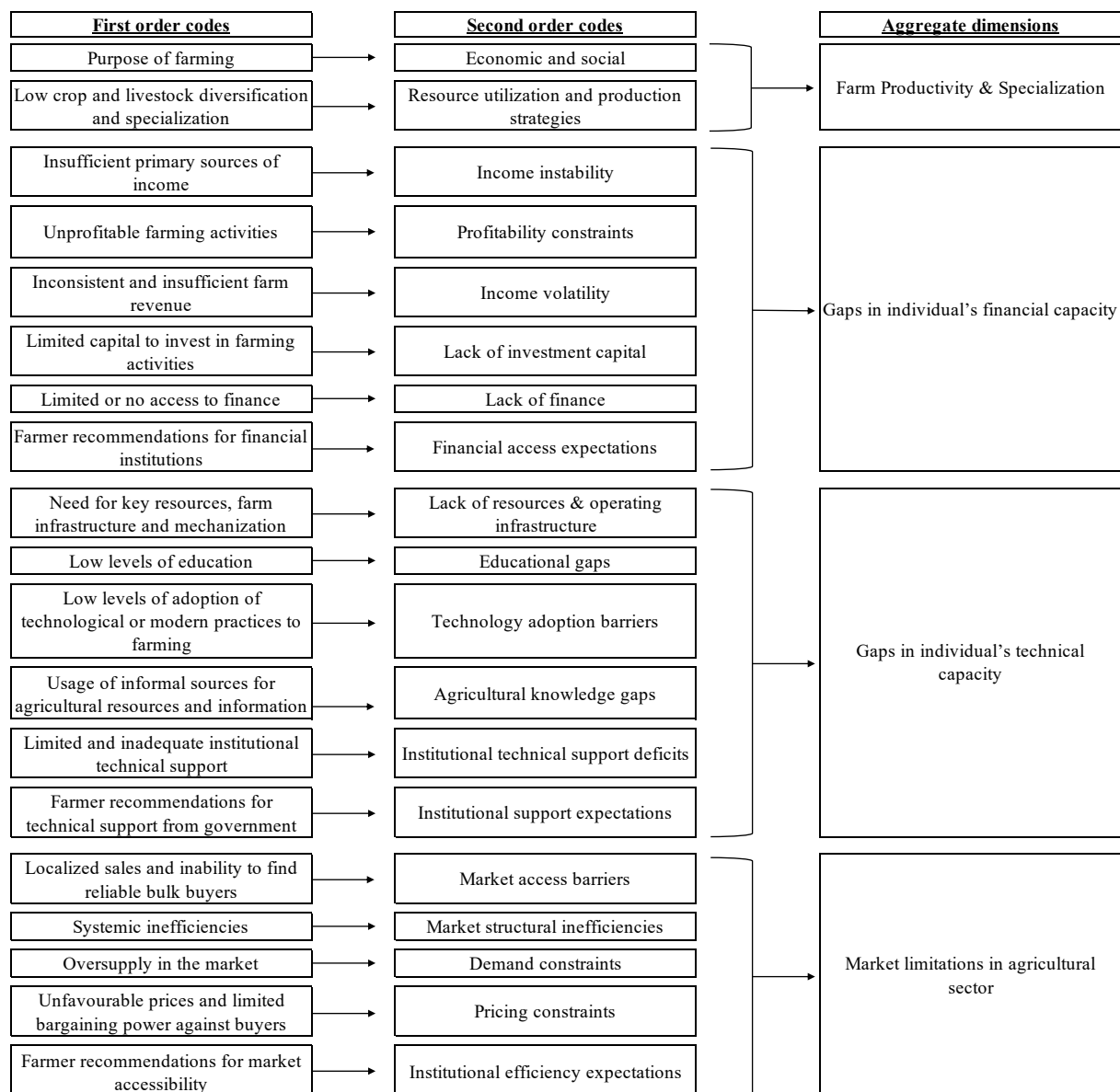
No.	Gender	Age	Farming tenure	Interview Language(s)	Education level	Agricultural qualification	Farming practices	Interview Date	Interview duration
1	Male	>65	11 years	English; Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	11-Nov-2024	17 minutes
2	Male	45-64	14 years	Shona	High school: Form 2	No	Mixed farming: Crops & Livestock	11-Nov-2024	16 minutes
3	Male	45-64	15 years	Shona	Vocational qualification	No	Mixed farming: Crops & Livestock	11-Nov-2024	18 minutes
4	Female	25-44	16 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	11-Nov-2024	23 minutes
5	Male	>65	24 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	13-Nov-2024	40 minutes
6	Male	>65	12 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	13-Nov-2024	32 minutes
7	Female	45-64	6 years	English; Shona	Tertiary: Bachelor's degree	No	Mixed farming: Crops & Livestock	14-Nov-2024	37 minutes
8	Male	25-44	9 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	14-Nov-2024	18 minutes
9	Male	45-64	9 years	English; Shona	Tertiary: Bachelor's degree	No	Mixed farming: Crops & Livestock	14-Nov-2024	29 minutes
10	Female	45-64	24 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	20-Nov-2024	48 minutes
11	Male	45-64	20 years	English; Shona	Tertiary: Bachelor's degree	No	Mixed farming: Crops & Livestock	20-Nov-2024	26 minutes
12	Female	45-64	15 years	Shona	High school: Ordinary Level (Form 4)	Yes	Mixed farming: Crops & Livestock	20-Nov-2024	40 minutes
13	Female	45-64	15 years	English; Shona	Tertiary: Diploma	No	Livestock only	20-Nov-2024	20 minutes
14	Female	25-44	12 years	Shona	High school: Ordinary Level (Form 4)	Yes	Mixed farming: Crops & Livestock	21-Nov-2024	22 minutes
15	Male	25-44	10 years	English; Shona	Tertiary: Master's degree	No	Mixed farming: Crops & Livestock	21-Nov-2024	42 minutes
16	Female	45-64	20 years	Shona	High school: Ordinary Level (Form 4)	No	Crops only	21-Nov-2024	15 minutes
17	Male	45-64	6 years	English; Shona	Tertiary: Diploma	No	Mixed farming: Crops & Livestock	21-Nov-2024	35 minutes
18	Female	25-44	11 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	21-Nov-2024	16 minutes
19	Male	>65	19 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	21-Nov-2024	35 minutes
20	Female	45-64	10 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	27-Nov-2024	18 minutes

No.	Gender	Age	Farming tenure	Interview Language(s)	Education level	Agricultural qualification	Farming practices	Interview Date	Interview duration
21	Female	45-64	22 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	27-Nov-2024	14 minutes
22	Male	45-64	24 years	Shona	High school: Ordinary Level (Form 4)	No	Crops only	27-Nov-2024	32 minutes
23	Female	45-64	22 years	Shona	High school: Advanced Level (Form 6)	No	Mixed farming: Crops & Livestock	27-Nov-2024	31 minutes
24	Female	45-64	6 years	Shona	High school: Ordinary Level (Form 4)	No	Livestock only	27-Nov-2024	23 minutes
25	Female	25-44	9 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	27-Nov-2024	18 minutes
26	Female	45-64	11 years	Shona	Primary school: Grade 7	No	Crops only	28-Nov-2024	18 minutes
27	Female	45-64	30 years	Shona	None	No	Mixed farming: Crops & Livestock	28-Nov-2024	18 minutes
28	Female	45-64	23 years	Shona	High school: Ordinary Level (Form 4)	No	Crops only	28-Nov-2024	23 minutes
29	Female	25-44	22 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	28-Nov-2024	16 minutes
30	Male	45-64	20 years	Shona	High school: Ordinary Level (Form 4)	No	Mixed farming: Crops & Livestock	28-Nov-2024	18 minutes

4.3 Findings from the discussions held with participants

The findings from the interviews are presented in this section and were analysed using the thematic approach. The analysis identified four themes and nineteen sub-themes, highlighting the financial and technical capacity challenges faced by smallholder farmers in participating in the agribusiness value chain and achieving a sustainable livelihood. Specifically, farmers' levels of productivity and specialisation, individual financial capacity gaps, and market constraints in the agricultural industry were the three themes, together with their corresponding subthemes, that most distinctively highlighted the financial capacity challenges. The gaps in an individual's technical capacity and the related sub-themes highlighted the challenges with technical capacity. Figure 6 illustrates this:

Figure 6: Data structure of the thematic findings



Source: Candidate's design from research data

4.3.1 Farm Productivity and Specialization

The thematic analysis identified several gaps in the farming strategies of the farmers. It was noted that even though the farmers' desire was to generate sustainable livelihoods, their current farming practices displayed an impediment displayed by the low levels of product diversification and specialization. Two themes discussed below highlight this, which include the purpose of farming and low crop and livestock diversification:

a) Purpose of farming

Farmers had two main reasons for practising farming, which were for subsistence, thereby deriving a social benefit and for income generation, thereby deriving an economic benefit. Farming for subsistence purposes was the primary reason because the farms served as a source of livelihood and a primary source of income for the farmers. Thus, they practised farming for subsistence purposes so as to produce food for consumption on a day-to-day basis, as they struggled with attaining enough income for day-to-day living expenses. Respondent 8 highlighted:

“What we farm here is mainly for food because we do not have money. If we could raise broiler chickens that are ready for market after six weeks, that would help. Also, if we could rear guinea fowls, those ones they reproduce a lot, it would work as another project, but it is tough.”

