



Ministry of Economic Affairs

AGRIBUSINESS IN ZIMBABWE

OPPORTUNITIES FOR ECONOMIC COOPERATION





FOREWORD

October 2014

Over the last two years, the Embassy of the Kingdom of the Netherlands in Harare, Zimbabwe, and the office of the Agricultural Counsellor at the Embassy of the Kingdom of the Netherlands in Pretoria have witnessed an increasing interest from Dutch entrepreneurs to get involved in the (re)development of the agricultural sector in Zimbabwe. In order to see where the best possibilities for Dutch businesses lie, the Embassy commissioned Brightface Enterprises P/L to undertake a market study in order to map the opportunities and risks, especially from the perspective of those agricultural disciplines with a strong expertise in the Netherlands.

The result of this study you find in front of you. The report gives a good overview of the context that investors, service providers and traders in the agricultural sector in Zimbabwe have to work with. It also shows the strengths and weaknesses, but above all, the potential of this sector in a country that once was referred to as the “bread basket” of Southern Africa. Although that was more than a decade ago, there is reason for optimism for revival of the sector and aim for this title again in say 2025.

Dutch companies could play a crucial role in this, as they have extensive knowledge and technology to offer. While doing business with Zimbabwe, a number of risks should be kept in mind at all times, but the high potential revenues may allow to include risk mitigating measures into the investor’s budgets. The fact that Zimbabwe has been incorporated in the list of eligible countries for the Dutch Good Growth Fund (DGGF) for instance, is proof of increased possibilities for doing business here.

Zimbabwe’s climate, favourable geological conditions as well as the generally well-qualified and skilled labour, in combination with a reasonably well developed infrastructure (for African standards), and its central location in Southern Africa, make it an attractive destination for Dutch entrepreneurs, also - or especially - in the agricultural sectors.

We would like to invite you to read this report, and discover that Zimbabwe has a lot of interesting opportunities to offer. The best thing you could do, after reading this report, is come to Zimbabwe in person and establish the right contacts with possible business partners on the ground. Both the Embassy in Harare as well as the office of the Agricultural Counsellor in Pretoria, are most willing to assist and advise you on such a visit.

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AGRONYMS

ACP	Agricultural Common Policy
ACP	African Caribbean Pacific
ADMA	Agricultural Dealers and Manufacturers' Association
AGRA	Alliance for Green Revolution in Africa
BAZ	Bankers Association of Zimbabwe
BIZ	Bio-Innovation Zimbabwe
CAAZ	Civil Aviation Authority of Zimbabwe
C2C	Cotton to Clothing
CFU	Commercial Farmers Union
CGA	Cotton Ginners Association
CRI	Cotton Research Institute
COTTCO	Cotton Company of Zimbabwe
CZI	Confederation of Zimbabwe Industries
COMESA	Common Market for Eastern and Southern Africa
DANIDA	Danish International Development Agency
DfID	Development for International Development
DZPL	Dairy-board of Zimbabwe Private Limited
EPA	Economic Partnership Agreement
EPZ	Export Processing Zone Authority
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GAP	Good Agricultural Practices
GDP	Gross Domestic Product

GMB	Grain Marketing Board
GMO	Genetically Modified Organism
GoZ	Government of Zimbabwe
Ha	Hectare
HCC	Harare Chambers of Commerce
HPC	Horticultural Promotion Council
HRC	Horticultural Research Council
IDP	Industrial Development Policies
ITC	International Trade Centre
ITCZ	Inter Tropical Convergence Zone
LAIFEZ	Leather and Allied Federation of Zimbabwe
LIZ	Leather Institute of Zimbabwe
MFI	Micro Finance Institution
MoAMID	Ministry of Agriculture Machinery and Irrigation Development
MoIC	Ministry of Industry and Commerce
MoF	Ministry of Finance
Mt	Metric ton
NGO	Non-Governmental Organisation
NRZ	National Railways of Zimbabwe
OXFAM-Novib	Dutch Development Organisation Branch of Oxfam International
SADC	Southern African Development Committee
SAFEX	South African Futures Exchange
SEZ	Special Economic Zone
SNV	Netherlands Development Organization
SPS	Sanitary and Phytosanitary Standards
STERP	Short Term Emergency Recovery Program
UNDP	United Nations Development Program
USAID	United States Agency for International Development
US\$	United States Dollar
VAT	Value Added Tax
WFP	World Food Program
ZADF	Zimbabwe Association of Dairy Farmers
ZADT	Zimbabwe Agricultural Development Trust
ZCFU	Zimbabwe Commercial Farmers' Union
ZEPARU	Zimbabwe Economic Policy and Research Unit
ZFU	Zimbabwe Farmers Union
ZGMA	Zimbabwe Grain Millers Association
ZIA	Zimbabwe Investment Authority
ZIMACE	Zimbabwe Marketing Commodities Exchange
ZIMRA	Zimbabwe Revenue Authority
ZNCC	Zimbabwe National Chambers of Commerce
ZNHPA	Zimbabwe National Horticulture Producers Association
ZW\$	Zimbabwe Dollar

EXECUTIVE SUMMARY

- Zimbabwe has favourable conditions for agriculture and had a flourishing agri-business. For good reason the country was called the 'Breadbasket of Africa'. In 2000 a chaotic and violent land reform programme was initiated resulting in the collapse of the agribusiness sector, hyperinflation and a sharp decline in the economy. After 2009, the economic situation has improved because of the replacement of the Zimbabwe Dollar (ZWS) with a multi-currency regime making the US\$ the major currency. The EU is already the second largest trading partner to Zimbabwe and trade has doubled since 2009, with a large trade surplus for Zimbabwe.
- The EU and the Government of the Netherlands are dedicated to support further stabilisation and development of the economy of Zimbabwe which still is a far cry from what it was before 2000. The Royal Netherlands Embassy (RNE) in Harare has commissioned Brightface (Pvt) Ltd to research investment and trade opportunities for Dutch business in the agribusiness value chains in Zimbabwe.
- The Zimbabwean business environment can be defined as high risk and possible high reward. Foreign businesses have a comparative advantage over domestic business because of liquidity constraints resulting in high cost for finance. Zimbabwe has the legal framework and infrastructure to enable the creation of a stable business climate. Zimbabwe is in the process of liberalising international trade. It will liberalize 80% of her imports from the EU by 2022 (45% by 2012 with the remaining 35% of imports being liberalized progressively until 2022).
- Zimbabwe is a member of the World Trade Organisation (WTO) and part of the SADC and COMESA free trade areas and signed the Africa-Caribbean-Pacific-EU Cotonou Agreement (ACP-EU). The country has signed a Bilateral Investment Promotion and Protection Agreement (BIPPA) but this agreement has been violated by the country. Zimbabwe also has a tax treaty with the Netherlands.
- Foreign business is free to operate and invest in Zimbabwe. The Indigenisation and Economic Empowerment Act (IEE) stipulates that approval from the Minister responsible for Indigenisation and the Minister responsible for Economic Planning is required to invest in certain sectors. Furthermore, business with a value of over US\$ 500,000 has to be majority owned by a local partner. It is indicated but not (yet) included in any Act - by Government that implementation of Zimbabwe's IEE laws and regulations will be undertaken under a sector specific approach.
- All agricultural land has been nationalised after 2000 and redistributed. However the beneficiaries from the land reform do not have title deeds and are not in the position to transfer their land rights legally. Currently the government preparing an agriculture land redistribution system based on 99 years land lease agreement. The future status of the current beneficiaries of the land reform programme is uncertain. With the land reforms, experienced farmers were replaced with a larger amount of less experienced farmers. Companies provide technical assistance to the new farmers to make them more productive. Expertise for the provision of technical assistance is ample available in the country as a number of former white farmers now work as farming consultant.
- The value chain approach is used to identify business opportunities in the Zimbabwean agribusiness sector. The table below summarises the main opportunities and risk in the agribusiness subsectors.

Sub-sector	Opportunities	Risks
Grain	<ul style="list-style-type: none"> Local demand exceeds local production; Limited domestic milling capacity in wheat. 	<ul style="list-style-type: none"> History of government interference in the grain subsector; Yield fluctuations; Poor agricultural practices; Cheap foreign imports.
Tuber crops	<ul style="list-style-type: none"> Growing industrial demand for cassava; Good physical conditions for tuber crops; Processing of tuber crops. 	<ul style="list-style-type: none"> Poor agricultural practices;
Oilseeds	<ul style="list-style-type: none"> Recapitalisation of oilseed processing industry; International market for medical and cosmetic cotton wool products. 	<ul style="list-style-type: none"> Poor agricultural; Farmers move away from oilseeds because of low margins.
Horticulture	<ul style="list-style-type: none"> Export of fresh and frozen products to northern hemisphere. 	<ul style="list-style-type: none"> Enabling environment not favouring complex logistics process; Future air freight connections uncertain; Currency exchange fluctuations; Misappropriation of plantations.
Livestock	<ul style="list-style-type: none"> Organic and fair trade meat; Domestic supply falling short; Canning of beef for domestic market; Demand for processing machinery and equipment; International demand for high value crocodile and ostrich leather products. 	<ul style="list-style-type: none"> Domestic consumers cannot afford to buy meat; Enabling environment not favouring complex logistics process required for export.

- Within the subsectors, Brightface has identified and assessed Zimbabwean agribusiness companies interested to partner with Dutch companies. Information on these opportunities is indicted in the report. Prospects range from large industrial conglomerates to small greenfield operations. Important in the selection of the companies listed is that they are under management over reputable business people. All companies listed have managed to remain in business and profitable or started operations under difficult circumstances, including hyperinflation and occasional external attempts to misappropriate company assets.
- Agribusiness companies indicate the following reasons to partner with Dutch business:
 - Equity partner for downstream expansion in value chain;
 - Lease of crop spraying planes;
 - Technical partner for vegetable seed development;
 - Knowledge, equity and export partners to develop export opportunities in horticulture;
 - Development and export of organically grown fair trade beef from Zimbabwe;
 - Implementing partner for fair trade and organic agricultural production in Zimbabwe;
 - Equity partner for small innovative agribusiness projects in Zimbabwe;
 - Equity and export partner cotton wool products for medical use and use in cosmetics;
 - Capital for agricultural production (out-grower scheme development).

1 INTRODUCTION

Zimbabwe has proven to be an excellent country for agribusiness. The country has good soils and is blessed with a well-developed riverine system. It has a sub-tropical climate moderated by altitude. Its location at the southern hemisphere allows anti-cyclical seasonal production of crops for northern export markets, including Europe. Zimbabwe used to be a major producer, processor and exporter of a wide variety of agricultural products, including tobacco, horticulture and cotton. In particular the horticulture export sector was unparalleled in Africa with Dutch investors and entrepreneurs playing a leading role developing it. For good reason the country was called 'Breadbasket of Africa'.

Since 2000, Zimbabwe has dominated the headlines for a number of reasons, like the worsening conditions of standard of living of its population, a land reform programme that did not adhere to acceptable norms of transfer of property, a series of contested elections, hyperinflation and a decline in the economy. Since 2009, the political and economic situation has improved slightly. Early that year, the Zimbabwe Dollar (ZWS) was replaced with a multi-currency regime and the US\$ became the major currency. Furthermore, price controls were lifted and the economy was liberalised. The EU and the Government of the Netherlands are dedicated to support further stabilisation and development of the economy of Zimbabwe which still is a far cry from what it was before 2000.

However there are emerging opportunities in agribusiness in this country. Therefore the Royal Netherlands Embassy (RNE) in Harare has commissioned Brightface (Pvt) Ltd to research business opportunities for Dutch business in the agribusiness value chains in Zimbabwe. The results of this research are presented in this report.

It has to be noted that Zimbabwe is in a transition stage. Compared to the period 2000 – 2008, the economic and political situation has improved dramatically. From our research it also was observed that still entrepreneurs from all races and origins have managed to keep their business operations going and profitable under difficult circumstances resulting from hyperinflation, insecurity about business assets and occasionally sheer intimidation.

The Zimbabwean business environment can be defined as high risk and possible high reward. Foreign business has a comparative advantage over domestic business because of domestic liquidity constraints resulting in high cost for domestic finance.

1.1 GOALS AND OBJECTIVES

The goal of the research is to inform Dutch business about the state of affairs and prospects of agribusiness development in Zimbabwe and to identify, analyse and describe economic cooperation and investment opportunities.

The objectives of the research are:

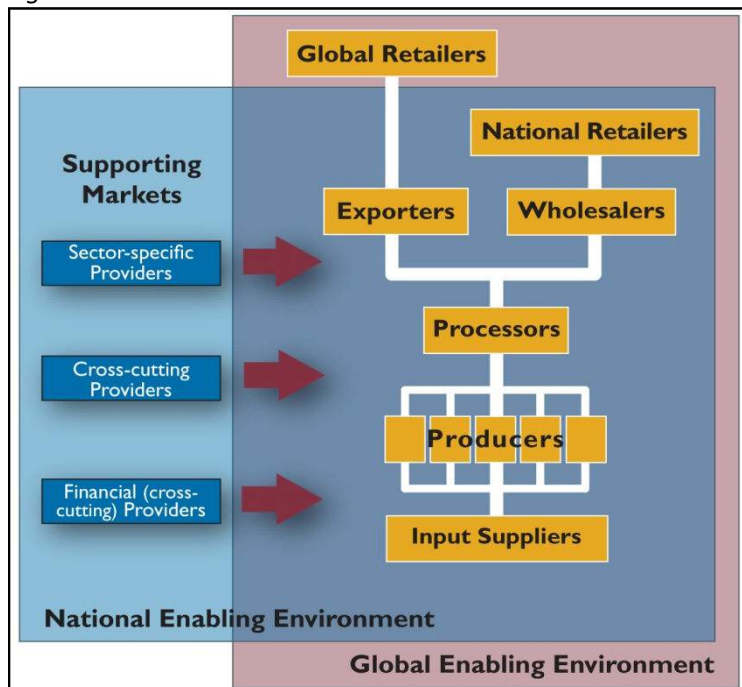
- General description of the political, economic, and social situation and developments in Zimbabwe;
- General information about agricultural and food production, rural development, physical environment and knowledge systems;
- Characteristics of doing business in Zimbabwe;
- Understanding in the food market and exports;
- Identification of the actors in agribusiness value chains ranging from producers, processors to distributors, wholesalers, retailers, informal traders, importers and exporters;

- Introduction of the main agricultural value chains – main sectors, role of large producers and small-holders, value chain development, food processing industries;
- Analysis of the major and promising agricultural value chains;
- Analysis of the major livestock value chains;
- Identification of business and Investment opportunities for Dutch companies in the agriculture value chains.

