

# **ZIMBABWE AGRICULTURAL GROWTH PROGRAMME (2016-2023)**



**Agriculture** and its value chains have high growth potential despite the macroeconomic and policy challenges: Agriculture and agribusiness have historically been key for employment and will remain in the foreseeable future in particular for young people. The sector provides livelihood for about 60% of the population and accounts for 23% of formal employment, but is far from performing to its potential. In order to address the root causes of underperformance it is critical to link agriculture production, manufacturing and financing.

*Agriculture Production* supplies 60% of raw materials for domestic manufacturing. Drought, lack of financing, outdated policies and institutional decline as well as high input costs and illegal imports have undermined production. Nevertheless favourable climatic conditions and good soils continue to be an advantage for crops and livestock production.

*Manufacturing* is central for adding value to the primary products. Although still a key driver of growth, it has drastically declined mainly due to high costs of borrowing, lack of long-term financing; declining agriculture output, low aggregate demand and competition from cheap, low quality imports. The combined effect eroded viability and competitiveness of a sector that has potential to generate employment, growth and exports.

*Financing Institutions* are critical for mobilising savings and investments. Although the banking sector operates in relative competitive environment, vulnerabilities exist as a result of limited access to international financial markets, unfavourable business environment, high costs of funds and liquidity challenges.

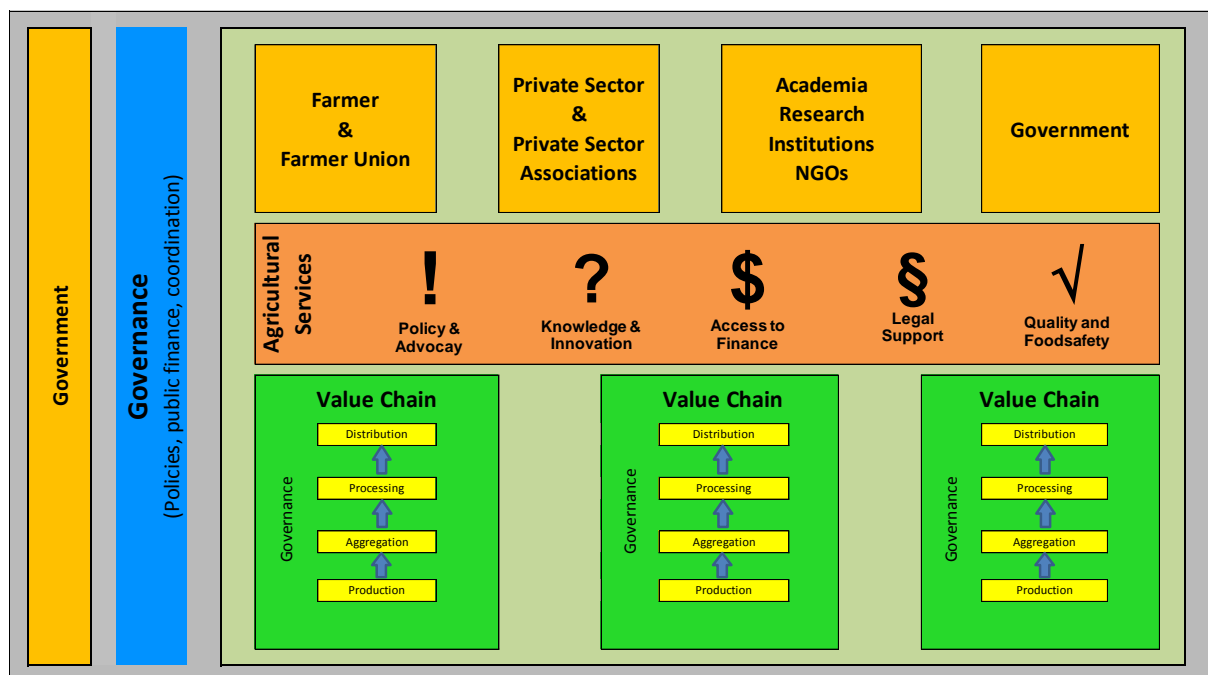
The **Zimbabwe Agricultural Growth Programme: ZAGP** (EUR 40 million) has the overall objective to contribute to the development of a diversified and efficient agriculture sector that promotes inclusive green economic growth. The ZAGP consists of five outcomes:

- 1: Increased production and productivity of the livestock sector
- 2: Livestock products have better access to markets and are more competitive
- 3: Increased public and private investment in targeted livestock value chains
- 4: Improved agricultural education systems and extension services
- 5: Institutions strengthened to develop and implement institutional and regulatory framework

The **Strategic Approach of ZAGP** recognizes that value chains are dynamic, market driven system to which support services and coordination are central. Increasing the added value (incl. salaries, profits, food value for consumers, tax revenues) and safeguarding sustainability are key elements for inclusive green economic growth. However, sustaining productive growth at farm level is directly dependent on a continuing growth in market demand, which in return renders agro-processors / off-takers central for value chain development and to drive investments along the value chain. In order for this to take place, it is critical to facilitate the cooperation of public sector, private sector and communities to strengthen the precondition for the transformational process (public investment into rural infrastructure, enabling policy environment, provision of appropriate services and the availability of relevant technology) and to address the root causes of underperformance of the value chain. Emphasis needs to be given to vertical and horizontal coordination and governance of value chain actors and to safeguarding economic, social and environmental sustainability as well as to strengthen the sanitary control and their viability from the farm to the consumer to produce high quality products.

The ZAGP builds on coherent interventions at macro, meso and micro level and prioritizes value chains with economic, social and environmental importance.

- (1) Macro level: Promotion of predictable, coherent and sustainable policy framework
- (2) Meso Level: Strengthening service provision for sustainable agriculture value chains
- (3) Micro Level: Supporting the development of sustainable, high potential livestock value chains



### **(1) Macro level: Promotion of predictable, coherent and sustainable policy framework**

A predictable and transparent environment of social, economic and environmental sustainable policies at macroeconomic as well as sector level is critical precondition for a transformational development process. The ZAGP will support this area with Technical Assistance for policy and expert advice as well as capacity development of public and private institution. This includes agriculture policies and support to the development of the sector, Land Governance and Administration, indigenization and trade facilitation.

### **(2) Meso Level: Strengthening service provision for sustainable agriculture value chains**

Service provision to Agriculture has eroded and is largely ineffective and inefficient in supporting value chain and rural development in an agriculture and farming landscape that has significantly changed. It is therefore critical to re-think farmer and agro-processor centric and value chain oriented services and to develop a robust framework for their sustainable effective and efficient delivery. The key services are:

**Policy and Advocacy:** There is need to strengthen the capacity role of Farmers Unions and Private Sector Organization to better fulfills their role.

**Access to finance** is inadequate in part for small holder. Key constraints are high interest rates and unfavorable conditions, lack of collateral and insecurity of tenure.

**Knowledge & Innovation:** Fundamental changes in the agriculture landscape, economic decline, brain drain and resource constraints have eroded extension, research and education institutions and their capacity to deliver relevant services. Promoting a farmer centric, value chain oriented and demand driven multi-stakeholder framework to sustainably deliver relevant service will be critical for agriculture and rural development.

**Quality & Food Safety** are critical not only for exports but also for consumer protection. Strengthening institutional and regulatory framework, policy and standard development and an effective and efficient quality infrastructure are key areas requiring support.

**Legal support:** There is a massive need in this area which is not catered for at farmer's as well as agro-processors' level (contract farming, land use contracts, insurance)

### (3) Micro Level: Supporting the development of sustainable, high potential livestock value chains

Support focuses on the development of sustainable, high potential value chains in the livestock sector through linking production, manufacturing and financing. A particular emphasis is given on the **economic, social and environmental sustainability** of the value chains. **Governance** along the value chain has emerged as a critical issue to ensure economic, social and environmental sustainability. Furthermore, streamlining and standardizing aggregation can reduce the cost of doing business for farmers and also create much needed **transparency**. Quality based procurement also needs to be built into procurement channels that encourage farmers to improve quality of output. Standardization of trader margins by private players can also contribute to organizing the procurement process. Within the **Socio Economic Framework**, the lack of an effective and efficient institutional framework (quality assurance, regulatory control, extension services) constitutes a major problem. Combined with high cost of compliance this contributes to a stagnant, shrinking industry, higher prices at retail, lower consumer demand, low production output and a loss of margin and value capture at every step of the value chain.