Furthermore, respondent 25 noted:

“To ensure we have food to sustain ourselves. We should not end up starving as people who were allocated farming land. Yes, we cannot starve as people who were given land for farming.”

The second reason was an economic reason, which was to derive income from the production outputs of their respective farms being crops or livestock. Respondent 2 noted:

“We aim to make sure that the farming we do provides us with income so that, in the future, we do not suffer as much.”

b) Low crop and livestock diversification and specialization

As illustrated in Table 1, many of the farmers were experienced farmers according to their farming tenure, having been farming for more than ten years, and it was noted that the average

rate of land utilization was 3.4ha. According to prior research, a larger land size has more potential to earn income (Giller et al., 2021) however, other research shows that depending on the farming conditions, intensification levels and specialization levels, farmers can earn a sustainable income even if utilizing land as small as 1ha (Marinus et al., 2022). Despite the availability of land and farming experience, the crop and product diversification levels were low among the farmers. The vast majority of farmers practiced mixed farming methods at a low scale, and they do not produce any specialty or high-value crops therefore, their outcomes with respect to income earned are not consistent with expectations based on prior research. The most common crop produced among the farmers is maize, and the most common livestock kept are poultry, largely referring to chickens and ruminant livestock, largely referring to cattle and goats. Table 4. illustrates the variety of crops and livestock, and the below was noted from the respondents:

Respondent 3:

“I have been farming for 15 years. I farm maize and small grains as well as keep cows and goats.”

Respondent 15:

“I have been farming for a long time, about 10 years. We grow maize, groundnuts, beans, and cowpeas for family consumption. As for livestock, we have goats and road runner chickens.”

Respondent 27:

“It has been a long time, about 30 years. I keep goats and grow maize.”

Respondent 30:

“More than 20 years farming. I primarily grow maize. I also keep goats.”

Despite the divergence from expected results, potential income-earning opportunities can be drawn from the farmers' results. One key potential is the ability of the farmers to produce a variety of crops, and this pattern is consistent with prior studies that claim that smallholder farmers, in general, cultivate a wider variety of crops compared to large-scale farmers, and because of that, they can derive more farm income and create employment (Chandra Deogharia, 2018).

Table 2. Crop and livestock production trends

Crop Types	Staple	Legumes	Horticulture crops	Small grains	Specialty crops	Industrial crops
Prevalence	89%	49%	26%	11%	11%	14%

Livestock Types	Poultry	Ruminants	Pigs	Specialty livestock		
Prevalence	84%	69%	19%	9%	0%	0%

Source: Research data

4.3.2 Gaps in individual’s financial capacity

The thematic analysis identified several gaps in the individual financial capacity of the farmers. It was noted that the financial capacity levels of the farmers were low, and six key sub-themes were identified that were indicative of this. These include unprofitable farming activities, inconsistent and insufficient farm revenue, limited capital to invest in farming activities, need for key resources, farm infrastructure and mechanization, limited or no access to finance and recommendations to financial institutions for financial access. The characteristics are further discussed below:

a) Insufficient primary sources of income

Two primary sources of income were identified amongst the participants which were income from the farm and income from non-farm activities. Between the two sources of income, it was noted that the majority of the farmers depended on income from the farm as a primary source of income. It was further noted that farmers do what they can to attain more income to supplement their farm income by finding non-farm related income earning opportunities. This finding is consistent with prior research that highlights how small farmers are more likely to have non-farm income as a strategy to sustain themselves (Stifel, 2010). The sources of their non-farm income include full-time and part-time employment, profits from small informal businesses such as tuck-shops, remittances from children abroad, rental income from investment property, pension, savings and once-off small business deals. Respondent 16 illustrates this:

“For my source of income, if we farm and God provides rain, we can survive. If there is no rain, we just make do because it will not be okay to have nothing to eat. Obviously, one has to look for ways to secure food.”

b) Unprofitable farming activities

It was noted that the farmers' farming activities did not generate enough income to sustain the farm operations as well as the farmers day to day activities. The farmers indicated that they often had to take income from non-farm activities to finance the farm activities and, at the same time, provide for their day-to-day living costs. Similarly, prior studies highlight that the distribution of income between personal and farm priorities is affected by the amount available, i.e. whether it is enough or not (Kehinde & Ogundeji, 2023). Below is what the respondents had to say:

Respondent 12:

“Sometimes the pigs fund themselves, sometimes the chickens fund themselves, but you know the math can be confusing, so I go out to look for part-time odd jobs like the small-scale mining then I am able to get enough feed for my livestock.”

Respondent 25:

“Farming is something we do as best as we can manage. We do not have a stable source of income. The money comes from struggling and managing with whatever little we can. That is how most of us operate in the fields. Most of us just make do with what we have, that is the reality. We do not have a specific source of money we can count on. When my mother used to farm, it was the same. My siblings and I would help her by buying fertilizers and seeds so she could manage. Right now, I can say that the government remembers us every year by providing us with inputs.”

In a study that reviewed the regular factors that influence the farm profitability of general farmers, it was identified that one of the primary factors affecting farm profitability was operational scale (Tey & Brindal, 2015). The current farmers are experiencing low operational scale, producing to the extent they can, similar to what was identified in this study. Amongst other factors, this is one of the reasons causing their farm activities to be unprofitable.

c) Inconsistent and insufficient farm revenue

It was noted that several farmers have low levels of income security driven by inconsistent and uncertain income from farming activities, which impedes the accumulation of capital. Consequentially, the low levels of income security stemming from farming activities cause a dependency on non-farm income (Nasrin & Wahid, 2015) as an adaptation strategy for farmers to sustain themselves or invest in their farms. This was highlighted by Respondent 1:

“The income does not come consistently. Some years we receive more income, while other years we receive less. In recent years, the income had been increasing, but last year it declined due to the drought. In fact, this year, the money we are using to buy inputs is coming from other sources, it is not from the field because the drought significantly impacted our yields.”

Furthermore, respondent 19 noted:

“It depends. For instance, with pigs, it takes about 5 to 6 months before they are ready for sale. Chickens are sold every 5 to 6 weeks. However, this also depends on the weather conditions at the time. For example, right now, it is extremely hot, which is not favourable for the chickens. Similarly, if it is extremely cold, it disrupts the chickens as well. So, we are just managing, but I cannot say life on the farm is normal right now. It is below standard because when we look at everything, nothing is going well. For things to go well, it starts with good harvests from the field. That is where proper protection for the farm comes from. Without income from the field, it becomes a hand-to-mouth situation, and that is how we are operating now.”

The above characteristic is also one of the causes that affect profitability for farmers as shown in prior studies (Tey & Brindal, 2015).

d) Limited capital to invest in farming activities

It was noted that all farmers indicated a high degree of being financially constrained as most of them reiterated that even though they rely on earning income from their farming activities to finance operational and investment initiatives on the farm, they continuously needed to supplement this with income from other non-farm activities. Farmers cannot increase the scale of production because of the lack of finance to capitalize the farm with the required inputs. This was highlighted by Respondent 2:

“If we could just get anyone to help us financially, we could do well. We just need someone to help us.”

Respondent 3 noted the difficulties of not having capital:

“We need assistance, especially in the form of loans, so that we can be capacitated because, as of now, the way we are operating is at a very low level, so our operations are not performing well. Things are expensive. To improve, we would be looking for where we can get loans. If we can get loans, at least it could help us. Our produce will increase as well.”

Furthermore, Respondent 30 noted the benefits of having capital:

“Financial support is definitely needed because to start farming, you need a tractor, which requires diesel, and to buy seeds, you need money. So, getting that money that is where the challenge is.”

Several studies prove the farmers' claims for the need for capital by demonstrating that there is a positive relationship between the presence of financial capital, whether acquired through debt or equity, and the ability to acquire farm inputs or invest in farm capital expenditure to the extent that the capital is available thereby improving productivity (Haryanto et al., 2023) (Mwihaki, 2015).

e) Limited or no access to finance

It was noted that there was a disparity between the farmers' need for funding and their actual levels of obtaining financial assistance. It was noted that most farmers have never received financial assistance through loans or grants. Three reasons were noted for this. Firstly, most farmers never applied due to fear of obtaining financial assistance, such as repossession of property due to non-payment. Secondly, many demonstrated that they had limited access to financial institutions because they lacked adequate knowledge of where or how to obtain financial assistance. Respondent 22 noted this:

“The challenge with applying for loans is that you do not have enough knowledge. I do not know where to go or who to ask if I want to apply. I do not have information about that. Sometimes I hear about it on the radio, but you just think it is for civil servants only and does not apply to others. Plus, you hear others saying that if you do not have anything to show, it is hard to apply for loans. So, the plan is to try to improve your capacity first to be able to apply.”