1.2 METHODOLOGY

The value chain approach is used to inform Dutch business on the Zimbabwean agribusiness sector. A value chain depicts a set of actors and activities that bring a product from conception to its end use in a particular industry. Within agribusiness, these stages include input supply, production, processing, distribution, marketing, wholesale, retail and consumption and these are linked through different relationships. The term value chain has been adopted because it is observed that at each stage, value is being added to the product or service.

Figure 1: value chain model



Source: ACIDI/VOCA

Value chains are interrelating with the enabling environment at a national and international level and with the supporting markets as well.

First step in the value chain research is the division of the agribusiness sector in the most important and promising subsectors as well as a research of the enabling environment and supporting markets. Secondly, the value chains of these subsectors have been researched in more detail, resulting in the determination of the main players and bottlenecks within these subsectors.

The main players and bottle necks identified are used as input for identifying business opportunities for Dutch companies. The following approach has been used:

- Long list of companies operating in the value chains;
- Compilation of short list of possible business partners based on the following criteria:

- Role in the value chain (value added);
- Business performance;
- Business reputation;
- Size of operations;
- Business risks.
- Assessment of shortlisted companies by way of personal visits and desk research.
Assessment criteria:
 - Interest to partner with Dutch business;
 - Business risks;
 - Possible fit;
 - Added value of collaboration.

The research is based on desk research and stakeholder interviews. A source reference list, a list with useful internet sites as well as a list of interviewees is included in the annexes.

1.3 STRUCTURE OF THE REPORT

Chapter two provides insight on the national and international enabling environment by providing a general profile of Zimbabwe by considering the physical geography, historical context of the country, political developments and economic developments, including international economic relations

Chapter three pays attention to both the enabling environment and supporting markets by considering the various aspects of doing business in Zimbabwe.

The agribusiness value chains are considered in Chapter 4. The most important and promising subsectors are presented in the chapters thereafter, including the main players and bottlenecks.

Opportunities for Dutch business in the agribusiness value chains are presented in chapter 10.

1.4 ACKNOWLEDGEMENTS

Brightface wants to thank the Royal Netherlands Embassy in Harare to make this research possible. Furthermore we would like to thank the companies, governmental authorities, NGOs, other organisations and the individuals that supported our research with providing information and informing us on additional sources.

1.5 DISCLAIMER

The information given here is a guide and as such it is not exhaustive. It is based on conditions existing at the date of publication. Readers are strongly advised to consult with professionals in the relevant fields of interest prior to relying on any information contained in here.

2 GENERAL PROFILE OF ZIMBABWE

2.1 INTRODUCTION

The Republic of Zimbabwe is a landlocked country located in Southern Africa. Compared to many African countries, Zimbabwe is relatively small but with a total land area of 386,850 sq. km it is larger than the Netherlands and Germany combined. It is estimated that the total population of Zimbabwe is about 13 million people. Three or more millions of Zimbabweans emigrated abroad, most of them to South Africa and the United Kingdom.

Table 1: Fact and figures

Total Area	390,760 sq. Km
Land Area	386,850 sq. Km
Water	3,910 sq. Km
Agricultural Land	150,600 sq. Km
Population	13.061 million (2013 census)
Urbanisation	33.56%
Literacy	97.00%
Climate	Subtropical climate
Rain season	November to March
Capital City	Harare
Commercial Language	English
Other Languages	Shona, Ndebele
Time	Central African Time (GMT + 2) Hours
Weights and measures	Metric system
Fiscal year	January 1 – December 31
Taxation:	
• Corporate tax rate	25 %
• VAT	15%
• Dividends	10 %
Currency	Multicurrency (US\$ and ZAR)
GDP (Current Prices)	US\$ 12,8 billion (2014 actual values)
Real GDP growth rate	3.7%

Zimbabwe has a sub-tropical climate moderated by altitude. The rain season is stretching from November until March and is relatively short. The whole country is influenced by the Inter-Tropical Convergence Zone (ITCZ) in January which can lead to significant draughts when poorly defined. However the country is blessed with a well-developed riverine system and good soils making it excellent for agricultural development.

2.2 PHYSICAL GEOGRAPHY

Zimbabwe is a sub-tropical country with one rainy season, November to March with an average rainfall of 657 mm/year. It is geographically characterised by an extensive high inland plateau called the Highveld lying above 1,200 m. This plateau drops northwards to the Zambezi basin and similarly but more gradually southward to the Limpopo river through the Mid-veld (600 – 1,200m) and the Low-veld which is below 600m.

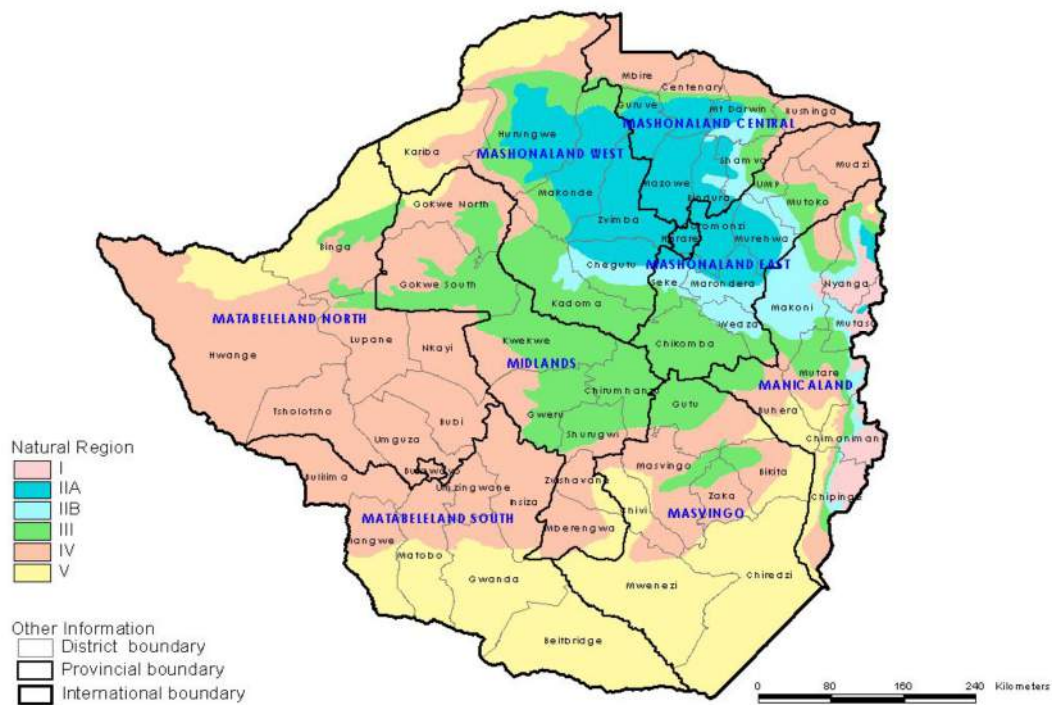
Zimbabwe is divided into 8 administrative provinces, while the two major urban centres, Harare and Bulawayo are also designated provinces in their own right.

The three Mashonaland Provinces (Mashonaland Central, Mashonaland West and Mashonaland East) are located on the Highveld and receive good rainfall during the rainy season making them most suitable for agriculture. Masvingo is the most populous province and is partly located in the hotter and dryer Low-veld.

The Limpopo and Save river systems supply sufficient water for extensive irrigation systems. Also in the southern region are Matabeleland North and Matabeleland South. Both of these provinces are sparsely populated since they are semi-arid areas as is Midlands province which is a key mining area. Highest rainfall is in Manicaland which also is noted for its beautiful scenery, including several mountain ranges.

In the map below the administrative division and the Agro-Ecological Zones are presented.

Map 1: Zimbabwe Agro-Ecological Zones



Over 80% of rural households live in natural regions III, IV and V. The rainfall pattern in these areas is erratic, making dry-land cultivation risky and chances of food insecurity high. Global climate changes have implied greater variability, exacerbating recurrences of drought and flood situations. In this environment, investment in irrigation infrastructure becomes an essential mitigating factor that guarantees productivity, farm output, sustainability and viability. In the table below the Agro Ecological Zones are presented.

Table 2: Explanation of Agro Ecological Zones

Agro Ecological Zones	Rainfall per annum in mm	Characteristics and typical farming activities
Region 1: Low temperatures, high altitude and steep slopes.	> 1,000	Plantations owned the State through the Forestry Commission and by multinationals and small owner-operated plantations and sawmills. Farming activities: <ul style="list-style-type: none"> • Dairy farming; • Forestry; • Coffee and tea production; • Deciduous fruits: bananas and apples; • Horticultural crops, such as potatoes, peas and other vegetables; • Open Field Flowers, such as proteas.
Region 2: High Altitude	750-1000, fairly reliable	Traditionally large-scale commercial farming, highly mechanized farms of 1 000-2 000 ha under freehold title and owner-operated. Subdivided after 2000 land reforms and less productive. Farming activities: <ul style="list-style-type: none"> • Flue-cured tobacco, maize, cotton, wheat, soybeans, sorghum, groundnuts, seed maize and burley tobacco; • Irrigated crops like wheat and barley grown in winter; • Intensive livestock production based on pastures and pen-fattening utilizing crop residues and grain. Main livestock production systems include beef, dairy, pig and poultry.
Region 3: High temperatures, mid altitude	500 – 750, fairly reliable but mid-season dry spells	Predominant farming system is smallholder agriculture. Large-scale farming accounts for 15 percent of the arable land production, most of the land being used for extensive beef ranching (Roth, 1990): <ul style="list-style-type: none"> • Smallholder agriculture in the communal farming areas is under relatively intensive cropping systems. • Drought-tolerant crops: maize (staple food crop) and cotton (cash crop); • Semi-intensive livestock farming based on fodder crops. • Suitable for the production of groundnuts and sunflowers as cash crops.
Region 4: High temperatures, low-lying areas	450-650 mm, severe dry spells	Unsuitable for dry land cropping: <ul style="list-style-type: none"> • Small-holder farmers grow drought-tolerant varieties of maize, sorghum, pearl millet (mhunga) and finger millet (rapoko). • Cattle production under extensive production systems and wildlife production.
Region 5: High temperatures, areas below 900m.	< 650 mm and erratic	Too dry for crop production. Suitable for ranching, wild life and game reserves.

2.3 HISTORICAL CONTEXT

The Zimbabwean business climate is defined by the current political and socio-economic situation resulting from past events. A basic understanding of the history of Zimbabwe is essential to operate successfully in Zimbabwe.

2.3.1 Pre Colonial Era

There have been many civilisations in Zimbabwe as is shown by rock carvings and ancient stone structures.

The Shona people as they are today are a fragmented horde of tribes with very tenuous bonds of unity between them. Most Shona people identify with a particular clan rather than with the Shona group as a whole

In the early 19th Century, at the height of power of Tshaka, king of the Zulu, many of his subjugated chiefs took flight in an attempt to form their own dominions. The result was a period of terror throughout central southern Africa known as Difaqane, or "Time of Calamity", and a scattering of various tribes from the Highveld. Ultimately these dominions were united in the Matabele Kingdom which controlled most of present day Zimbabwe and parts of Mozambique. The current Ndebele people (called Matabele before) are the result of this Zulu-empire break away and intermarriages with the Shona.

2.3.2 British Colonial Rule, UDI and Civil War

In 1888, British mining magnate Cecil Rhodes obtained a concession for mineral rights from the Matabele king. Eventually the Matabele Kingdom and surrounding areas were proclaimed a British sphere of influence and was named Rhodesia after Cecil Rhodes in the same year. The area attracted a significant number of European emigrants in the decades afterwards. In September 1953, Southern Rhodesia, as it was called, then became part of the Central African Federation with the territories of the current nations Zambia and Malawi. The federation was already dissolved at the end of 1963 with the northern part becoming the independent nations of Zambia and Malawi. The European electorate in Rhodesia, however, showed little willingness to accede to African majority demands for increased political participation and progressively replaced more moderate party leaders.

In April 1964, Prime Minister Winston Field, accused of not moving rapidly enough to obtain independence from the United Kingdom, was replaced by his deputy, Ian Smith, but Rhodesia was refused sovereignty under Britain's new policy of "no independence before majority rule" ("NIBMAR").

The **Unilateral Declaration of Independence** (commonly referred to as **UDI**) was a statement adopted by the Cabinet of Rhodesia on 11 November 1965, announcing that Rhodesia now regarded itself as an independent sovereign state. Britain, the Commonwealth and the United Nations all deemed Rhodesia's UDI illegal. Economic sanctions, the first in the UN's history, were imposed on the breakaway colony. Amid near-complete international isolation, Rhodesia continued as an unrecognised state until 1980.

The Land Apportionment Act of 1930 divided the country into the Reserves (land exclusively for occupation by Africans); Alienated Land (land exclusively for White occupation, on which Africans could live only as employees); and Native Purchase Areas (land where African farmers could gain limited ownership of farms). This Act was not implemented on a large scale during the 1930s. Under the LAA 1930 a large, exclusively European area was declared which consisted of 49 million acres and comprised over half the total farming land in the country. As a sort of compensation, Africans were given the right to freehold tenure on the newly created Native Purchase Areas, which were located adjacent to the Reserves. Under the LAA 1930, the NPAs covered 7, 5 million acres, although some 4 million were of little use because they lay in remote areas of the country and were unsuitable for farming. The Reserves totaled 21, 6 million acres. The 49 million acres were owned by 4,000 farmers who represented 1% of the population.

The UDI era was characterized by a civil war pitting three forces against one another: the Rhodesian government, under Ian Smith; ZANLA, the military wing of Robert Mugabe's Zimbabwe African National Union (ZANU) backed by communist China; and the ZIPRA of Joshua Nkomo's Zimbabwe African People's Union supported by the former Soviet Union and its allies.

After long negotiations a settlement was reached between the opposing forces putting the country temporarily under British control and elections were held under British and Commonwealth supervision in March 1980. ZANU won the election and Mugabe became the first Prime Minister of Zimbabwe on 18 April 1980, when the country achieved internationally recognized independence and formally was named Republic of Zimbabwe.

2.3.3 Zimbabwe Independence: from Bread Basket to Basket Case

Shortly after independence, the new government led by Robert Mugabe dropped its communist aspirations and opted for a policy of reconciliation with former opponents in exchange for economic development and the promise of external foreign aid to rebuild the war-ravaged country. The about 4,000 farmers with European descents prospered as never before. Between 1980 and 2000, Zimbabwe also received substantial financial assistance from Western governments, notably from Britain. British support included a "land resettlement grant" that promoted the purchase of European owned land to be redistributed under the native population. Land redistributed through this arrangement nowadays are called Old Resettlement areas.

By 1990, Zimbabwe had achieved impressive results in the area of primary health and education for all and had become the envy of many other post-colonial states. In food security, the country had been assigned the responsibility of ensuring that there are enough food stocks within the sub region by SADCC hence the term the "bread basket" of Southern Africa region.

The economic meltdown began in the second half of the 1990's and increased in intensity in 2000. Initiator to the meltdown was budget problems due to demands for retirement entitlements by well organised former liberation fighters (war-vets) and a costly opportunistic war in DRC. Budget challenges were addressed by monetary easing but that was disrupting the economy (hyperinflation) and resulting into civil unrest. The white farming and business community became politically involved and joined opposition forces.

The ruling ZANU PF party was able to neutralize a part of the challenging forces by allowing, encouraging and facilitating the war vets to take over white farms to buy off their compensation claims resulting in the collapse of the commercial farming sector, the backbone of the economy.

The resulting social crisis is characterised by the decline in housing, health and education and erosion of household incomes leading to an increase in cases of food insecurity and general vulnerability.

2.4 POLITICAL DEVELOPMENT

The Movement for Democratic Change (MDC) was the first political party that was a real threat to the hegemony of ZANU PF. Results of the 2000, 2004 and 2008 elections were not recognised by the International Community as they were marred by violence against the MDC opposition and judged not to be free and fair. After the 2008 elections and under international pressure, the MDC (now split in two separate parties) and ZANU PF started an inclusive government (Government of National Unity – GNU) to begin to rebuild the country.

ZANU PF regained exclusive power again by a land-slide victory in the 2013 elections. The United States, European Union (EU), Australia and others expressed concerns about the credibility of the polls. On the other hand, the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the African Union (AU) endorsed the outcome.

Many international actors want to bring closure to more than 17 years of political crisis in Zimbabwe.

In February 2014 the EU agreed to suspend most restrictive measures on Zimbabwe which were initiated after the political violence in 2000. Only the arms embargo and travel restrictions on Mugabe and his wife were maintained. The subsequent invitation of President Robert Mugabe to attend the fourth EU-Africa summit in Brussels in April 2014 signalled both a response to African pressure and the desire on the part of the EU to normalise relations.

2.5 ECONOMIC DEVELOPMENT

In the past 10 years, Zimbabwe has dominated the headlines for a number of reasons, like the worsening conditions of standard of living of its population, a land reform programme that did not adhere to acceptable norms of transfer of property, a series of contested elections, hyperinflation and a decline in the economy.

2.5.1 Economic Meltdown and Hyperinflation

As indicated above, the economic meltdown began in the late 1990's but increased in intensity in 2000 with the introduction of the Fast Track Land Reform Programme (FTLRP) when the about 4,000 experienced and committed European white commercial farmers were evicted and replaced with mainly inexperienced indigenous farmers, resulting in the collapse of the commercial agriculture value chains. Despite the large increase in the number of farmers, there has been reduced food and cash crop production due to late and poor land preparation because of lack of tillage capacity, unsustainable financing mechanism for the sector and the generally unfavourable macro-economic environment.

As such, the main staple cereals (maize, wheat and sorghum) and the high nutritional value commodities (meat, milk, groundnuts and soya beans as well as oilseeds) have been in short supply.

The government responded with a price control policy on basic food products and the Grain Marketing Board (GMB - parastatal) became the exclusive buyer of any grain produced at set prices. This policy combined with hyperinflation virtually terminated the formal basic food markets as centrally set prices could not catch-up with inflation making basic food crop production, processing, wholesaling and retailing commercially unviable.

Also the cyclical linkages of support and cooperation that have traditionally existed between the rural and urban households that involved cash remittances from urban to rural and grains from rural to urban sector were under severe threat because of the ban on grain trade outside the GMB. The

ultimate result has been 50% reduction in agricultural production. The implications for downstream industries and unemployment have been negative. Zimbabwe's gross domestic product (GDP) shrunk by a cumulative 40% between 1998 and 2006.

It has been associated with the shrinking of industrial activity, and consequent high unemployment rates (estimated to be in the range of 70-80% of the total labour force). The economic decline in turn affected the social reproduction capacities of both urban and rural communities. Formal sector urban employment shrunk from 3.6 million in 2003 to 480,000 in 2008 (Source: Mail and Guardian 18 January 2009) and even those who managed to retain their jobs were in most cases receiving wages below the poverty datum line, mostly eroded by hyper inflationary environment.

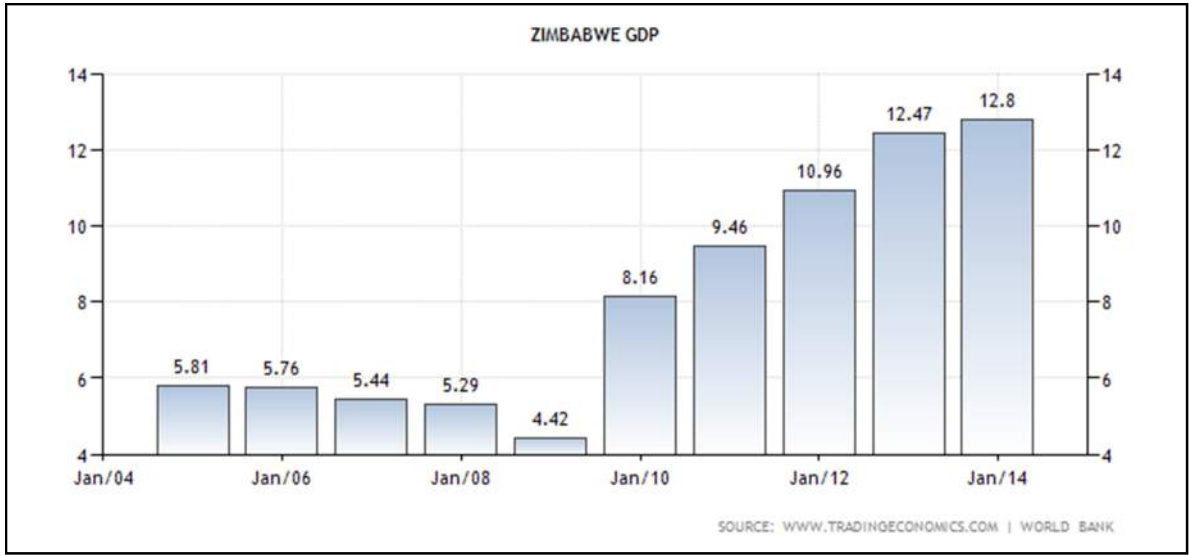
The social crisis is characterised by the decline in housing, health and education and erosion of household incomes leading to an increase in cases of food insecurity and general vulnerability.

In 2008, the economy came to a virtual standstill. Foreign currencies replaced the Zim\$ in day-to-day transactions. In the second half of the year the RBZ found peace with the parallel market and allowed designated shops to accept US\$. On 1 February 2009, the Zim\$ was officially suspended and the multi-currency regime was introduced with the US\$ and ZAR as main currencies. The day before one US\$ bought ZWD 2.55 octillion (255×10^{25}).

2.5.2 Economic Stabilisation

After the introduction of the multi-currency regime and the formation of the GNU, the economy started to stabilize.

Figure 1: Zimbabwe GDP development in the period 2004 – 2014 (in billion US\$)



The economy bottomed out in the year 2009 because of lack of liquidity. Companies had to start from zero balance sheets and had virtually no access to foreign capital. International investors refrained from investing in Zimbabwe because of its poor track record in investment security and followed a sit and wait approach.

Also the Bretton Woods Institutions (IMF, World Bank) did not engage Zimbabwe before certain conditions were met and reforms were taken, including the restructuring of outstanding debt. International Banks operating in Zimbabwe (Barclays, Stanbic and Standard Chartered) did not expand their portfolios because of missing investor guarantees and continued to focus on continuing conserving their operations awaiting better times.

The GDP started to grow rapidly resulting from the continuing cash remittances from the Diaspora abroad which started to contribute to the formal economy and funds flowing from the informal into the formal economy, in particular from mining.

In agriculture, two major crops (tobacco and sugar cane) have shown remarkable recovery in Zimbabwe. Tobacco production fell to a low of 48.7 million kg in 2008 but has recovered significantly to 166.5million kg in 2013 and is projected to surpass the record of 236million kg done in 2000 in the year 2016. Most small scale farmers have moved from cotton to tobacco.

Sugar cane has also recovered significantly in the low-veld due to the entry of new growers. The current manufacturing of ethanol gives it a ready market and good prospects in future.

2.5.3 External Sector

Exports

Zimbabwe’s main exports are tobacco (23 percent of total exports) and nickel (20 percent). Others include: diamonds, platinum, ferrochrome, and gold. Zimbabwe main export partners are: South Africa, China, Congo and Botswana.

During the month of February, exports decreased by 31% to record US\$192.3 million. The decrease in exports has been attributed to the declining productivity. Cumulatively, the exports for the two months stood at US\$470.5 million. Minerals contributed the bulk of exports in the period under review. The Table below shows monthly exports for the period, January to February 2014.

Table 3: Exports: 2013 & 2014 Comparisons

Month	2013	2014
January	279,555,180	278,192,098
February	279,047,033	192,333,567
Total	558,602,213	470,531,567

Source: ZIMSTAT, 2014

Exports bottomed out in April 2014 and have increased afterwards. The figure below presents the export development in the period July 2013 – July 2014.

Figure 3: Zimbabwe exports



Imports

During the month of February, imports declined by 2% from US\$487.5 million to US\$478.4 million. Cumulatively, the imports bill as at February 2014 stood at US\$966.3 million. The decline in imports (especially raw materials and equipment) can be attributed to the low activity in the productive sectors. Foodstuffs, motor vehicles and fuel contributed the bulk of the imports in the month.

The Table below shows monthly imports for the period, January to February 2014.

Table 4: Imports: 2013 & 2014 Comparisons

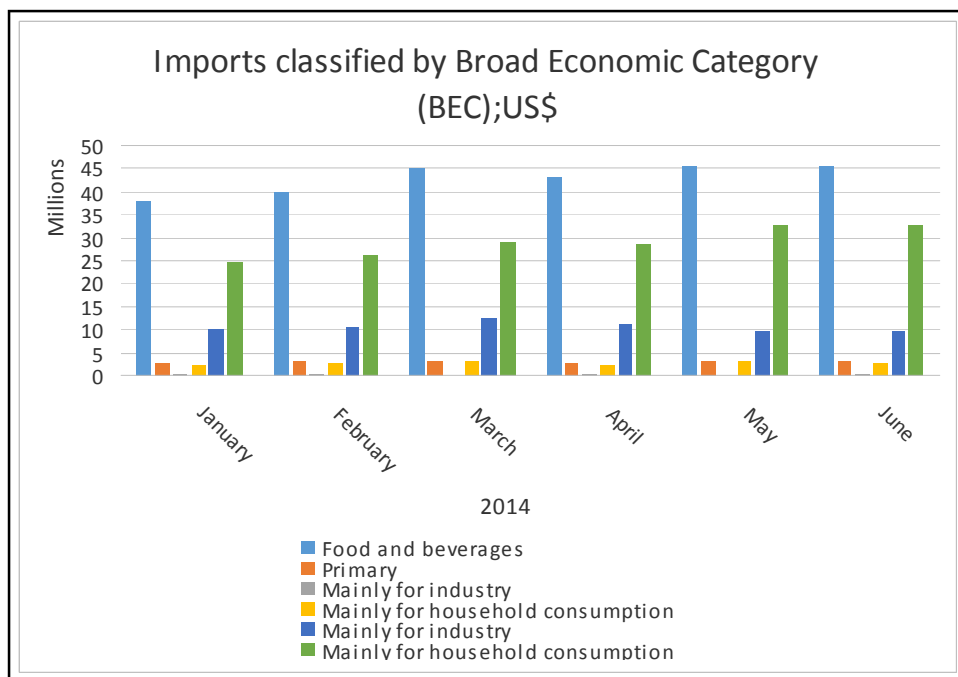
Month	2,013	2014
January	606,712,339	487,521,513
February	499,162,650	478,414,079
Total	1,105,874,989	966,308,062

Source: ZIMSTAT, 2014

The main imported goods are industrial supplies (39.1%); machinery (26.4%); fuels (11.3%); transportation equipment (11.3%) consumer goods (6.8%); food (4.5%); and other (0.6%). Main importing partners are: South Africa, United Kingdom, Germany, Japan, United States, China (incl. Hong Kong), Malawi, Italy, Netherlands and Mozambique.

In the chart on the next page, the consolidated food import figures and figures separated by application are presented for the first half of 2014.

Figure 4: Imports by Economic Category



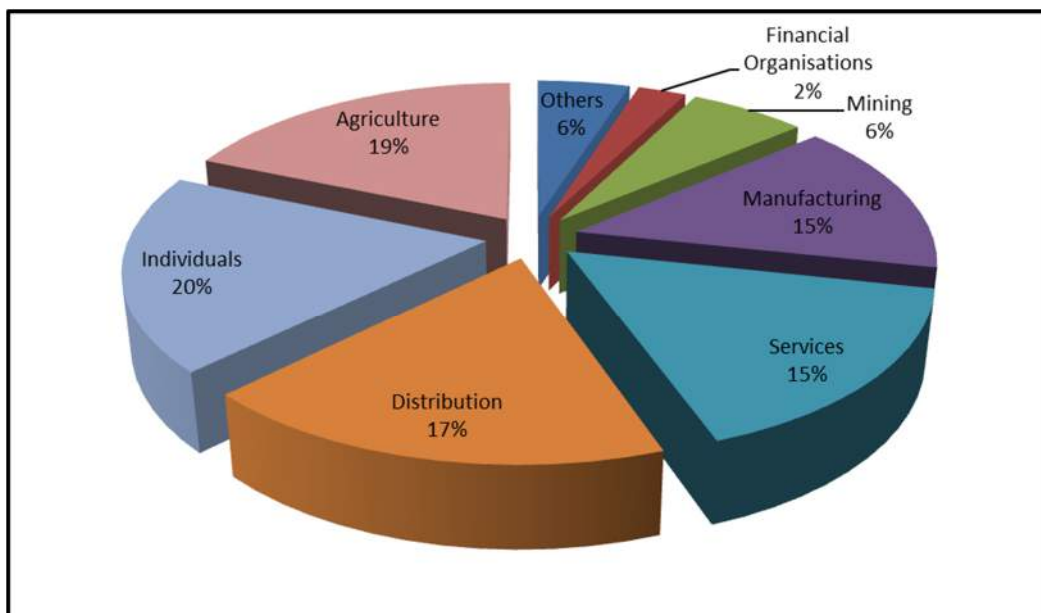
Source: ZimStat 2014

2.5.4 Financial Sector

Loans and Advances

Of the total banking sector loans and advances, individuals, agriculture and distribution were the main beneficiaries, receiving 20%, 19% and 17% respectively.