Lastly, where farmers had the opportunity to apply for financial assistance, many highlighted external limitations, the most common hurdle being the burdensome commercial terms of the loans. Respondent 9 noted this:

“The hindering process is collateral security. So, if you do not have the resources to support that, you weigh the options. If you have the resources, it is a good route to follow, but the costs, as well as the potential to lose your own property, are huge. So we weigh the two, and we are in between because, with farming, it is easy to fail. And at the end of the day, whoever gives you money needs you to pay them back.”

Studies indicate that if the above limitations to accessing finance are eliminated or de-escalated, farmers can access credit with more ease and, thereby increasing their capability to invest in their farms, effectively increasing farm productivity as shown in some studies (Assouto & Hounbeme, 2023) (Jimi et al., 2019).

f) Farmer recommendations for financial institutions

Farmers noted that financial institutions needed to find alternative ways to provide financial assistance to small farmers given that the traditional methods have not benefitted small farmers. Respondent 15 highlighted this:

“I think the main issue is with the way funding is structured. I am not sure how they would set it up to ensure repayment is based on proper creditworthiness because, honestly, most of us small-scale farmers operate on a cash basis. We used to supply supermarkets, but you end up chasing after your money, and it is difficult. Most of our business is cash-based. So, I do not know how they would assess a farmer’s creditworthiness to provide funding. If they wanted to fund me, I do not know how they would evaluate my ability to pay them back. It is mostly based on my word that I will pay, but beyond that, I am not sure how they would assess our creditworthiness. That is the biggest issue they need to consider that most small-scale farmers sell on a cash basis.”

For traditional finance institutions, the farmers wished for the financial institutions to relax their loan terms and not make them too restrictive, so farmers find ease in accessing finance. Respondent 11 highlighted this:

“Regarding financial assistance, the government should create a conducive environment for all businesses. As I mentioned about interest rates, they should be reduced so that we can afford the loans. Additionally, the collateral requirements should be less stringent because the current collateral requirements are too high, and many people cannot qualify for financial assistance because of it.”

4.3.3 Gaps in individual’s technical capacity

The thematic analysis identified several gaps in the individual technical capacity of the participants. It was noted that farmers had extremely low levels of technical capacity. Six characteristics were identified that explained these low levels of technical capacity among the farmers. These include low levels of education, low levels of technological adoption, usage of informal sources for agricultural resources and information, limited and inadequate institutional technical support and recommendations of institutional support by farmers. The sub-themes are further discussed below:

a) Low levels of education

It was noted that most farmers had very low levels of education. Most farmers had completed the basic ordinary level of high school, whilst a few had managed to attain university degrees, and some had never been to a formal school. It was further noted that the farmers did not hold formal agricultural qualifications, even at a Diploma level. It was also noted that the majority of the farmers had never received training in business management. The lack of formal agricultural qualifications and business management skills could be one of the determining factors causing the farmers’ income-earning capabilities to be below expectation. Respondent 26 noted this lack of technical knowledge:

“We do not always know how some things are done. Like last year, one of our fields was affected by worms, and we suffered a big loss. We did not know what to do. Yes, we tried looking for medicine, but the help we got was minimal”.

Respondent 11 further noted,

“Basically, to all farmers even including myself, knowledge is very important before anything else. They need to be empowered through education so that they fully understand farming. If

you go to school and are taught proper farming techniques, you will farm better and know how to save money”.

The respondents’ views on their skillset are similar to results from studies that have shown a positive correlation between having formal agricultural qualifications and improvement in a farmer’s returns as they will have the skillset to know how to be innovative, adopt new technologies, manage risks, make better decisions for the farm better as well as allocate resources efficiently (Kirui & Njiraini, 2019) (O’Donoghue & Heanue, 2018) (Dudek & Karwat-Woźniak, 2016).

b) Usage of informal sources for agricultural resources and information

It was also noted that the farmers with no formal agricultural qualification or business management skills relied on various informal learning channels to gain agricultural knowledge. These channels include hands-on experience, observation, community-based learning, social media and self-study through reading and experimenting. Respondent 7 highlighted this:

“I am not lazy when it comes to looking for information, when I want to do something, I search for it. But sometimes, you know, I am a woman, so I search for information, and then my husband will say it is not right, so sometimes we conflict over things. I would have searched and done my own research on social media. Sometimes people say social media should not be followed, so you end up conflicted.”

Respondent 5 also noted:

“There are many agronomists, and we have many groups where we share information. Young people do the Googling for us. However, we need managers. We have groups with members who work for companies like SeedCo, so we share information with each other. The groups are diverse. Here, we are part of a farmers' cooperative. Even the Secretary for Agriculture is in our group, so we are always acquainted with information.”

Respondent 17 also noted:

“Some information I get from Google. Other times, I meet with someone who is doing the same thing to discuss, and if they have anything they can send me, like PDFs, they send me crop-related materials. So, I sit down and read, or I ask or discuss with someone who shows they have knowledge or experience in it.”

The proactiveness in searching for information by the farmers is consistent with studies on the information seeking behaviour of farmers conducted by Kabir et al. in 2014. Kabir et al. highlight the sources that farmers seek information from and the motivation behind this behaviour, which is that the low levels of education drives farmers to seek further information (Kabir et al., 2014).

c) Need for key resources, farm infrastructure and mechanization

It was noted that farmers needed the capital to invest in building farm infrastructure being boreholes and farm buildings, having irrigation systems installed, purchasing farm equipment and machinery, as well as buying production inputs being seeds and fertilizers, so as to increase productivity. The most important need the farmers noted was for the boreholes and irrigation system as they believed that this was essential to increasing their productivity. Farmers noted that they were struggling with water scarcity and, in addition lacked water reserves, which was affecting their productivity. Farmers noted that the ability to be productive on the farm was largely affected by limited water supply. Respondent 4 notes this:

“If we could access water as it is our main source in farming, if we could drill a borehole it would enable us to engage in horticulture year-round. Without water, horticulture is unsustainable. Electricity is secondary but important; the primary need is water, which has the most significant impact.”

Respondent 19 further notes:

“My wish is that I could use irrigation here. Irrigation would be the best because we could grow maize, and the reason we need maize is that the piggery business requires a lot of maize. So, if I could get funding, yes, I would be able to set up irrigation for 1 to 2 hectares, and that would allow me to make progress.”

Respondent 29 further notes:

“We would want boreholes installed so that we can grow gardens and farm continuously to improve. The real challenge is having water, which we still do not have.”

The farmers' belief that having infrastructure, especially water on the farm, boosts farm productivity is consistent with prior studies which indicate the need for water and farm infrastructure to boost farm profitability (Tey & Brindal, 2015).

d) Low levels of adoption of technological or modern practices to farming

It was noted that most of the farmers relied on traditional farming methods and that, as a base, they relied on using the tacit knowledge they gained from their active farming experience. It was noted that farmers were keen and required to be trained in more theoretical and practical technical knowledge relating to modern farming practices so as to elevate their farm performance. In addition, it was noted that the farmers wished to have the modern technologies, such as drip irrigation installed on their farms to elevate their operations. The desired training in modern technical areas included irrigation methods training on existing core activities, being crop management and animal husbandry. Respondent 5 below recognizes the existing knowledge gap due to exposure:

“No, we cannot say we have adequate information because where I grew up in the rural areas and getting a farm like this, it is not the same. We need experts to assist us, and we need managers with wide knowledge to help us understand modern farming technologies.”

Respondent 12 further notes the need for adoption due to the evolution of time:

“I would say my knowledge is average. This is because things in farming are changing every day. So, what we learned before is constantly changing, and we need to keep updating our knowledge. For example, when we were taught about pigs, we learned about Large Whites, but now there are different types of pigs, and the methods keep changing. Even the feeding of pigs has changed. It was once said they should not eat salt, but now they are given salt to increase their appetite. So, we cannot say we have complete knowledge. Learning is an ongoing process. What I really need help with is learning more about farming, from classroom training to practical training on the ground. Sometimes, what we think we know, based on past learning, does not always apply because things change. We need to keep updating our knowledge.”

The low levels of adoption of technology by the farmers, as highlighted in the responses, can be explained by their low levels of education. Studies have shown that the level of education impacts the level of adoption of modern farming practices, whereby farmers who have low levels of education are less likely to adopt modern farming practices (Farid et al., 2015).

e) Limited and inadequate institutional technical support

It was noted that some farmers occasionally received training from the government's principal agricultural extension agency (AGRITEX), which deployed agricultural extension officers to provide farmers with specific training related to crop production and crop management.