Figure 5: Distribution of Loans and Advances



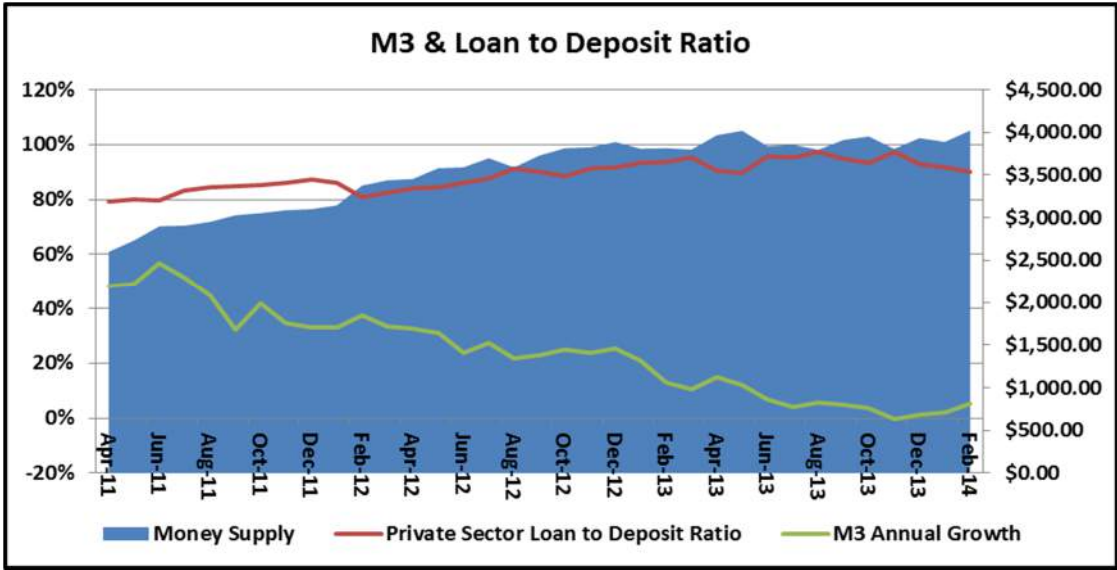
Source: Reserve Bank of Zimbabwe, 2014

During the month of February 2014, loans and advances to the private sector increased by 1.7% from US\$ 3.566 billion in January 2014 to US\$ 3.626 billion in February 2014.

Deposits

The Chart below shows the growth rate in broad money as well as the loan to deposit ratio since 2011.

Figure 6: Broad Money (US\$ Millions)



Source: Reserve Bank of Zimbabwe, 2014

Money supply growth in February 2014 increased by 3.4%, from the US\$ 3.888 billion recorded in January 2014 to US\$ 4.021 billion. On an annualised basis money supply grew moderately by 5.6% compared to 12.91% recorded over the same period last year.

2.5.5 International Economic Relations

Until 1991, Zimbabwe imposed stringent controls on trade, foreign currency flows and the exchange rate. Economic reforms in the area of trade resulted in the abolition of quantitative controls, reduction and harmonization of tariffs and duties, removal of export incentives, phasing out of the import licensing regime, elimination of foreign currency controls, reduction of tariffs and removal of surtax.

Regional

Zimbabwe is part of the SADC and COMESA. All COMESA and SADC countries have been liberalizing their trade and foreign exchange regimes unilaterally under market economic reforms supported by the IMF and the World Bank.

To stimulate trade integration, SADC members in 2000 started to implement a Trade Protocol aimed at establishing a free trade area within eight years from its ratification. In recent years, there has been a marked shift in Zimbabwe’s trade from EU towards SADC, and exports to the region now account for about a 30 percent of Zimbabwe’s total exports, while imports from SADC are over 40 percent of the total import bill.

Zimbabwe supplies a variety of products to SADC, chief among them tobacco, cotton, oil cake and soya beans, maize, live bovine animals, coniferous wood, cotton seeds, light manufactures and imports in exchange fuels, vehicles, explosives, chemicals machinery, plastics, paper and steel.

In November 2000, COMESA launched its free trade area with duties on a wide range of goods reduced to zero. Contrary to Zimbabwe's situation in SADC, trade with COMESA countries is characterized by a huge surplus trade balance that has existed since COMESA was founded.

Zimbabwe's major imports from COMESA include food and live animals, crude materials, manufactures, beverages and tobacco, while its exports are dominated by food products, manufactures, chemicals, transport equipment and machinery.

South Africa is the major trading partner for Zimbabwe, and trade between the two countries grew at a much faster rate in the 1990s following removal of international sanctions imposed on apartheid South Africa. The Trade Agreement between South Africa and Zimbabwe that entered into force on 30 November 1964 accords preferential treatment to goods and services in the form of rebates on duty and duty-free market entry. Some products including textile and clothing are subject to quotas and rules of origin when entering the two markets.

Agreements with Botswana and Namibia are based on the same framework. Goods and services are allowed tariff- and surcharge-free between Zimbabwe and Botswana and between Zimbabwe and Namibia. In each of the two agreements, access of goods and services is subject to a 25 percent minimum local content. Under the Botswana-Zimbabwe agreement, certain classes of textile and clothing products from Botswana are not allowed into Zimbabwe, to reduce competition.

European Union

In the four consecutive years from 1994, Zimbabwe enjoyed a balance of trade surplus in its trade with the EU. Exports to the EU during this period accounted for about 36 percent of the country's total exports and cover both traditional and non-traditional product lines.

Major agricultural export products to the EU were tobacco, cotton, meat products, tree plants, and cut flowers. Under the Convention's Beef and Veal Protocol, Zimbabwe had a preferential tariff quota that allowed it to export 9,100 tonnes of beef into the EU annually. Under the Sugar Protocol, Zimbabwe's preferential tariff quota stood at 30,225 tonnes annually supplemented by a variable Special Preferential Sugar quota. Zimbabwe also benefited from the STABEX fund for supporting export earnings owing to a decline in prices of commodity exports.

Zimbabwe – EU relations deteriorated after 1998 but with the installation of the Inclusive Government started developmental programs aligned with the strategies of the Government.

The decision on the suspension of the appropriate measures on 23 July, 2012 is a significant step in the process towards further normalized relations between the EU and Zimbabwe. The EU has stated that it is looking forward to further deepening relations with Zimbabwe, evolving in the longer term towards a partnership with potentially increasing emphasis on trade and investment. The EU is already the second largest trading partner to Zimbabwe and trade has doubled since 2009, with a large trade surplus for Zimbabwe.

Zim-EBIC

On the 1st of August 2014, the EU inaugurated the Zimbabwe-EU Business Information Centre (Zim-EBIC) at ZimTrade at Mount Pleasant Business Park in Harare. It will assist exporters to easily access EU market information. An important component of Zim-EBIC is a virtual library with databases that include, amongst others, EU-Zimbabwe trade statistics, linkages with EU Chambers of Commerce and information on EU exporters and importers.

2.6 RURAL DEVELOPMENT

Zimbabwe's economy is agriculture based and rural employment comes from agriculture. Agriculture provides market to labour and capital. As major development donors only provide limited funding to governmental development projects, and government itself hardly has money for investments, Non-Governmental Organisations (NGOs) have played a pivotal role in the development of rural areas. The areas covered by these NGOs have been in small holder farmer livestock development, improvement in crop production, inputs availability, conservation farming and nutritional gardens. Various NGOs target organic farming and capacity building that improve the livelihoods of rural people enabling them to improve crop production. After the installation of the Government of National Unity, international development focus has shifted from emergency aid to capacity building and market based solutions promoting entrepreneurship in rural areas.

The Fast Track Land Reform has benefited a number of rural farmers as these have been allocated land and some of them have moved into more lucrative cash crops (tobacco and sugar cane) resulting in improved incomes. However these new farmers have no title deeds and subsequently are depending on government support for inputs.

The Department of Agricultural Technical and Extension Services (AGRITEX) plays a critical role in rural development, with AGRITEX field officers providing agricultural knowledge. AGRITEX collaborates with NGOs and companies contracting smallholder farmers. The challenges faced by farmers have been lack of inputs such as fertilizer, chemicals, and seeds. It has also been difficult to access capital from the banks as these farmers do not have collateral security required by banks.

3 DOING BUSINESS IN ZIMBABWE

3.1 INTRODUCTION

Zimbabwe has a reputation of having a challenging business environment. The country is in the process liberalising its markets and business can import and export relatively freely to other countries. The laws governing business in Zimbabwe have their origin in Roman-Dutch law, borrowing from English law where necessary. Operating and starting a business in Zimbabwe is quite straight forward. The country has signed a Bilateral Investment Promotion and Protection Agreement and a tax treaty with the Netherlands.

It has to be noted that the country is still in the process of recovery from a long economic and political crisis but the government has expressed its ambition to normalise the business and investment climate and some progress has been made. Zimbabwe has the legal framework and infrastructure to enable the creation of a stable business climate.

Even though Dutch owned assets are in theory protected by the BIPPA, in practice most investments related to land have in fact been contested by individuals and groups in Zimbabwe. Although the obligation has been acknowledged by the Zimbabwean government, no compensation has been paid yet for misappropriated land from Dutch investors.

3.2 MARKET ACCESS

Zimbabwe is in the process of liberalising international trade. It is a member of the World Trade Organisation (WTO) and part of the SADC and COMESA free trade areas and signed the Africa-Caribbean-Pacific-EU Cotonou Agreement (ACP-EU).

This agreement provides nonreciprocal tariff preferences to ACP countries. Consequently Zimbabwean exporters have preferential market access to the EU. Zimbabwe closed bilateral trade agreements with neighbouring countries, like Botswana, Namibia, Malawi, Zambia and South Africa.

3.2.1 Economic Partnership Agreement (EPA)

In March 2012, Zimbabwe signed an interim EPA (iEPA) with the EU under the umbrella of the East and Southern African (ESA) regional grouping. This agreement is a framework towards the completion of a comprehensive EPA and already gives Zimbabwe 100% duty and quota free access into the EU market with a transition period for rice and sugar.

Zimbabwe at her turn will liberalize 80% of her imports from the EU by 2022 (45% by 2012 with the remaining 35% of imports being liberalized progressively until 2022). Zimbabwe left out 20% of sensitive products of infant industries as well as products of animal origin, cereals, beverages, paper, plastics and rubber, textiles and clothing, footwear, glass and ceramics, consumer electronics and vehicles.

Overview of Interim Agreements on Trade:

Duty free export of ACP goods to the EU: Since 1st January 2008 all goods originating from an ACP country or region that negotiated an interim EPA have duty free access to EU markets, except for rice and sugar where access to EU markets has been/will be duty free from 2010 and 2015 respectively.

Gradual and controlled elimination of ACP duties on EU goods: The opening up of trade in goods by ACP countries reflects the shared view that the development objectives can best be achieved if trade opening is gradual, asymmetrical and controlled, with enough flexibility to protect sensitive sectors (especially agriculture) and safeguard mechanisms to cope with any unforeseen problems.

ACP tariffs on products considered sensitive to EU imports: These are not being reduced as the ACP were able to make made extensive use of the scope in WTO rules for excluding such products. Typical exclusions cover agricultural products considered key to food security and the income of rural communities, products from industries considered vulnerable and, in some cases, products where import duties provide essential state revenues. Côte d'Ivoire, Ghana, Comoros, Madagascar, Zambia, Zimbabwe and the East African Community countries (Kenya, Tanzania, Uganda, Rwanda, Burundi) all used this flexibility to exclude almost 20% of their EU imports from liberalisation.

Tariffs are reduced over long transition periods: The ACP also made use of the flexibility offered to spread liberalisation over periods up to 25 years to allow their economies to build up competitiveness over the medium and long term. That said, the speed of liberalisation varies.

Rules of Origin: Improvements in Rules of Origin is one of the most important aspects of the EU's EPA market access offer, particularly for LDCs that already have full duty free access under the WTO-compatible Everything But Arms (EBA) scheme.

3.3 CURRENT TRADE TARIFFS

The current structure of applied tariffs is characterized by a three-tier structure with tariffs escalating according to level of processing. Lower tariff rates are applied to raw materials, higher rates for semi-processed products and highest rates for finished industrial products. The actual tariff rate is called the applied tariff rate and is much lower than the bound rates.

Table 5: Zimbabwe's bound and applied tariff schedule on selected agricultural products.

Product	Bound rate (%)	Applied rate (%)
Pepper, crushed or ground	25	15
Vanilla	25	15
Cinnamon and cinnamon tree flower, crushed or ground	25	15
Cloves, crushed or ground	25	15

Product	Bound rate (%)	Applied rate (%)
Nutmeg, crushed or ground	25	15
Rice: semi-milled/wholly milled	25	15
Cocoa butter (fat or oil)	25	15
Cocoa powder, unsweetened	25	15
Essential oils ¹	25	5

Zimbabwe's applied tariffs for imports (including agricultural products) from the COMESA region are either zero-rated or zero. With the implementation of the SADC trade protocol, applied tariffs on imports from the region will also be lower than the applied Most Favoured Nation rates.

3.4 INVESTING IN ZIMBABWE

3.4.1 Investment Modalities

The Principle business entities operating in Zimbabwe fall into the following broad categories:

- Sole proprietorships
- Partnerships
- Co-operatives
- Companies (public or private) incorporated under the Companies Act (Chapter 24:03)
- Foreign branches/representative offices
- Subsidiaries
- Trusts.