Respondent 5 noted this:

“AGRITEX officers are the ones who travel around teaching farmers and meet us in one place. We are taught about the application of fertilizers, land preparation, when to apply our herbicides, how to deal with pests that eat our crops, fumigation, and so forth.”

Some farmers, however, noted that the support from AGRITEX had several limitations, which were that, firstly, the learning had a limited scope of training as the training was related only to the conservation agriculture program, which focuses on a specific crop and production method.

Respondent 19 noted this:

“You could go on until next year without them coming. When they do come, it is just to pressure people, for example, to enforce Pfumvudza agricultural practices. They only come to push their agenda. But surprisingly, things have changed this year. People are receiving just a bucket of fertilizer, imagine that! How can I go and wait for a bucket of fertilizer? What am I supposed to do with just a bucket? With such limited support, how can we claim to address the food insecurity that we say we have in the country? So, them coming here is not happening. They are not coming. I do not know their reasons, but I do not want to speculate.”

Secondly, it happened in certain geographical areas, and farmers were limited in the logistics of attending due to financial incapacitation. Respondent 20 noted:

“The extension officers sometimes hold workshops in places like Norton. So, if you manage to get bus fare, you go and hear what is happening.”

Lastly, some farmers indicated the unreliability of the trainers due to their visits being infrequent, unknown timing of when the training is conducted, and they were not easily accessible to all the farmers as they would conduct the training in certain areas that were far from the farmers. Respondent 16 highlighted this:

“No, I have not received any formal training. Workshops are held in Norton. Yes, some people attend workshops, but I do not know how to go to those workshops. I do not know if you go on your own or if you have to pay money to attend, that part I do not understand at all. You just

hear that people went to workshops, but you do not know how things are done there. So, no one gives us enough information about those workshops, we just hear that they happen, but we do not have enough details about them.”

Respondent 4 further noted:

“I have not received any formal training. Occasionally, AGRITEX officers visit and provide some information, but their visits are not frequent and are often rushed.”

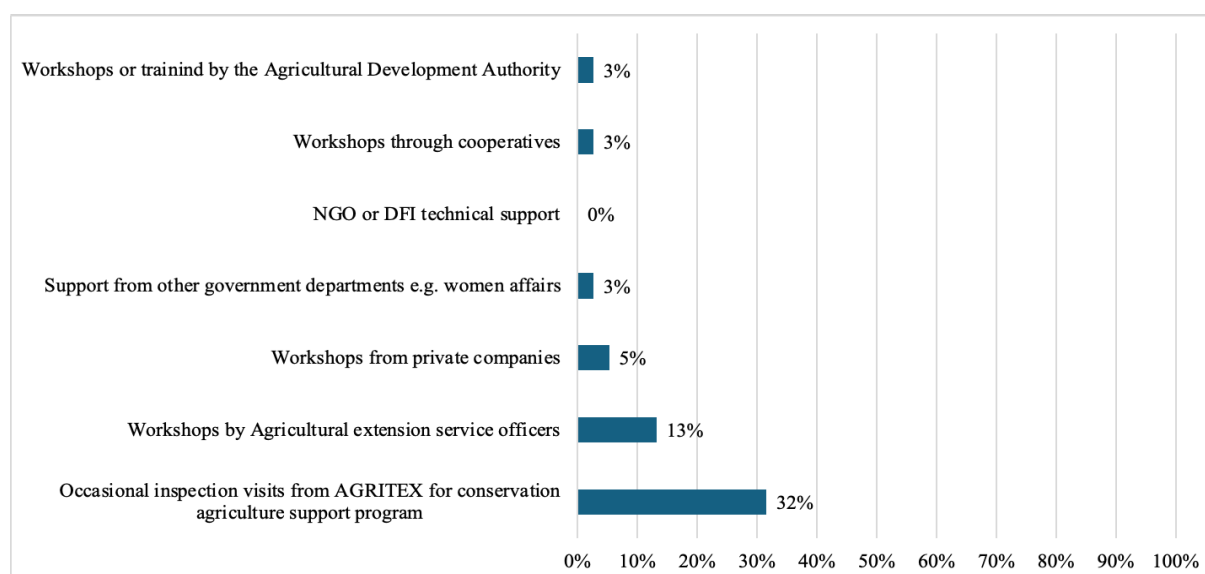
Respondent 30 further noted this:

“The agricultural extension officers (madhumeni) sometimes just come and take a look here and there, but it is rare. They no longer visit frequently these days.”

It was noted that there was minimal technical support provided to farmers by private sector partners because many farmers had limited experiences with other institutions that provide support apart from AGRITEX. Figure 7 below illustrates the channels for training that the farmers experienced. Respondent 23 highlighted this:

“Yes, there are organizations that occasionally provide training in horticulture, livestock keeping, and cattle farming. However, the training is not as frequent as we would prefer. As small-scale farmers, we need ongoing and consistent training. If they visited us regularly, it would be better than the infrequent sessions we currently experience.”

Figure 7. Distribution of institutional technical support and training available to farmers



Source: Research data

Respondent 6 further noted:

“NGOs generally do not come here due to political restrictions. Their operations are often subject to political approval, and without it, they are not allowed to visit farms or provide assistance. As a result, we have not received any support from NGOs.”

Prior studies done in Zimbabwe have indicated that agricultural extension support services, whether provided by the public sector or other institutions, resulted in an increase in productivity (T. Owens et al., 2003), and this is still a reasonable expectation because, at present, the farmers indicated that through agricultural extension services, they are upskilled in the areas of crop production and crop management which are essential for achieving productivity goals. The limitations the farmers are facing now with regard to support from extension services are not new, as reflected in prior studies. A study in 2018 by Moyo and Salawu examined the effectiveness of agricultural extension services with which they concluded that the services were not adequate, and they attributed this to multiple resource constraints faced in the sector and economic constraints that prevented the extension officers from efficiently performing the services to small farmers (Moyo & Salawu, 2018).

f) Farmer recommendations for technical support from the government

It was noted that the farmers implored the government to strengthen their existing input support programs and make them more efficient. Respondent 1 noted:

“The presidential inputs from the government help us sometimes, but they do not give us enough. They only give us one bag, which does not really make a difference. We thought receiving inputs from the government would truly help us, but their support is not enough as they only give us one bag. Last year, we farmed, spent money, and applied all the required fertilizers, yet nothing came out of it. Now, we just use the money we earn from farming to buy inputs and survive.”

The farmers' recommendation comes from negative experiences surrounding the program. In the context of these farmers' experiences, what negates the current input support program is their high dependency on it, yet so far, it has had many inefficiencies surrounding its implementation in their area, and as attested by the farmers, it has not really helped which was also highlighted by some researchers (Tanyanyiwa et al., 2022). Ordinarily, dependence on government subsidies is not considered a negative consequence as the programme's objectives

seek to increase productivity and promote food security, and according to some researchers, this has been achieved for some farmers (Mavesere & Dzawanda, 2023).

Farmers also noted the misplaced priorities of the government and wanted the government to prioritize providing farmers capital assets first before being given inputs. Respondent 5 highlighted this:

“We need mechanization; we need support for mechanization. We have no tractors, we have nothing to use, and we borrow from others, which is expensive. Someone charges \$120 per hectare for tractor services; if you want to work on 10 hectares, you will need more than \$1000. Where will you get that money from? So, we need mechanization first. They should give us equipment. We will need money to assist when paying for labour. It is easier for a farmer to pay back after getting mechanization instead of getting the inputs. What will you farm those inputs with?”

Furthermore, it was noted that farmers want the government to implement monitoring and evaluation programs so that they can understand in detail the challenges experienced by farmers in the region and be in a position to provide more targeted responses. Respondent 3 noted:

“The first issue is the lack of outreach programs. There are no outreach programs to understand the conditions on the ground. Without these programs, it is challenging to offer advice.”

4.3.4 Market limitations in the agricultural sector

The thematic analysis identified several market limitations that farmers faced when participating in the agricultural sector. It was noted that farmers had extreme difficulties when trying to sell their produce. These difficulties include localized sales and the inability to find reliable bulk buyers, systemic inefficiencies, oversupply in the market, unfavourable market prices and limited bargaining power with the buyers. Farmers noted specific recommendations to drive market accessibility. These difficulties and recommendations were classified into five subthemes and are further discussed below:

a) Localized sales and inability to find reliable bulk buyers

It was noted that the farmers sell their produce to only local sales channels being, the local community, employees from local businesses, direct consumers through going to informal markets or standing on the roadside, local abattoirs, local butcheries, local GMB offices, auction floors though specific to tobacco sales only, and middlemen. The GMB was the most popular sales channel among the farmers. It was further noted that farmers have a limited market reach because they expressed that they had difficulty finding buyers for their produce, especially if they produced in large quantities. Respondent 4 noted some of the sales channels:

“We usually sell crops to the GMB (Grain Marketing Board). If we do not sell to the GMB, we rely on the informal market, selling directly to individuals who need maize, tomatoes, vegetables, or chickens. Livestock is rarely taken to abattoirs. We mostly sell directly to people.”