3.4.2 Company Formation

The most common business type is the private company. The first step in the formation of a company is to submit a name search for the desired name to be registered. When this is successful this name is generally reserved for a limited period. A company is then registered by filing a Memorandum of Association (Articles of Incorporation) and Articles of Association with the Registrar of companies. The former document lists the company's name, its sphere of business; details of its shares that each subscriber undertakes to take up and a statement to the effect that liabilities of shareholders are limited. The second document regulates the company's internal operations. Registration takes between one and two weeks, if all documentation is in order and the prescribed fees are settled. The Registrar may request additional information with respect to entities restricted by other laws or regulations (for example licensing and qualifications may be requested when registering a Pharmacy). Although registration is not a lengthy process (in case of extreme urgency) an alternative is to purchase a previously registered "shelf" company.

No minimum capital requirements are contained in the companies Act. A fee of US\$5 in each US\$100 of authorised capital is payable with a set minimum. Issued share capital cannot exceed the authorised capital.

¹ Excluding oils of bergamot, lavender, anise, bitter almond and camphor, caraway, cinnamon, cumin, mustard, nutmeg, rosemary, valerian and vanilla in immediate packing's of a content minimum 5 litres/5 kg or other packing's

3.4.3 Foreign Branches

A company incorporated outside of Zimbabwe and having established a place of business within Zimbabwe may carry out its activities as a branch of a foreign company without having to form a separate locally registered company. Setting up a branch requires approval from the Ministry of Justice and registration with the Registrar of Companies.

An investor wishing to use this form of business is required to submit an application to the Minister of Justice with supporting documents at a fee of US\$ 520.

After Minister of Justice's approval, the Registrar of Companies will be given the authority to issue a Branch Registration Certificate. Proper accounting records of transactions in Zimbabwe for intervals not exceeding twelve months must be available within Zimbabwe and annual financial statements must be lodged with the Registrar of Companies. If the foreign company is a holding company, group accounts prepared in accordance with the requirements of the Companies Act also must be submitted.

3.4.4 Foreign Investments

New foreign investment into Zimbabwe requires an Investment License issued by the Zimbabwe Investment Authority (ZIA). A completed application form (ZIA 1) acts as the project proposal. A non-refundable processing fee of US\$500 is paid on submission of the application and if successful US\$2,500 is paid when the license is issued.

ZIA licenses new projects housed through companies or joint ventures. It appears that under the present legislation going through ZIA is not mandatory but it is highly recommended primarily as the Zimbabwe Investment Authority Act offers investors some degree of protection, and this license will enable the ability to remit future profits. It is also anticipated that the regulations may in the future be amended to make registration with ZIA mandatory.

According to the Indigenisation and Economic Empowerment Act, investments requiring an investment licence cannot be done in certain reserved sectors without approval from the Minister responsible for Indigenisation and the Minister responsible for Economic Planning (see also 2.5). Reserved sectors are:

- Agriculture: primary production of food and cash crops;
- Transportation: passenger busses, taxis and car hire services;
- Retail and wholesale trade;
- Barber shops, hairdressing and beauty salons;
- Employment Agencies
- Estate Agencies;
- Valet services;
- Grain milling;
- Bakeries
- Tobacco grading, packaging and processing;
- Advertising agencies;
- Milk processing;
- Provision of local arts and craft, marketing and distribution.

3.4.5 Investor Visa

A person who wishes to establish a business in Zimbabwe through investment must hold a Visa and this can be obtained by:

- Submitting fully completed residence application forms in duplicate;
- A written application letter by the prospective investor stating the project proposal;

- Zimbabwe Investment Authority certificate of approval;
- Certificate of incorporation from the Registrar of companies;
- Local bank statement for the funds transferred;
- Bill of customs clearance papers for the importation of capital equipment.

Investment of over US\$1 million in a project approved by ZIA can qualify the investor for permanent residence on application. Investments of at least US\$300 000 in a sole business venture in a project approved by ZIA will qualify for a residence permit for 3 years at the end of which permanent residence may be granted (US\$ 100,000 for investors with a valid temporary resident permit). Investments of US\$100,000 in a joint venture, approved by ZIA, with a bona fide Zimbabwean partner will qualify for a 3 year residence permit at the end of which permanent residence may be granted. Any foreigner wishing to take up employment in Zimbabwe must first be in possession of a valid work permit. Immigration regulations permit local companies to employ foreigners under temporary work permits. Such permits are issued by the Department of Immigration, at their discretion, upon application by the company, which should provide proof that the requisite skill cannot be sourced locally.

The Department of Immigration has been known to refuse visa on this basis. The foreigner will only be permitted to work within the capacity for which that specific permit was issued. Spouses and minors may reside in Zimbabwe provided that they do not take up employment.

3.4.6 Exchange Control Regulations

Foreign investors and visitors may bring an unlimited amount of foreign currency into the country. Foreign investors may bring equity into the country in the form of cash or machinery and equipment but are not permitted to capitalise as part of equity, raw materials, technical and licensing fees and other services. Repatriation of 100% of the original capital investment and up to 100% dividends from net after tax profit may also be remitted.

3.4.7 Taxation

After incorporation, a company must register with the Zimbabwe Revenue Authority (ZIMRA) within thirty days. Also a tax representative approved by the Commissioner General and answerable for all company tax matters has to be nominated and an address within Zimbabwe for delivery of notices and documents under the Income Tax Act affecting the company has to be provided to ZIMRA.

VAT registration is required for every entity which carries on a taxable activity and whose annual taxable turnover exceeds or is likely to exceed US\$60 000 per annum. Non-resident entities are required to appoint a representative registered operator in Zimbabwe and furnish the Commissioner with the particulars of such representative registered operator.

Zimbabwe has Tax Treaties with Botswana, Bulgaria, Canada, France, Germany, Malaysia, Sweden, United Kingdom, Mauritius, Netherlands, Norway, Poland, Serbia and South Africa.

3.4.8 Finance

Finance is available from commercial banks in Zimbabwe but their interest rates are high (15%-20%) and usually is short term. Collateral security by way of fixed assets is required.

Both foreign and domestic banks operate in Zimbabwe. Major commercial banks in Zimbabwe are: AfrAsia Bank Zimbabwe Ltd, Barclays Bank of Zimbabwe, CABS, CBZ Bank Limited, FBC Bank Limited, Standard Chartered Bank, BancABC Zimbabwe, MBCA Bank Limited, Steward Bank, ZB Bank limited, Stanbic Bank Zimbabwe Ltd, Allied Bank of Zimbabwe, Agricultural Bank of Zimbabwe (Agribank), First Banking Corporation and NMB.

Development aid organisations also provide finance by way of subsidised loan and grants to business operating in the agriculture value chains if pre-defined social impact requirements are met.

The Credit for Agricultural Trade and Expansion (CREATE) Fund was established by SNV Netherlands Development Organisation and HIVOS (also from the Netherlands) to facilitate the raising of capital for lending to commercial agriculture value chain actors in Zimbabwe. The CREATE Fund is managed by the Zimbabwe Agricultural Development Trust (ZADT) and is funded by the Danish International Development Agency (DANIDA) and the UK Department for International Development (DFID). Loans range from US\$ 5,000 to US\$ 200,000. Tenures for working capital loans range from 3 months to 12 months and for capital investments up to 36 months. The facility is implemented by the following banks:

- NMB Bank Limited;
- Steward Bank;
- BancABC;
- FBC Bank Limited.

Loans are provided on a commercial basis with lower interest rates at about 11%.

3.5 INDIGENISATION AND ECONOMIC EMPOWERMENT

The Indigenisation and Economic Empowerment (IEE) Act became operative on 1 March 2010 and states that at least 51% of the shares of every public company and any other business shall be owned by indigenous Zimbabweans with business defined as “any company, association, syndicate or partnership of persons that has for its object the acquisition of gain by the company, association, syndicate or partnership, or by the individual members thereof, whether the business is registered in terms of the Companies Act or otherwise.

The regulations allows for a variance in this regard where it is necessary to achieve other socially or economically desirable objectives. What this actually means has not been well specified so far. Anyway, it will require approval by the Minister of Youth, Indigenisation and Economic Empowerment.

Indigenous Zimbabweans are defined as “any person who, before the 18th April, 1980, was disadvantaged by unfair discrimination on the grounds of his or her race, and any descendant of such person, and includes any company, association, syndicate or partnership of which indigenous Zimbabweans form the majority of the members or hold the controlling interest”.

An obligation is put on every non-indigenous business to notify the extent of present or future compliance. Every non indigenous (i.e. those that are not already 51% owned by indigenous Zimbabweans) business in Zimbabwe with a Net Asset Value of or above USD 500,000 is required to submit a prescribed form (IDG01) together with a provisional indigenisation implementation plan (IIP) to the Minister within 75 days of commencement of business. These obligations extend also to indigenous companies that later cease to be indigenous. For sector rules and regulation we refer to the sector descriptions with their thresholds and obligations of ‘Doing Business in Zimbabwe’ by Deloitte.

The laws applicable to Indigenisation now includes the following of which concerned readers should be fully aware of and where necessary seek advice of their legal counsel are as follows:

- Indigenisation and Economic Empowerment Act Chapter 14:13- Acts 14/2007, 11/2009.
- Indigenisation and Economic Empowerment Act (General) Regulations 2010 – SI 21/2010 amended by SI 116/2010 and 34/2011 and 84/2011.

- Indigenisation and Economic Empowerment Act (General) Regulations 2011 – General Notice 114 of 2011 and General Notice 280 of 2012.
- Indigenisation and Economic Empowerment Act Transfer of Investment Trust 2010- Government Notice 6 of 2010.

It is indicated – but not (yet) included in any Act - by Government that implementation of Zimbabwe's IEE laws and regulations will be undertaken under a sector specific approach that is guided by the following:

Resource Based Investments: In the case of resource based investments, the Zimbabwe contribution is the depleting asset in the form of the in-situ value of the mineral which will be Zimbabwe's contribution to the 51% of the business. The investor who comes with capital, technology and managerial skills to exploit this depleting resource is entitled to 49% of the shareholding.

Other Investments: With respect to the other sectors of the economy, the 51/49% share structure still applies, yet the 51% contribution by the Zimbabwean party is not brought in in the form of natural resources, but by other means of capital.

Where the enterprise does not benefit from a natural resource or raw material derived from Zimbabwe, the business partners in the investment are free to make their own decisions on how and when, within the gazetted framework (being the laws mentioned above), the 51% contribution is to be financed or achieved.

The investor has a privilege of choosing a Zimbabwean partner. Only where this arrangement has failed the government is entitled to assist.

The challenge Zimbabwe has faced relates to perceptions, as well as elements related to interpretations over the application of our Indigenisation policy.

A lot of clarifications are being sought by would be investors on our IEE laws and regulations, this situation will continue to do so due to that Zimbabwe policy makers have not been speaking with one voice on this issue, a development that has tended to create and add to the confusion.

Confusion on over IEE seems to be emanating from the process rather than the Law. (*Ministry of Youth, Indigenisation and Economic Empowerment 2014*)

3.6 ENABLING BUSINESS ENVIRONMENT TO ATTRACT FDI

In April 2014 the Government organised a workshop to re-establishment of Special Economic Zones [SEZs] in Zimbabwe. These zones, according to the Government, will be designated geographical regions where enterprises can be established operating under special regulations; the zones are intended to enhance competitiveness and job creation and promote foreign direct investment in Zimbabwe.

The stated purpose of the workshop is to bring together Ministers, Parliamentarians, senior civil servants, parastatals, bankers, industrialists, diplomats, academics, representatives of the private sector, investors, the media, and international experts on the development of SEZs. According to a statement posted on the Government website, the Government has decided that SEZs are a way to encourage exports and foreign exchange earnings while addressing the massive unemployment rate, broadening the economic base and attracting development and new technologies.

This is not be the first time that the Government has turned to SEZs as a means to attract investment and accelerate the economy out of stagnation. At first, SEZs were established under the Income Tax Act; they were then called Export Processing Zones [EPZs]. Exporters who operated within them were given tax exemptions but otherwise they enjoyed, no special exemptions from the ordinary laws of Zimbabwe.

Later, in 1995, the Export Processing Zones Act was promulgated which established a parastatal authority responsible for establishing export processing zones, attracting investment to the zones, and issuing licences for businesses to operate within them.

In 2007 the Export Processing Zones Act was repealed by the Zimbabwe Investment Authority Act, though industries that were licensed to operate in the zones continued to enjoy certain tax advantages.

The Act did encourage economic development. According to a paper quoted on the Government website, by 2004 projects in export processing zones had created over 32 ,000 jobs and US\$172 million worth of investments.

The only feasible way out of Zimbabwe’s dire economic straits, in particular its very high rate of unemployment, is to encourage economic activity by increasing national production and productivity, and this in turn requires investment which must come from foreign sources. Government has recognised this by its renewed interest in SEZs.

For SEZs to be effective, the following conditions should be met:

- Excellent infrastructure must be provided within the zones;
- Involvement of the private sector in developing the zones should be encouraged;
- The zones must have close links with the rest of the country’s economy;
- Setting up business in a SEZ should be as simple as possible;
- They should be seen as pilot projects to try out reforms;
- The regulatory regime must be clear and secure.

It is open to doubt whether the Government of Zimbabwe will be able to meet all, or indeed any, of these.

3.7 BUSINESS ENVIRONMENT ASSESSMENT

The World Bank ranks the Zimbabwean business climate 170 out of 189 countries in its Doing Business 2014 reports (<http://www.doingbusiness.org>). The regional average for Sub-Saharan Africa is 142 and in the Southern African, only Angola has a lower score. The table on the next page shows the ranking of Zimbabwe at 10 business indicators.

Table 6: Rank of Zimbabwe amongst 189 countries at ten business indicators

Indicator	Rank
Starting a business	150
Getting electricity	157
Registration of property	93

Dealing with construction permits	170
Resolving insolvency	156
Cross border trading	167
Getting credit	109
Investor protection	128
Paying taxes	142
Enforcing contracts	118

Source: World Bank 2013

Zimbabwe has a poor track record respecting property rights which was demonstrated by the FTLRP which started in 2000. All commercial agricultural land was nationalised and non-indigenous Zimbabwean (usually with European descents) were forced to leave their farms, often with intimidation.