The farmers indicate that they are not able to find alternative buyers. Thus, they have a limited market reach, meaning that the farmers have a small pool of buyers. Studies have shown that this is a common problem for smallholder farmers, and it can be attributed to a lack of market information (Taku - Forchu, 2019).

b) Systemic inefficiencies

For producers of grains, they would resort to selling their produce to the government through the Grain Marketing Board (GMB). Having a guaranteed customer to sell in bulk to is normally positive for any operation. However, selling to the GMB came with a myriad of problems, hence the sentiment of coercion in the choice to sell. For farmers that supplied the GMB, they noted that the GMB was notorious for delaying payments to farmers, and by the time the farmers received their payment, it would have lost value because of the weak currency. Thus, the farmers' timing and quality of cash inflows was an issue. This presented a very high cash flow risk at first glance, notwithstanding other factors. Secondly, the farmers expressed that their timing of cashflows was heavily affected by the GMB's payment delays and at times defaults, citing that the GMB would pay them late or not pay them at all. Additionally, the payment methods were unfavourable as farmers cited they preferred cash instead of electronic transfers imposed by the GMB because of the existing economic conditions of hyperinflation and treasury restrictions they are subjected to. This was a major setback for them as their money

was subjected to significant inflationary losses and withdrawal restrictions. Respondent 10 highlighted this:

“We have many challenges, especially with GMB. We often face problems where, after delivering our produce, we do not get paid immediately. You might not receive your payment until the next planting season. So, most people prefer to sell locally in their communities for cash. It is much better than selling to GMB because the truth is, by the time the entire year has passed, you are still waiting for cash from GMB, and many farmers fail to return to the fields due to this. Additionally, the money loses its value over time. By the time you get paid, you cannot afford to go back and plant. Currently, we are paid in ZIM dollars, which is the government-introduced currency, and you cannot escape that. So, if you deliver your maize to GMB and wait six months or half a year to be paid, by the time you receive your ZIM dollars, they have no value. You can clearly see that this does not help at all.”

The systemic inefficiencies in the GMB that are a constraint to these farmers are not a new problem and have continuously existed for a significant number of years. A study by Chawarikwa in 2016 identified this as a significant constraint to wheat producers (Chawarikwa, 2016).

c) Oversupply in the market

Firstly, some farmers cited that there was a lack of coordination in the sector, given that the production trends showed that many farmers were producing the same crops or livestock at the same time. This caused an oversupply of the same crops or livestock in the market. This further dented the bargaining power of the farmers when it came to pricing, causing them to have to accept the prices set by the buyers because supply exceeded demand. Respondent 15 noted:

“In Zimbabwe, production is largely uncoordinated, with everyone planting whatever they decide to grow at the same time. This often results in everyone growing the same crop at the same time, causing the market to flood”.

d) Unfavourable prices and limited bargaining power against buyers

Farmers expressed that they faced difficulty with getting a favourable price for their produce because the power to determine prices was in the hands of the buyers as Respondent 19 noted:

“The main challenges are with selling crops. Regarding pricing, the buyer sets the price for what you have grown, and that is where the problem lies”.

Thus, they have limited bargaining power, causing them to experience unfavourable prices and price volatility. The farmers pointed out a few factors linking to their limitation in setting prices which included a lack of market coordination leading to an oversupply of produce in the market.

e) Farmer recommendations for market accessibility

It was noted that the farmers want the government to develop infrastructure within their areas, such as roads and schools for accessibility. Respondent 7 noted:

“We are entering the rainy season, and even if you want a vehicle to bring bricks, it will not come because the roads are very bad. Some people keep complaining about the access roads so that cuts us off during the rainy season. That is one thing I think if improved could help”.

It was also noted that the farmers asked for assistance in structuring the agricultural sector, providing more selling points for farmers to take their produce. Respondent 22 highlighted this: *“I would suggest that they find markets where we can sell our products, similar to how tobacco is handled. When the tobacco is ready, it is collected and taken to the auction floors where it is sold. For us, if there was a similar system, where we could sell poultry or vegetables in bulk to buyers at once, it would be very helpful. Having a guaranteed market would improve our sales and make it easier for us to grow more and make a better income.”*

Chapter 5: Conclusions and Recommendations

5.1 Introduction

This chapter discusses the summary of the research findings, conclusions drawn from the findings, and recommendations for DFIs to consider when addressing the financial and technical capacity challenges that smallholder farmers face. Furthermore, suggestions for further research are recommended to explore the feasibility of farmer-led strategies in dealing with financial and technical capacity challenges for smallholder farmers.

5.2 Summary and conclusions

This study sought to understand the financial and technical capacity challenges that continue to deter smallholder farmers from deriving an economic and social benefit from the land they possess. Furthermore, the study sought to explore solutions to address these challenges so smallholder farmers can derive sustainable economic and social benefits which they are currently lacking despite having land as a resource. It is a reasonable expectation for smallholder farmers to have experienced ease in incorporating themselves into the agribusiness value chain after acquiring land from the land redistribution program. The findings indicate that the farmers largely do not derive substantial economic benefits which allow them to have sustainable livelihoods from their respective farmlands. The reality that underpins this conclusion is that, despite the farmers' efforts to derive both subsistence and financial returns from their farming activities, they still have to significantly depend on non-farm income to sustain their livelihoods at the same time, continuously invest into their farm activities. Several capacity constraints critically impede the farmers from turning an economic profit from their activities and effectively participating in the agribusiness value chain. These constraints include lack of financial capital for investment or operations, low levels of skills, lack of farm infrastructure and mechanization, difficulties operating in the market, lack of knowledge to drive effective production strategies, inadequate public sector institutional support and low levels of private sector institutional support.

The results suggest that, in order for the farmers to successfully produce and sell their produce sustainably, it requires multi-party participation and partnership as well as a change in the modus operandi of 3 key parties being the farmers themselves, the respective government and the private sector being DFIs in particular. From the evidence, it is evident that what is required

is an improvement to the livelihood resources, livelihood strategies and institutional processes. Most critically, and what can be solved with the support of DFIs, is the improvement in livelihood resources and livelihood strategies. This means that, in terms of livelihood resources, the farmers need upskilling and access to financial capital. Development Finance institutions can play a critical role in devising strategies to improve livelihood resources. In terms of livelihood strategies, the farmers need an improvement in their existing farming systems and farming strategies. This can be achieved through consistent and reliable technical guidance by the government through its extension programs with the support of DFIs in partnership with NGOs. Furthermore, what is required is institutional effectiveness as it relates to the support provided to the farmers, such as the extension services, input support programs, and infrastructure development by the government and targeted solutions designed by private financial institutions for farmers so that the support they offer to farmers can yield positive results which ultimately are to empower the farmer who is single-handedly struggling to empower themselves. The agricultural sector regulatory authorities, including the government, also need to ensure that there is market efficiency and fair market practices within the sector through regulations and monitoring practices to ensure sustainability within the sector for all participants, including the small farmers. This means that barriers to trade are eliminated, such as inadequate infrastructure, unregulated prices, lack of service providers nearby, such as quality control services, expensive inputs, and inadequate institutional support for farmers to participate knowledgeably and with ease.

5.3 Recommendations for DFIs

For DFIs, targeted solutions are required to meet the right needs of capacitating the farmers so they can commercialize and be integrated into the value chain. The study notes that the key considerations or strategies by DFIs that will drive this agenda are de-risking smallholder farmers for capital capacitation, guided business development, skills development and catalyst-driven strategic partnership building.

DFIs in their role in addressing financial capacity constraints:

The implications for DFI arising from the financial constraints are many, however, solutions to address will be hampered by the challenging business environment in Zimbabwe, which includes currency devaluation, exchange control restrictions, high inflation and high levels of public debt (AfDB, 2024). Thus, some solutions DFI's can tackle them independently, but for

others they will need to seek partnership in order to implement them effectively. The role of DFIs is clear, which is to revive and boost the farmers' capital structure through the provision of capital so they can be productive. Thus, the proposed strategy for DFIs to reduce the severity of the financial constraints includes the implementation of targeted projects that provide training to farmers on cultivating specific crops and rearing specific livestock suitable for their region that yields higher returns to normalize the income trends. In response to the critical needs the farmers highlighted, which is to improve productivity, this strategy will need to be combined with an innovative finance model where farmers are given concessional loans in the form of physical assets or vendor vouchers for procurement of infrastructure, mechanization equipment and working capital inputs needed to produce the crops or livestock effectively. According to the farmers, the dire infrastructure need is the installation of boreholes and water storage systems to mitigate the risks associated with drought.

The proposed strategy is not a new concept as it has been adopted by many development banks, for example, the blended concessional finance program implemented by the African Development Bank in partnership with other development institutions (Sierra-Escalante et al., 2020). In Zimbabwe, the conservation agriculture scheme serves the same purpose, however, because the farmers are still struggling, DFIs are required to further support the objectives of the government for the sector through their own structured, more targeted programs for farmers. The rationale to provide concessional loans versus traditional loans to the farmers is underscored by the barriers they have faced in accessing credit, mainly being the inability to qualify for loans due to lack of collateral and inability to afford the high lending costs as claimed by the farmers and previous researchers (Kuipa, 2019). Thus, concessional loans reduce the risk criteria for farmers to qualify for loans and open up the pool of finance to more farmers. In addition, concessional loans are suitable for these farmers as they displayed characteristics of being risk averse, with some prioritizing debt avoidance due to fear of dishonoring the terms of the loan and the loss that may result from it due to the extreme collateral requirements currently being enforced by financial institutions as they noted. The risk aversion is also understandable given the economic environment they operate under, hence the request for assistance in the form of actual physical capital investments and working capital inputs to address their immediate needs. Nevertheless, to manage their own risk, DFIs can implement further monitoring and evaluation strategies in addition to the initial training. The combined strategy provides flexibility that ensures direct targeted support to the farmers, which is what they need,

however, it would require partnership with suppliers for farm infrastructure development, farm mechanization, and provision of inputs, as well as NGOs for training and monitoring.

DFIs in their role in addressing technical capacity constraints:

What is key is the impact on farmers being integrated into the agribusiness value chain and, given the varied levels of education and lack of technological adoption. The two main barriers affecting the farmers' technical capabilities are the lack of education, which is a self-imposed barrier, and the lack of both private and public institutional support. It would be beneficial for farmers if, in the DFIs' strategy of providing concessional input support to the farmers they include financial management and modern farming technology skills. A key skill the farmers showed a desire for is learning about irrigation practices, and this links to their need for having reliable water harvesting and retention systems for their produce. Continued partnership with NGOs would be a beneficial part of the strategy, giving farmers focused attention. To add to this, DFIs would also need to include in the strategy frequent monitoring and evaluation of the implementation, to ensure their objectives for support are met as well as to ensure the farmers are not affected by any institutional inefficiencies.

DFIs in their role in addressing market access constraints:

In the absence of financial capacity, as is currently for the farmers, individually scaling up would be difficult for the farmers. A possible solution DFIs can use to address this is to assist farmers in creating and registering agricultural cooperatives within their farming communities which will be used as a vessel to drive farming projects that the smallholder farmers can benefit from. To make this all-inclusive, the DFIs would create a financing model geared to support the small-holder farmers through the cooperative, such as the concessional input loans for specific projects to get the smallholder farmers collectively producing at a combined large scale. The farmers could be encouraged to participate in programs where they can produce high-value crops or produce crops that are in demand, or high-value livestock and with the support, training and monitoring by DFI's, the cooperatives would be used as a vessel to find alternative bulk buyers as well as export buyers, thus opening up the farmers to new customers. This way, the farmers can scale up slowly, build their financial capacity and eventually they could become individual Agri-business owners.

5.4 Limitations and suggestions for further research

5.4.1 Limitations of the research

This study will be centred around a focus group of smallholder farmers in the Chegutu district of Zimbabwe, which is one of the largest farming districts in the country and is home to multiple A2 resettled farmers who are operating on these subdivided farms with 99-year leases. Due to limited financial resources and the researcher's exposure to this region, this district was chosen because it was the most accessible. As a result, a sample bias may occur by focusing solely on the farmers in one specific area; however, this bias may be offset by the magnitude of smallholder farming activities in the area. Additionally, the participants in the focus group will be chosen voluntarily; thus, there is an inherent limitation that the sample may not be entirely representative of the entire smallholder farming population. This may pose a threat of weakening the validity of the conclusions drawn, particularly when it comes to understanding the persistent difficulties faced by smallholder farmers.

The study's availability of statistical data to corroborate the qualitative analysis is another drawback. The availability of reliable data that accurately reflects the state of smallholder farming in Zimbabwe is limited. For instance, there is no publicly available data that quantifies smallholder farming activity over time in terms of output and commercialisation, which would be an important statistic to fully understand the issue rather than relying solely on prior empirical studies. Finally, there is a spatial restriction, particularly when evaluating the existence of DFI support for smallholder farmers in Zimbabwe. Due to variances in farming practices that may not be a major area of interest for the DFIs, certain areas may not exhibit evidence of DFI support. DFI support is relative to their own specific goals and resource capabilities. Similarly, reliance has to be placed mostly on data from empirical literature. In addition, while the study aims to explore the role of DFIs in building capacity of smallholder farmers, there was a limitation on the unit of analysis due to the difficulty to obtain participation from representatives of DFIs in Zimbabwe or specific documentation that details the activities or initiatives currently being implemented by DFIs for smallholder farmers. Thus the analysis of the support from the DFIs is analysed solely from the perspective of the smallholder farmers, and consequently the unit of analysis comprises only smallholder farmers.

5.4.2 Suggestions for further research

In understanding all of the capacity constraints, the lack of finance had an impact on technical constraints and market constraints. Additionally, all the key solutions the farmers believed would solve their problems had a financial impact. It seemed that farmers are using the land to the extent to which they have income to fund the desired activities, i.e. the amount of inputs they have is what determines how much they can produce. Secondly, the farmers currently operate at a subsistence level, and given that their main purpose of farming is to generate income, their market orientation requires improvement because it appears that the farmers have low levels of crop diversity, livestock diversity and specialization levels, which affects their income generating capabilities because studies have shown that diversification or specialization can improve the income earning potential farmers (Khanal & Ojha, 2023). Also, notwithstanding other factors, some studies show that income variability can be linked to the type of produce or livestock that one rears (Key et al., 2017) in terms of strength of monetization and frequency of monetization. As highlighted in the study, the concentration of the farmer's activities is in the production of staple crops being, largely maize, as well as rearing, mainly poultry for consumption. When farmers do not diversify and scale up, it suggests that they are not geared for export markets, hence, opportunities for higher income generation are missed because studies have linked higher income earnings and income stability to agricultural exports (Amare et al., 2019) (Roy & Thorat, 2008). However, particularly for maize production, given that of late, the country has not been producing enough for consumption and was projected to increase the number of maize imports in 2024 (Esterhuizen & Woody, 2023) from the 379 367 metric tonnes imported in 2023 as reported by the World Bank, the farmers should have been able to increase their income earning capabilities by increasing scale of production and supplying more volumes to the local market. However, this is not the case, further demonstrating the existence of financial constraints due to this missed opportunity. There is an opportunity to explore further which exists in this regard because it was interesting to note that for the few farmers that produced specialty crops, their main issues were oriented toward market access and technical capacity. Thus, a possible area for research would be whether a shift in farming practices or farming strategies by scaling up activities, product diversification and specialization would be the solution to achieving financial capacity for the farmers in the area.

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7 Appendices

7.1 Appendix 1: Questionnaire in English



Master of Commerce in Development Finance INTERVIEW/SURVEY CONSENT FORM

Participant name:

I volunteer to participate in a research project conducted by **Rumbidzai Hove** as partial fulfilment of the requirements for the **Master of Commerce in Development Finance Degree** at the UCT Graduate School of Business. I understand that the research is designed to gather information about **Exploring the Role of Development Finance Institutions in Improving Livelihoods of Smallholder Farmers Through Agribusiness Development: The Case Study of Zimbabwe** and that I will be one of approximately 30 of people being interviewed for this research.

Objective(s) of the research

- Understand the financial and technical capacity constraints that prevent smallholder farmers in Zimbabwe from utilising their agricultural land assets to attain sustainable livelihoods.

Ethics approval

The ethical clearance for this study was approved by the UCT GSB Research and Ethics Committee on 7 November 2024.

Participation and confidentiality

I understand that my participation in this research is voluntary, that I will not be compensated and that I may withdraw at any time. The interview will take approximately 45 - 60 minutes to complete and will be audio recorded.

I understand that I will not be identified by name in any reports using information obtained from this interview and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.

Should you have any questions or concerns please contact me Rumbidzai Hove, +27837968961, hvxrum001@myuct.ac.za or my supervisor latif.alhassan@uct.ac.za

Consent

I consent to participate in this interview, based on the terms outlined above and subject to the following additional condition of my own (if any).

.....
Signed by interviewee

.....
Date

.....
Signed by Student

.....
Date

Date of Interview:

Duration of Interview:

Section 1: Demographic information

1. Gender of respondent _____

 2. Age of respondent _____

 3. Farm address of respondent _____
-

Section 2: Interview/Survey questions

Part 1: General background of the participant's farming experience

1. How long have you been farming, and what types of crops or livestock do you primarily produce?
2. What size is your farm, and what are your main sources of income?
3. How many hectares of land do you currently farm?
4. What are the primary purposes of your farming activities?