So far government refuses to compensate displaced farmers for the loss of land but has indicated to be willing to negotiate to compensate for loss of investments in farm improvements. It is unknown whether or when this will materialize.

A number of the nationalised farms were foreign owned and some were protected by BIPPAs. However, in order to claim protection from international investment treaties, these farmers had to appeal to international arbitrary tribunals themselves which is a lengthy and complex process. Nevertheless different farmers successfully could claim compensation. For example, a group of Dutch farm owners successfully claimed compensation after turning to the International Centre for Settlement of Investment Disputes (ICSID). So far the government of Zimbabwe has been reluctant to fulfil its payment obligations and prefers to have it accumulated with interest penalties.

Foreign investors are advised to submit their investment plans to the ZIA. However in the past it has been reported that ZIA refused investment plans on their merits but handed over the investment plans to better connected investors for implementation. It has been verified that this was not the case under the current ZIA management.

Two companies interviewed exporting horticulture products and flowers reported violent and lasting attempt to take over their operations by well connected (former) politicians. Both companies managed to fend these attempts off by way of using their own networks. These incidents have resulted in significant loss of revenue (up to one year).

Below the results of a SWOT analysis of the Zimbabwean business climate are presented.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Agricultural wealth: ideal for producing maize, tobacco, cotton, and wool; • High literacy rate; • Availability of agricultural expertise. Former commercial farmers operating as consultants; • Legal system based on Roman-Dutch law and English law; 	<ul style="list-style-type: none"> • Indigenisation act not yet transparent; • Uncertainty about future commercial land rights; • Lack and high cost of finance; • Poor domestic markets; • [Food insecurity owing to] low productivity, low investment, as well as climate change induced droughts and

<ul style="list-style-type: none"> • English speaking; • Road infrastructure; • Stable monetary and limited currency fluctuation because of use of US\$ and ZAR; • Location of key farming areas in relation with infrastructure. • Commercial farms can be reactivated without too much land clearing required; • Basic irrigation infrastructure still available (land of 40,000 dams); • Low crime rates. 	<p>erratic rainfall distribution pattern;</p> <ul style="list-style-type: none"> • Lack of industry competitiveness due to obsolete equipment and outdated technology; • Under-investment in education and infrastructures, especially energy; • Lack of transparency and accountability in the exploitation of mineral resources; • Widening current account deficit due to faster growth of imports than exports leading to haemorrhaging of the economy.
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Below the major risks on doing business in Zimbabwe and the corresponding mitigation policies are presented.

Risks	Mitigation policies
<ul style="list-style-type: none"> • Financial sector vulnerabilities stemming from weak governance, low interbank market activity, high non-performing loans (15.9% on average), low capitalisation and poor asset quality in several banks; 	<ul style="list-style-type: none"> • Reaffirmation of the use of Multiple Currency System; • Introduction of other foreign currencies; • Development Banks inject capital in the commercial banking system, including FMO. • DANIDA and DfID inject capital in the commercial banking system through the Create Funds. Banks working with the Create Fund receive Technical Assistance; <p>Reengagement with AfDB, World Bank and IMF result in capital injection and capacity building of Reserve Bank of Zimbabwe and commercial banks.</p>
<ul style="list-style-type: none"> • Widening current account deficit due to faster growth of imports than exports. 	<ul style="list-style-type: none"> • Tax Incentives to value addition in current exports; • Imports management without compromising the objectives of re-tooling and ensuring the availability of essential imports.
<ul style="list-style-type: none"> • Low yields in both crop production and animal husbandry 	<ul style="list-style-type: none"> • Irrigation development; • Timely availability of affordable financing; • Research and extension services; • Agricultural training and skills development; • Agricultural mechanisation; • Viable and accessible marketing arrangements.

Risks	Mitigation policies
<ul style="list-style-type: none"> Attempts to take over agricultural land and production equipment 	<ul style="list-style-type: none"> BIPPA (not always respected) Networking
<ul style="list-style-type: none"> Political uncertainties 	<ul style="list-style-type: none"> Acceptance of the 2013 elections by SADCC, AU, COMESA and UN EU's lifting of art.96

3.8 CONCLUSIONS

Zimbabwe is recovering from a serious political and economic crisis which bottomed out in 2008. With an aging single ruler without a clear path for succession and different factions within the ruling party positioning for the day after the political situation still is unstable. The business climate definitely is high risk with limited formal business and investment protection. The judiciary is highly politically compromised, although one that still makes periodic rulings against the government, often on technical grounds.

On the other hand Zimbabwe is an US\$ based economy reducing exchange rate risks and expatriation of dividends is fairly easy. The banking system is functional and major international banks are represented in the country as well as international accountancy firms. Domestic business is not competitive because of high cost of finance.

The Zimbabwean labour code is unfavourable to employers with aggressive labour unions. It has been reported that employees with fixed term contracts successfully claimed severance payment after contract expiration. Companies interviewed indicate that the Zimbabwean hiring and firing practice is a business risk and prefer to work with contractors instead of employing and limit employment to a core team.

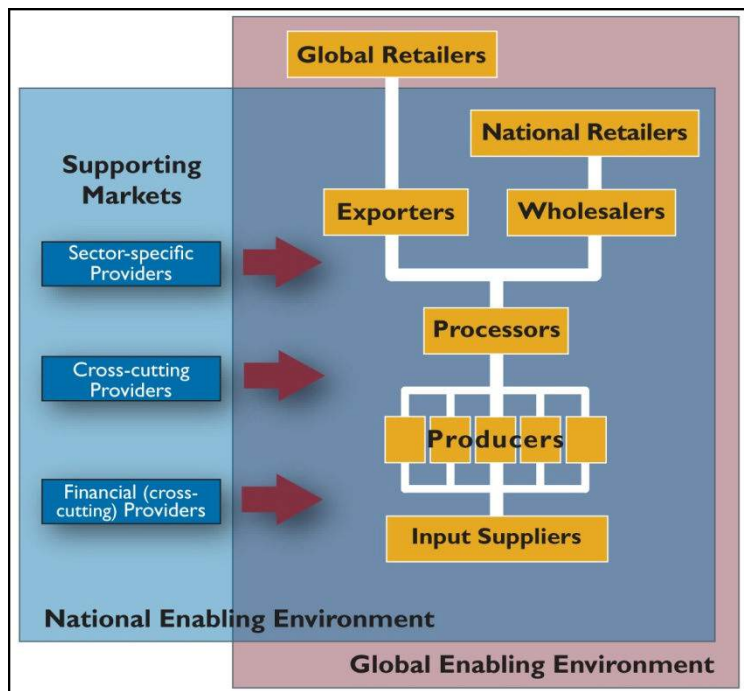
4 ZIMBABWEAN AGRIBUSINESS SECTOR

4.1 INTRODUCTION

In this chapter the value chains of the agriculture sector in Zimbabwe are explained. Also the most important and/or business wise promising value chains are presented. In the following chapters, these value chains are explained in more detail.

A value chain is described as the various stages of a production process. Within the agricultural sector, these stages include input supply, production, processing and marketing, retailing and consumption.

Figure 7: value chain model and various levels



Source: ACDI/VOCA

Actors along a value chain often move beyond spot market transactions to establish relations with each other through contracts, vertical integration, alliances, and other forms of coordination. These relations can cover a multitude of arrangements for production, processing, and logistics. The benefits that are usually sought from stronger linkages include improved access to inputs, technology, information, markets, and capital.

The strength of relations within the value chain is determined by the trade-off between the economic incentives associated with stronger relationships and the costs of losing.

The value chain approach allows distinctions among various categories of actors in the value chain, namely:

- Chain actors who are directly involved in the transactions;
- External actors or networks that provide services, expertise, and exert influence;
- Excluded actors, who by force or by choice are no longer active in the chain;
- Non-participants, who never participated in the chain due to lack of interest or capacity.

4.2 INPUT SUPPLIERS

4.2.1 Fertilizers and Crop Chemicals

The fertilizer and chemical industry has a strong impact on the manufacturing sector's performance and the Zimbabwean economy in general, by virtue of it being one of the key drivers of the agricultural sector, which in turn is the main source of the country's industrial sector inputs. Currently about 32% of fertilizer and chemicals supplies is produced locally, while about 68% are imports. Zimbabwe has a well-developed fertilizer industry whose ownership structure is cross linked.

Fertilisers and technical services on crop nutrition are supplied by companies like ZFC, Windmill, Omni, Proffer, Superfast, Farmers World, Bayer, Green Yard, Agricore, Prime Crop Protection, Prime Seeds, Avanos Seeds, National Tested Seeds and a host of new, upcoming and smaller players.

Suppliers of agrochemical and technical services on plant protection include: ZFC, Agricura, Windmill, Pivotal, Curechem, Polachem, Intercrop, Citchem and Technical Services Africa.

Aerial application of crop inputs (fertiliser & chemicals), is provided by AgricAir Pvt Ltd, operating from Charles Prince Airport. Aerial application was common before the FTLRP. Zimbabwe has 196 airports (CIA World Factbook 2013), most unpaved and many commercial farms also had airstrips. In its heydays, AgricAir was operating 23 crop planes. The need for aerial application is high and it is reported that A2 farmers are experimenting with ultra-light planes for input applications which is against CAAZ (Civil Aviation Authority of Zimbabwe) regulations.

The aerial application has various advantages in comparison with land application and is common at the well managed large sugar estates in the Southern part of the country. Aerial application has the following advantages:

- On spot timely application possible;
- Less soil texture disturbances and compaction;
- Savings on land transport and storage costs which are significant taking into consideration the long distances and poor quality of the (rural) road system;
- No need to store inputs close to the fields reducing input diversion and theft.

4.2.2 Irrigation Development

While over 550,000 ha of Zimbabwe's land is irrigable, only 33.6% or 200,000 ha is under irrigation development, with a significant number of the irrigation schemes non-functional. This, therefore, means that the country continues to experience underutilisation of existing water storages.

Accordingly, the 2014 National Budget prioritises rehabilitation and of all those idle irrigation schemes, while gradually putting on board those identified and planned new schemes in all the Provinces.

In this regard, the Government has proposed a budget allocation of US\$9.4 million to target the rehabilitation of communal irrigation schemes to ensure that some of these idle investments start to be utilised. (At the moment of writing this report, it is not clear whether the Government actually released the budgeted funds for this purpose).

4.2.3 Land Mechanisation

Land mechanisation equipment can be classified into tractor drawn and animal drawn equipment. Tractor drawn equipment can generally be classified according to its uses on the field as follows:

	Uses	Type of equipment
1.	Land preparation/soil working	Ploughs, tillers, harrows, ridgers, rippers
2.	Planting equipment	Seed drills, fertiliser spreader, planters, seeders
3.	Equipment for fertilising and pest control	Fertiliser spreaders, sprayers (knapsack), cultivators with top dressing unit
4.	Harvesting equipment	Combine harvesters, potato diggers, grain threshers, etc.
5.	Transport equipment	trailers

Animal drawn equipment is equipment that is drawn using oxen or donkey draught power and includes ploughs, harrows, cultivators and scotch carts among others. Other products in the sector include irrigation equipment and pipes, hammer mills, hand implements including hoes and sickles.

Main players are William Bain & Co., AgVenture, Hastt Zimbabwe, Zimplow, Sabata Holdings, Brown Engineering, Munted Tractors and Farnec.

Arable areas in Zimbabwe are now predominately cultivated by smallholdings (communal and A1 farmers), which vary between 2 to 5 hectares. These are too small for tractor mechanisation other than organised groups using land preparation services by large tractors and implements. For this reason small land preparation mechanise units have been introduced for the individual smallholder grower, improving land preparation and general cultivation techniques, resulting in timely planting, increased yields and product quality. These mechanisation units are more suitable for Zimbabwe's present smallholder farmers, where big tractors and large implement programs have utterly failed and where most farmers still use hand power to cultivate their fields.

4.3 PRODUCERS

The Zimbabwean agricultural system is dual in nature, comprising large-scale commercial farms which were historically owned by minority white settlers while the black majority occupied the smallholder farms.

In 1980, over 15 million hectares was devoted to large scale commercial farming comprising around 6,000 farmers, nearly all of them white. This fell to around 12million hectares by 1999 through a land reform and resettlement programme largely funded by the British Government under the terms of the Lancaster House Agreement. Meanwhile, smallholders moved from subsistence farming to commercial producers of a number of key agricultural enterprises through various policy shifts and agricultural restructuring measures.

4.3.1 A2 and A1 Farmers

In the year 2000, the government embarked on a Fast Track Land Reform Programme (FTLRP) replacing almost all remaining 4,000 commercial white farmers with A1 farmer schemes focusing on small holder production (average size: 37ha) and A2 farmer schemes focusing on commercial production at a larger scale (average 318 ha). The total number of A1 farmers currently is just over 145,000 farmers while there are about 16,000 A2 farmers. The FTLRP was implemented chaotically and replaced commercial white farmers were not compensated. Currently A2 Farmers control 10% and A1 farmers 19% of the agricultural land of Zimbabwe (Ruzivo Trust Factsheet, 2013).

4.3.2 Old Resettlement Farmers

Currently 12% of Zimbabwe farmland is controlled by Old Resettlement farmers, these usually are indigenous farmers who bought out white commercial farmers (often funded from the Lancaster House Agreement) or who purchased land before independence. Currently 12% of Zimbabwean farmland is controlled by old resettlement farmers (Ruzivo Trust Factsheet, 2013).

4.3.3 Smallholder Farmers

Zimbabwe smallholder agriculture was based on a wide range of food crops for balanced nutrition and risk aversion. Usually the crops consisted of sorghum, maize, groundnuts, sweet potatoes, cowpeas, pumpkins, melons, finger millet, and rice. After the FTRLRP, most small holder farmers shifted from producing traditional crops such as maize and wheat to more drought resistant crops and cash crops.

The main influence in this has been the result of advocacy efforts by donor agencies encouraging the production of small grain crops such as millet and sorghum. Furthermore, government's marketing and pricing policies encouraged the commercialisation of smallholder production and also developing aid organisation shifted towards the promotion of market based development solutions. For example, companies are provided with subsidised loans and grants when contracting smallholder farmers. Also smallholder farmers were trained engaging contract farming schemes. The collapse of the commercial farming sector also contributed to increasing demand for smallholder producing. Consequently there has been a dramatic increase in the output of cotton, burley tobacco and groundnuts among smallholder producers after the introduction of the multicurrency system.

Traditionally cotton has been a small-holder crop. On the other hand, smallholder farmers started producing tobacco large scale only recently. By now tobacco is by far the most important crop produced by smallholder farmers.

It is estimated that currently 92 per cent of the 5.3 million cattle in the country are owned by smallholder farmers, mainly in the dry areas of the country. Smallholder farmer control 55% of usually more marginal farmland (Ruzivo Trust Factsheet, 2013).

4.3.4 Large Scale Farms

Finally, 10% of Zimbabwean farmland is controlled by large scale producers (Source: Ruzivo Trust Factsheet, 2013), often (partly) foreign owned and protected by investor protection treaties. Examples are Triangle Estate (sugar cane), Forester Estates (tobacco), Mazowe Estates (citrus), and Ariston (tea).

4.4 PROCESSORS

The food, beverages and tobacco processing sector was well established and highly diverse in Zimbabwe with the domestic agricultural sector providing 60% of its raw material requirements. The food sub sector is very broad consisting of cane, oil seeds, grains, vegetables, meat production and processing. This sector has operations which run from small, medium to large scale.

Major milling companies include: Blue Ribbon, National Foods, Victoria Foods, Grain Marketing Board and Premier Milling. Main products are; wheat flour biscuits, maize-meal, salt, sugar beans, rice and vegetable oils.

After the decline in agricultural output because of the FTLRP the sector has been in arrears. Exemptions are Delta Beverages (subsidiary of SAB Miller and ZSE listed) and virtually controlling the beers and beverage markets, National Foods (ZSE listed and part of Innscor, also ZSE listed) and the tobacco processing companies.

Most of the beef produced in the country is marketed with minimal processing and value addition. All canned beef available on the market is imported.

It is the Government's intention to put in place tariff structures that promote the recovery of the local food processing industry through levying customs duties on all imported non basic food stuffs and exempt local food manufacturers from paying duties for raw materials and packaging irrespective of the country of origin. This should have the consequences that the pricing mechanisms will be favourable for the local manufacturers but for products not being manufactured in Zimbabwe will result in that the consumer has to pay the price for these higher taxed imports and their availability on the shelves.

4.5 MARKETS

4.5.1 National Retailers and Wholesalers

Three supermarket chains dominate the retail sector in Zimbabwe: TM (owned by Meikles Africa Group and Pick n' Pay South Africa), Spar (operated by Inncor Africa and Spar South Africa, and the OK Group (OK, Bon Marche, OK Express and Pax Cash and Carry), operated by Delta Corporation.

Given the transformation brought by the land reform programme in Zimbabwe, the existence of numerous small to medium scale farmers entail fundamental changes in the relationship between farmers and retailers. In fact, the rapid changes in many rural supply chains mean that these growers need to change how they do business. For the retailers, it means switching marketing channels, through going to the growers or growers groups. For the farmers, it means investing in organizational arrangements that enable them to have access to growing market niches.

4.5.2 Informal Markets

Smallholder farmers have the option of selling their produce either through the corporate or informal market systems. However, it generally shows that the conditions for marketing set within each system heavily influence the ultimate marketing decision made by the producers.

The corporate retail markets emphasis on quality and consistency in meeting demand usually leaves the farmers with limited chances of pushing their fresh produce through to them. Consequently, they turn to the informal markets which are supply driven with minimal emphasis on quality.

- Small-scale growers usually sell their produce at farm-gate level, where middlemen and retailers come with their own transport to buy produce on demand;
- A small number of smallholder growers sell by the roadside. This is attributed to the long distances to the main roads, which would serve as potential profitable sites for the farmer's produce as well as that they do not have adequate transportation for their produce to sell by their roadside so they prefer selling at the farm-gate to hawkers who then sell at such points. For those that sell by the roadside, it is because their plots are located relatively close to or along the road thereby necessitating roadside marketing;
- At open air markets, each producer bears sole responsibility for transporting produce, advertising it and finding customers, and seeking market information for the day to guide in bargaining for a fair price. The Mbare Musika is the largest fresh fruit & vegetable market in Zimbabwe and tends to be a price determinant for other distant markets. Mbare Musika is the first port of call for many producers and middlepersons who bring their produce to Harare. In terms of operation, the market is controlled by many players, with the City of Harare providing space and infrastructure for the selling of the vegetables.

4.5.3 Exporters and Global Traders

Zimbabwe has a state of the art 4,500m² Freight and Handling facility at Harare International Airport which is equipped with blast freezers, vacuum coolers and scissor lifts. This facility was built in the late 90s to cater for the huge volumes (600 - 650 tonnes per week) of outgoing flowers, vegetables and fruits at that time. Currently this facility is underutilised as the exports have fallen to around 150 – 170 tonnes per week. Most of fresh cut flowers and fresh produce from Zimbabwe are still going to Europe via KLM freighters and Emirates which is managed by the local KLM Agent in Harare. KLM Freighters are coming in three times per week a (Monday, Wednesday and Friday) and Emirates twice (Friday and Saturday). All uplift from Harare International Airport by KLM is co-loaded with freight from Nairobi. Air cargo handler is Harare International ground Handling Service (AGS).

All handling of export flowers vegetables, other produce and hides is being done by the following Agents: FX Logistics, Jacana, Barefoot and Rollex.

4.6 NATIONAL ENABLING ENVIRONMENT

Agriculture today is becoming a key, world-wide, security issue, which means it requires an understanding of current realities and future trends in the structure and magnitude of effective supply and demand for agricultural products. In this regard, government has a role to play, and clearly is central to agricultural policy reforms and market restructuring processes. Therefore putting in place institutional, legal and financial frameworks that deal with private investment in agribusiness and agro-industrial enterprises especially is critical.

Zimbabwe has a long history of strong governmental interference with agriculture which contributed to a flourishing agricultural sector - commercial and smallholder. Agriculture also has been politicised cumulating in the FTLRP in 2000. The resulting land ownership insecurity stopped financial investors from investing in the agriculture sector.

Currently the government is in the process defining an improved regulatory framework defining agricultural land use conditions but this also causes unrest within the new resettled A1 and A2 farmers fearing losing their newly acquired farms and subsequently stopping them from developing these farms.

The political and economic crisis had a negative effect on the capacity of the government to develop and implement appropriate agricultural policies. For example, the lack of effective enforcement of SPS (Sanitary and Phytosanitary Standards) standards resulted in poor quality grain commodities, emanating from the prevalence of substandard commodities on the grain markets, which at times makes the domestic supply base less competitive than higher quality grain imports. Sanitary and Phytosanitary protocols are more pronounced within the horticultural value chain because as unprocessed food, fresh fruit and vegetables can pose risk to human health. Furthermore, the trade of fresh produce can potentially spread plant diseases that can cause major economic damage.

In general there are inadequate legal instruments to protect the contracting parties related to their contract farming agreements. Given that a lot of the farming in Zimbabwe occurs under contract, the regulatory and legal framework governing those entering into contractual farming has been very weak, which has always resulted in unfair business practices under the contracts but also breach of contract by growers through side-marketing. There is need to put in place a strong legal framework to monitor contractual activities and obligations to protect both contractor and grower. The setting up (2011) of the Agricultural Marketing Authority (AMA) is the first step in the right direction with its broad mandate to regulate the participation in production, buying and processing of agricultural products.

4.7 SUPPORTING MARKETS

Supporting markets for the agriculture sector were impacted by the reform of the sector. Basic business services still are operational but the domestic banking sector virtually stopped activities in agriculture. Donor supported activities replaced some supporting market functions and primarily are targeting smallholder development, market linkage development and only operate on a limited basis in the sector.

4.7.1 Knowledge Institutions

The current wave of globalisation has contributed significantly to the economic growth, but this growth is not proportionally distributed throughout the nations. A lot of people still cannot afford the mere basics for sustenance. Poverty is reflected in various ways ranging from lack of purchasing power, ill health, political influence, economic dislocation and resort to violence.

The quest for better resource benefit has, in some instances, caused traditional human societies to break-up. Numerous customs expressions and languages are vanishing. Global awareness of these problems and their recognition by government is increasing. This has resulted in a number of initiatives by the various knowledge institutions in Zimbabwe (see overview in Annex 1) on biodiversity, desertification, water and climate changes. Knowledge institutions and universities are appropriately placed to bring about awareness on the value of the earth's ecosystem and the recognition that knowledge and traditional cultures may contain key characteristics to meet the local and global challenge of bio-cultural sustainability.

4.7.2 Business and Financial Support

Business support is provided through a basic support network. A number of replaced experienced commercial farmers now utilize their expertise as agricultural management consultants.

Various donor supported initiatives also provide business and financial support to agri-business after meeting pro-poor criteria:

The **Zimbabwe Agricultural Development Trust (ZADT)** was created on the 5th of October 2010 by SNV Netherlands Development Organisation and Humanistic Institute for Development Cooperation (HIVOS) for the primary purpose of contributing to the recovery and improvement of the smallholder farming sector and improve the food security and incomes of rural households in Zimbabwe. ZADT is a non-profit oriented organisation.

Also in 2010, ZADT launched the Credit for Agricultural Trade and Expansion (CREATE) fund with funding from DANIDA and DfID and has been providing loan capital to banks that on-lend to value chain actors who have direct linkages with smallholder farmers. The fund is for value chain actors operating under input, output and processing windows in the agricultural sectors.

TechnoServe is running **Agro Initiative Zimbabwe**, a national business plan competition. The program supports promising ideas in agriculture by awarding capital prizes and technical assistance to small- and medium-sized businesses that include smallholder farmers in their supply chains and can serve as models for the broader industry.

4.8 MAIN AGRICULTURAL SECTORS AND SUB-SECTORS

The following agricultural sectors and sub-sectors are described in more detail through the value chains approach:

- Grain crops: Maize and Wheat;
- Tuber crops: Potatoes and Cassava;
- Oil seeds: Soya bean and Cotton
- Horticulture

- Livestock: Cattle and Dairy, Poultry and Eggs, Aquaculture.

5 GRAIN CROPS

5.1 INTRODUCTION

Until 2009, the Government controlled all agricultural food commodities. With the freeing up of the Sector it allowed a massive increase in the number of millers and traders. In the table below the national production figures for all agricultural commodities from 2004/05 season to date are presented.

Table 6: National Production figures for the grain and cereal commodities 2004/05 season to date (2013/14 projected)

Grains and Cereals	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Maize	75,000	94,500	69,700	41,010	78,125	81,925	89,500	83,300	79,800	105,000
Wheat	13,400	17,020	6,455	2,455	1,805	1,130	2,600	2,200	2,000	1,400
Sorghum	1'100	10,840	8,150	11,300	11,350	7,360	5,054	6,470	7,600	10,500
Barley	4,300	5,350	3,200	2,450	3,315	4,050	3,000	3,500	4,400	4,400
Millets	3060	7230	4990	5500	4332	5090	3610	4370	4300	4500

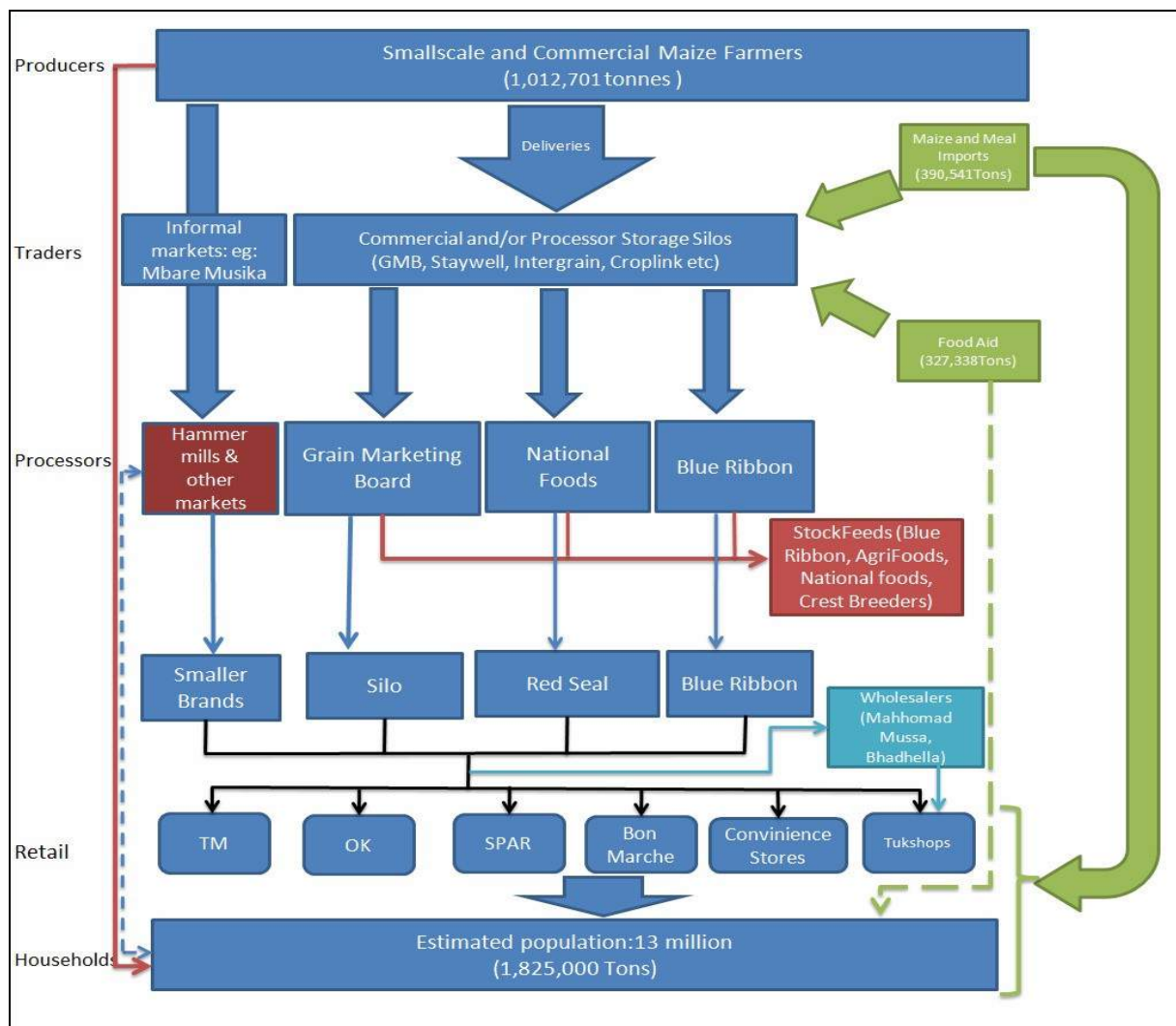
Source: CFU 2014

5.2 MAIZE

Maize is the staple food of Zimbabwe. From 2009 until 2014, government liberalized the market and the Grain Marketing Board (GMB) became the buyer of last resort. In May this year, Government has stopped this and so far all maize has to be delivered and paid for by the GMB. Farmer income protection is being the main issue here but it will have a knock on effect on increasing the price of maize meal, Zimbabwe's main staple food, by a considerable margin to an already financial struggling consumer's populace.