Part 2: Understanding the financial capacity constraints and needs

5. What are your primary sources of income for day to day living expenses and for financing for your farming activities?
6. How consistent is your income from farming throughout the year?
7. What kind of financial help would improve your farming activities?
8. Have you sought or applied for any financial assistance before? If so, what type and were you successful?
9. If you haven't received any financial assistance or were not successful, what prevented you?
10. If you received it or were successful, what did you use it for and what was the impact on your farm operations?
11. If you received a loan, did you face any challenges in aligning the commercial terms with your income cycles? If yes, please specify which aspects were challenging.

12. How do you typically prepare for unforeseen events (e.g., drought, pest infestation) financially?

Part 3: Understanding the technical capacity constraints and needs

13. What is your level of education and do you have any formal agricultural qualifications from a university, college, or other educational institution?

14. Do you feel that you have adequate knowledge of modern farming practices and technologies? If not, in which areas do you need support and what types of information or skills would help you improve your farm production?

15. Have you ever received any formal training related to farming? If yes, who provided it?

16. Do you have access to information on farming practices and pest and disease control? If yes, what sources do you rely on?

17. Have you ever received training or technical assistance from any NGO, development finance or government institution? If yes, please specify the type of support and the organization involved.

18. Have you received any training in business management skills relevant to running a profitable farm?

Part 4: Understanding external capacity constraints - Market accessibility

19. Where do you sell your crops or livestock?

20. What problems do you face when trying to sell your produce?

21. Do you know any institutions or programs that help farmers connect with buyers or farmers to achieve quality produce? Which are these? Have you received assistance from them before?

22. Do you have access to quality testing or certification services for your products? If yes, how frequently do you use them?

23. What type of support would help you improve access to markets or secure better prices for your produce?

Part 5: Farmer perceptions and recommendations

24. If you received financial or technical support from financial institutions, the government or NGOs, what areas of your farming would you prioritize and why?

25. What changes would you like to see in the support provided to small farmers to help them improve their income and farm productivity? If you could advise the

government, banks, or organizations, what suggestions would you offer to better support small farmers?

26. In what ways would improving your farm operations benefit your community? Why do you say so?

7.2 Appendix 2: Questionnaire in Shona

Translated Questions:

Part 1: General Background of the Participant's Farming Experience

1. **How long have you been farming, and what types of crops or livestock do you primarily produce?**

Wava nenguva yakawanda sei uchirima, uye ndezvipi zvirimwa zvaunorima kana zvipfuyo zvamuno chengeta zvakanyanya?

2. **What size is your farm, and what are your main sources of income?**

Purazi rako rakakura zvakadini, uye mari yaunoraramisa inobva kupi?

3. **How many hectares of land do you currently farm?**

Parizvino urikurima mahekita mangani?

4. **What are the primary purposes of your farming activities?**

Zvinangwa zvako zvikuru zvekuita basa rekurima ndezvipi?

Part 2: Understanding the Financial Capacity Constraints and Needs

5. **What are your primary sources of income for day-to-day living expenses and for financing for your farming activities?**

Mari yekushandisa zuva nezuva pamwe nekutsigira basa rekurima inowanikwa sei kana kupi?

6. **How consistent is your income from farming throughout the year?**

Mari yaunowana kubva mukurima inouya kangani pagore, pamwedzi ne mwedzi kana kuti pagore here kana kuti zvinosiyana?

7. **What kind of financial help would improve your farming activities?**

Nderupi rudzi rwerubatsiro rwemari rungavandudza mabasa ako ekurima?

8. **Have you sought or applied for any financial assistance before? If so, what type and were you successful?**

Wakambotsvaga rubatsiro rwemari here? Waitsvaka rubatsiro rwakaita sei uye wakabudirira here?

9. **If you haven't received any financial assistance or were not successful, what prevented you?**

Kana usina kumbowana rubatsiro rwemari kana kuti wakakundikana kuwana rubatsiro rwemari, chii chakakuvhiringidza?

10. **If you received it or were successful, what did you use it for and what was the impact on your farm operations?**

Kana wakabudirira kuwana, wakashandisa sei mari yacho uye zvakabatsira papi pamunda wako?

11. **If you received a loan, did you face any challenges in aligning the commercial terms with your income cycles? If yes, please specify which aspects were challenging.**

Kana wakawana chikwereti, wakasangana nematambudziko here mukuyedza kusangana nemitemo yechikwereti nemari yawunowana? Kana zviru kudaro, zvakanga zvakaoma papi?

12. **How do you typically prepare for unforeseen events (e.g., drought, pest infestation) financially?**

Unoita sei kugadzirira zvinhu zvisingatarisirwi (semuenzaniso, nzara, zvirwere zvezvirimwa) maererano nemari?

Part 3: Understanding the Technical Capacity Constraints and Needs

13. **What is your level of education, and do you have any formal agricultural qualifications from a university, college, or other educational institution?**

Ndeapi mwero wako wedzidzo, uye une zvitupa zvekurima zviru pamutemo kubva kuyunivhesiti, koreji, kana imwe nzvimbo yedzidzo?

14. **Do you feel that you have adequate knowledge of modern farming practices and technologies? If not, in which areas do you need support and what types of information or skills would help you improve your farm production?**

Unonzwa here kuti une ruzivo rwakakwana rwemaitirwo ekurima echizvino-zvino uye matekinoroji? Kana zvisina kudaro, nedzipi nzvimbo dzaunoda rutsigiro uye nedzipi mhando dzeruzivo kana hunyanzvi hungakubatsira kuvandudza kurima kwako purazi?

15. Have you ever received any formal training related to farming? If yes, who provided it?

Wakambowana dzidziso yepamutemo ine chekuita nekurima here? Kana wakambowana, wakadzidziswa nesangano ripi?

16. Do you have access to information on farming practices and pest and disease control? If yes, what sources do you rely on?

Une ruzivo pamusoro pemaitiro ekurima uye kurwisa zvipfukuto kana zvirwere here? Kana zviripo, unowanira papi ruzivo?

17. Have you ever received training or technical assistance from any NGO, development finance or government institution? If yes, please specify the type of support and the organization involved.

Wakambowana kudzidziswa kana rubatsiro rwehunyanzvi kubva kune sangano reNGO, kana kuti maDFI, kana kubva kuhurumende here? Kana zvakadaro, ndedzipi nhanho dzakakubatsira uye ndiani akaunza rubatsiro rwacho?

18. Have you received any training in business management skills relevant to running a profitable farm?

Wakawana here kudzidziswa kwehunyanzvi hwekutungamira bhizinesi hunoenderana nekufambisa purazi rinopa mari?

Part 4: Understanding External Capacity Constraints - Market Accessibility

19. Where do you sell your crops or livestock?

Unotengesa kupi zvirimwa kana zvipfuyo zvako?

20. What problems do you face when trying to sell your produce?

Ndeapi matambudziko aunasangana nawo pakuedza kutengesa zvaunorima?

21. Do you know any institutions or programs that help farmers connect with buyers or help farmers achieve quality produce? Which are these? Have you received assistance from them before?

Pane masangano aunoziva here anobatsira varimi kuti vabatane nevatengi kana kubatsira varimi kuti vabudirire kuwana goho kana zvipyuyo zvemhando yepamusoro? Ndeapi masangano aya? Wakambowana rubatsiro kubva kwavari here?

22. Do you have access to quality testing or certification services for your products? If yes, how frequently do you use them?

Une mukana wekuyedzwa kwemhando yepamusoro kana masevhisi ekupihwa

zvitupa zvezvirimwa kana zvipfuyo zvako? Kana hongu, unozvishandisa kakawanda sei?

23. What type of support would help you improve access to markets or secure better prices for your produce?

Nderudzii rwerubatsiro rwaungada kuti zvikubatsire kusimudzira kukwanisa kutengesha kana kuwana mitengo iri nani yezvaunorima kana zvipfuyo zvako?

Part 5: Farmer Perceptions and Recommendations

24. If you received financial or technical support from financial institutions, the government, or NGOs, what areas of your farming would you prioritize and why?

Kana wakawana rubatsiro rwemari kana hunyanzvi kubva kumabhangi, maNGO, hurumende kana mamwe masangano ezvemari, ndezvipi zvaungasarudza kuisa pamberi kuti usimudzire munda wako mubasa rako rekurima kana kuti rekuchengeta zvipfuyo?

25. What changes would you like to see in the support provided to small farmers to help them improve their income and farm productivity? If you could advise the government, banks, or organizations, what suggestions would you offer to better support small farmers?

Ndezvipi zvigadziridzo zvaungada kuona mukubatsira varimi vadiki kuitira kuvabatsira kuwedzera mari yavanowana mukurima uye kugadzirwa kwemapurazi? Kana waiva nekutaurira kuhurumende, mabhanga kana masangano, ndezvipi zvaungavaudza kuti vanga kubatsirai sei?

26. In what ways would improving your farm operations benefit your community? Why do you say so?

Kuvandudza mashandiro epurazi rako kungabatsira sei nharaunda yako? Sei uchidaro?

7.3 Appendix 3: Ethical Clearance Letter



UNIVERSITY OF CAPE TOWN
FACULTY OF COMMERCE
 Igniting Knowledge and Opportunity



Commerce Faculty Ethics in Research Application Form

Any person planning to undertake research in the Faculty of Commerce at the University of Cape Town is required to obtain ethical clearance. This form is intended for undergraduate students, honours students, PD Dip students and Masters students whose research component is less than 90 credits.

Once this form is completed it should be sent via email to your departmental ethics representative. Your supervisor will be able to provide you with the contact details.

It is assumed that the researcher has read the UCT Code for Research Involving Human Subjects (Available at <http://web.uct.ac.za/depts/educate/download/uctcodeforresearchinvolvinghumansubjects.pdf>) in order to be able to answer the questions in this form. Students must include a copy of the completed form with the dissertation/thesis when it is submitted for examination.

1. PROJECT DETAILS			
Project title:	Exploring the Role of Development Finance Institutions in Improving Livelihoods of Smallholder Farmers Through Agribusiness Development: The Case Study of Zimbabwe		
Principal Researcher/s:	RUMBIDZAI HOVE	Email address(es):	HVXRUM001@myuct.ac.za
Research Supervisor:	Prof. Abdul Latif Alhassan	Email address(es):	
Co-researcher(s):		Email address(es):	
Department:			
Brief description of the project: The project seeks to explore the challenges faced by smallholder farmers in Zimbabwe, particularly in improving their economic livelihoods and how these challenges can be overcome through Agribusiness and DFI support. It seeks to understand the financial and technical capacity constraints that hinder these farmers from utilizing their farms to achieve sustainable livelihoods which is displayed by their economic empowerment. The study focuses on issues such as access to finance, farming skills, and market access, and the role of Development Finance Institutions (DFIs) in addressing these challenges. By conducting interviews with farmers, the research will identify key areas where financial support, training, and market linkages can enhance agricultural productivity and economic empowerment.			
Data collection: (please select) <input checked="" type="checkbox"/> Interviews <input type="checkbox"/> Questionnaire <input type="checkbox"/> Experiment <input type="checkbox"/> Secondary data <input type="checkbox"/> Observation <input type="checkbox"/> Other (please specify): _____			
Have you attached a research proposal OR a literature review with research methodology? (please select) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

Com Ethics_V5_May2017

2. PARTICIPANTS

2.1 Does the research discriminate against participation by individuals, or differentiate between participants, on the grounds of gender, race or ethnic group, age range, religion, income, handicap, illness or any similar classification?	YES	NO ✓
2.2 Does the research require the participation of socially or physically vulnerable people (children, aged, disabled, etc.) or legally restricted groups?	YES	NO ✓
2.3 Will you be able to secure the informed consent of all participants in the research? (In the case of children, will you be able to obtain the consent of their guardians or parents?)	YES ✓	NO
2.4 Will any confidential data be collected or will identifiable records of individuals be kept?	YES	NO ✓
2.5 In reporting on this research is there any possibility that you will not be able to keep the identities of the individuals involved anonymous?	YES	NO ✓
2.6 Are there any foreseeable risks of physical, psychological or social harm to participants that might occur in the course of the research?	YES	NO ✓
2.7 Does the research include making payments or giving gifts to any participants?	YES	NO ✓

If you have answered **YES to any of these questions**, please describe how you plan to address these issues (append to form):

Participants will sign a consent form before being interviewed.

Affiliations of participants: (please select)

- Company employees
 Hospital employees
 General public
 Military staff
 Farm workers
 Students
 Other (please specify): _____

Race / Ethnicity:

Are you asking a question about race/ethnicity in your questionnaire?

- Yes
 No

Which race categories have been used?

Have you included the option: "Prefer not to answer" as part of your race/ethnicity question?

3. PROVISION OF SERVICES

Does your research involve the participation of or provision of services to communities? **NO**

If your answer is YES, please complete below:

3.1 Is the community expected to make decisions for, during or based on the research?	YES	NO
3.2 At the end of the research will any economic or social process be terminated or left unsupported, or equipment or facilities used in the research be recovered from the participants or community?	YES	NO
3.3 Will any service be provided at a level below the generally accepted standards?	YES	NO

If you answered YES to any of these questions, please describe below how you plan to address these issues.

3. ORGANISATIONAL PERMISSION

If your research is being conducted within a specific organisation, please state how organisational permission has been/will be obtained:

Have you attached the letter from the organisation granting permission? (please select)

Yes No, but this **will be** obtained before commencing the research Not applicable

Are you making use of **UCT students** as respondents for your research? (please select) Yes No

If **yes**, have you contacted Executive Director: Student Affairs for permission? (please select) Yes No

Was approval granted? (please select) Yes No Awaiting a response

Are you making use of **UCT staff** as respondents for your research? (please select) Yes No

If **yes**, have you contacted Executive Director: Human Resources for permission? (please select) Yes No

Was approval granted? (please select) Yes No Awaiting a response

Contact Emails: Executive Director: Human Resources (Miriam.Hoosain@uct.ac.za)
Executive Director: Student Affairs (Moonira.Khan@uct.ac.za)

4. INFORMED CONSENT

What type of consent will be obtained from study participants?

- Oral Consent
- Written Consent
- Anonymous survey questionnaire (covering letter required , no consent forms needed)
- Other (Please Specify)

How and where will consent/permission be recorded?

Have you attached an informed consent form to your application? Yes No

5. SPONSORSHIP OF RESEARCH

If your research is sponsored, is there any potential for conflicts of interest?

If your answer is YES, please complete below

4.1 Is there any existing or potential conflict of interest between a research sponsor, academic supervisor, other researchers or participants?	YES	NO
4.2 Will information that reveals the identity of participants be supplied to a research sponsor, other than with the permission of the individuals?	YES	NO
4.3 Does the proposed research potentially conflict with the research of any other individual or group within the University?	YES	NO

If you have answered **YES** to any of these questions, please describe how you plan to address these issues (append to form)

6. RISK TO PARTICIPANTS

Does the proposed research pose any physical, psychological, social, legal, economic, or other risks to study participants you can foresee, both immediate and long range? (please select)

Yes No

If yes, answer the following questions:

1. Describe in detail the nature and extent of the risk and provide the rationale for the necessity of such risks
2. Outline any alternative approaches that were or will be considered and why alternatives may not be feasible in the study
3. Outline whether and why you feel that the value of information to be gained outweighs the risks

1.

2.

3.

I certify that I have read the Commerce Faculty Ethics in Research policy
 (<http://www.commerce.uct.ac.za/Pages/ComFac-Downloads>)

- I hereby undertake to carry out my research in such a way that**
- there is no apparent legal objection to the nature or the method of research; and
 - the research will not compromise staff or students or the other responsibilities of the University;
 - the stated objective will be achieved, and the findings will have a high degree of validity;
 - limitations and alternative interpretations will be considered;
 - the findings could be subject to peer review and publicly available; and
 - I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.


Signed by:

	Full name and signature	Date
Principal Researcher/Student:	Rumbidzai hove	5 November 2024

This application is approved by:

Supervisor	Prof. Abdul Latif, Alhassan	7th November 2024
Departmental Ethics Rep		7.11.2024

Questionnaire checklist on next page

CHECKLIST	SELECT
A full copy of a research proposal or a literature review with methodology is attached in a separate file	<input checked="" type="checkbox"/>
Interview schedules / cover letters / questionnaires / forms and other materials used in the study are attached in separate files	<input checked="" type="checkbox"/>
Organisational consent letter / UCT student or staff approval letter	<input type="checkbox"/>
<p>On your cover letter to your questionnaire have you included the following?</p> <p>1. The following UCT Logo </p> <p>2. A sentence explaining the aim of the research</p> <p>3. Sentences of a similar nature to below must be included in the cover letter or consent form:</p> <p>This research has been approved by the Commerce Faculty Ethics in Research Committee.</p> <p>Your participation in this research is voluntary. You can choose to withdraw from the research at any time.</p> <p>The questionnaire will take approximately X minutes to complete</p> <p>You will not be requested to supply any identifiable information, ensuring anonymity of your responses.</p> <p>Due to the nature of the study you will need to provide the researchers with some form of identifiable information however, all responses will be confidential and used for the purposes of this research only.</p> <p>Should you have any questions regarding the research please feel free to contact the researcher (insert contact details).</p> <p>4. Have you scanned in your signature for the last section of the form?</p>	<p>NA <input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p>OR</p> <p><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p>