World prices are as low as US\$145 (Chicago Board of Trade) at the moment and the South African maize price is close to this and is currently sitting at US\$ 180/ton (set by market pricing dynamics in SA), a far cry from the Zimbabwean maize price set by Government of US\$390/ton for the 2014 season.

The diagram below follows through the entire value chain for maize, with the enablers of research, technology, processing, equipment, funding and consumers.



5.2.1 Markets

The deregulation of grain trade in 2009 led to the emergence of key private players in the storage and trade sectors. Since the formal private grain storage and trade sector seems not yet fully developed, there are however some key players that have been moving, storing and trading large volumes of grain over the past few years. The following table is a more recent estimate of the medium to large millers in operation and also the livestock off-takers.

Table 7: Approximate tonnages of maize used by the larger milling Companies (May 2014)

Competitors Tonnages Maize Supply	Annual Maize Off take	Annual Milling Capacity	Toll Milling
National Limited Foods	375,000	275,000	

Competitors Tonnes Maize Supply	Annual Maize Off take	Annual Milling Capacity	Toll Milling
ProFeeds	90,000	24,000	
Central Milling		24,000	
Blue Ribbon		24,000	
Metro Peach		12,000	
Shumba Milling	100,000	36,000	12,000
Mhuga Foods		20,000	
Grain Marketing Board		70,000	
Gutsa Milling		12,000	

Maize Off takers:			
Delta Holdings	100,000		
CCC Pigs	12,500		
Irvines Chickens	60,000		
Novatek	9,000		
Bhadellas			(estimate) 12,000
Northern Farming			(estimate) 21,000
Premier milling	9,000		
Various	100,000		
Total	855,500	497,000	45,000

Source: Kennaird 2014

5.2.2 Processors and Traders

Zimbabwe's grain storage industry has been dominated by a pervasive GMB monopoly that emanated from the controlled marketing of maize and other grain commodities. In the 1980's, a country-wide network of silos was established as part of an expansion drive that was meant to absorb the previously marginalized communal farmers into mainstream grain markets. This established infrastructure has ensured the dominance of the GMB in grain storage. Currently, the nation's total storage capacity is estimated at 5 million ton, much of which is not being used. The silo grain storage consists of 10 main depots, with bulk grain being stored in grain complexes with a total storing capacity of 733,500 ton; while bagged grain can be stored at all depots on hard stands and in sheds with a capacity of up to 4,266,500 ton.

5.2.3 Producers

Productivity in the maize sector has been poor and uncompetitive and over the past five years the national average yield has been below half a ton per hectare. These have been attributed to several factors which include:

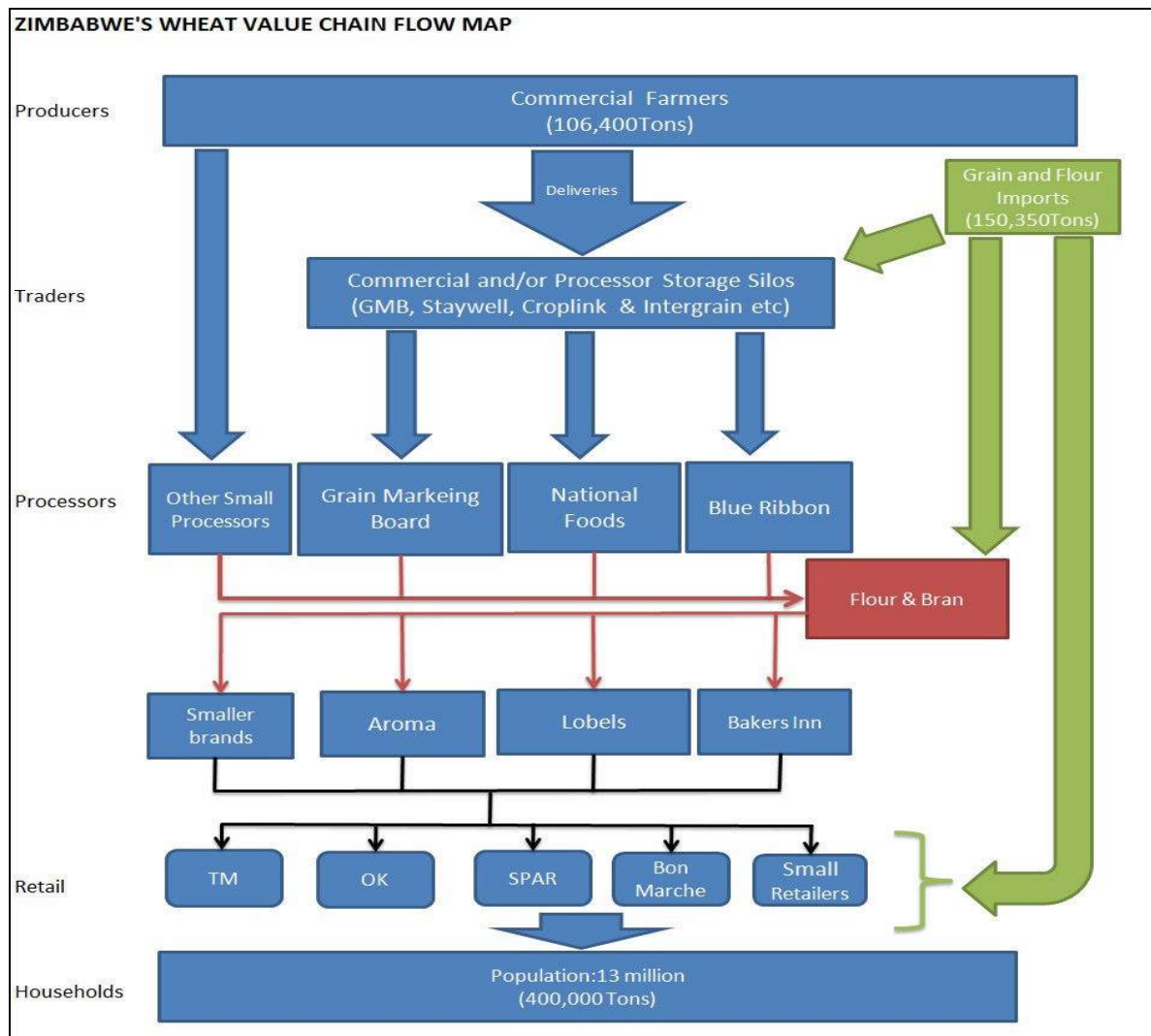
- Government policies. For example the lack of effective enforcement of SPS standards. The farming sector has therefore been characterized by poor quality grain production, emanating from the prevalence of substandard grain commodities on the markets, which at times makes the domestic supply base to be less competitive than higher quality grain imports;

- A threat to national production has been cheaper maize imports. Landed price of maize from Randfontein South Africa is US\$220/ton, which is unsustainable for local farmers as they face increased production input costs;
- High cost of transport;
- Low producer prices of grain commodities;
- Limited access to market information from extension service;
- Unreliable supply of low-cost inputs (e.g. seed, fertilizer and electricity), these have resulted in a drastic increase of production costs relative to imports;
- Limited access to appropriate packaging material for processed products, lack of marketing skills;
- Inadequate support services from training institutions, private sector consultants, small enterprise advisors and research institutions;
- Limited capacity to mobilize capital for equipment purchase and working capital.

Both Inncor and Origin are producing maize through contract farming schemes. Typical size of farms contracted is about 300 ha. Inncor indicates that only old resettlement farmers are contracted and stays at bay from A2 farmers. Origin contracts both old resettlement and A2 farmers. Both companies have to invest extensively in capacitating contracted farmers by way of providing technical assistance, inputs, irrigation equipment and mechanization services resulting in low margins.

5.3 WHEAT

Wheat is the second most important grain crop after maize, with the combined contribution to daily caloric intake in excess of 50%. The deregulation of the entire agricultural industry in 2009 represented a shift away from a decade long controlled marketing system to more sustainable free market reforms. The transition of the wheat sector to a free market environment has however necessitated vast adjustments. The situation on the ground suggests that market actors all look to the prices generated through the 'bids' and 'offers' on the open market.



5.3.1 Markets

The main wheat products include flour, semolina, and break wheat, with most Zimbabweans mainly using bread and flour products for everyday consumption. However, Zimbabwe is a net importer of wheat. Domestic production managed to achieve 62% of wheat requirements from locally grown wheat (MoAMID, 2007).

It should be noted however, that the local wheat quality is not suitable for bread flour therefore adequate and suitable qualities of flour can only be achieved after a certain proportion of hard wheat is imported to improve the grist qualities of the local wheat product.

5.3.2 Processors and Traders

The position of Zimbabwe as a net importer of wheat means that trade policies (particularly duty and tariff regimes) have a key influence in the determination of domestic prices. ZIMRA (2009) tariff rates reveal that basic unprocessed wheat is operating at zero tariff rates which will act as an essential instrument in augmenting wheat supplies in future.

The implication of zero tariffs means that the behavior of market participants is largely guided by world prices, or more specifically, SAFEX market prices, which seem to be playing an important role rather than signals coming from the GMB announced prices. This current season, the GMB has announced a wheat producer price of US\$400/ton. However, private market prices are at the import parity price of US\$377/ton.

Despite the GMB offering an attractive price, farmers will prefer trading with private traders because the GMB has in the past been unable to pay farmers in time owing to the poor financing of the Board. In private trading arrangements, the prices for future contracts and options are being generated through 'bids' and 'offers' which are fundamentally reflecting the expectations of market participants on the prices of the specific wheat and wheat products at different dates in the future.

Innscor has expanded its bread division in 2013 (Innscor Bread). Current production capacity is 450,000 loaves per day.

5.3.3 Producers

Wheat is grown as a winter crop in Zimbabwe and production has been ever decreasing since the FTLRP in 2000, when annual production was on 25,000 Mt to a merely 1,400 Mt for 2014, figure 8 below. The lack of adequate power supply, inputs, expertise and transport systems have all contributed to the decrease in this crop.

The prevailing situation of inadequate electricity supply to irrigate this winter crop (dry-season) makes the economics of growing wheat no longer viable, as yields have significantly dropped from the commercial 6 – 8 ton/ha down to approximately 3 ton/ha.

Main wheat producers are Innscor and Origin. In 2014, origin contracted 1,000 ha. Also Innscor is expanding its local wheat producer base although the company imports most of its wheat requirements.

Origin Group

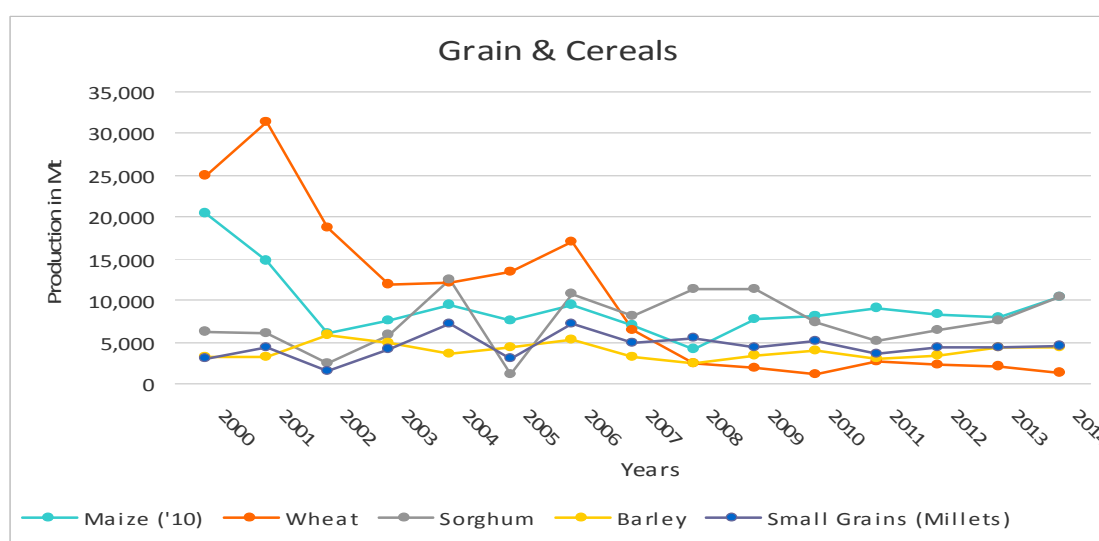
Origin is a UK company which started as a grain brokerage business in 1993 and since then has developed into a group of companies specialised in grain and soya bean production and distribution as well as blending fertilizer into final products. Contracted farmers totally produce 6,000 ha maize and soya bean as well as 1,000 ha wheat as a rotating crop during the winter.

The company is contracting both old resettlement and A2 farmers with title deed holder approval. Contracted farmers are inexperienced and consequently Origin has to put significant efforts to capacitate these farmers in order to realise acceptable yields. In addition to input finance, Origin provides technical assistance, irrigation equipment and farm mechanisation services. The company wants to invest in harvesting equipment like combines as it is an effective way to reduce side marketing.

Main clients are Innscor and Olivine.

Margins still are low due to low farmer productivity but the company indicates that demand for soya beans and wheat is strong (only 33 percent of domestic demand for wheat is grown domestically). The company indicates that operations are financed through international banks operating in Zimbabwe.

Figure 8: Grain & Cereals



Source: ZimStat 2014

6 TUBER CROPS INTRODUCTION

Zimbabwean grain farmers are facing significant yield fluctuations from year to year making grain supply and sustainable earnings unpredictable. In order to cover the country's consumption, grain has to be imported. The need to shift away from chance and nature based agricultural systems to climate smart agricultural systems and crops that can naturally stand the storm is heavily felt. Crops with tolerance to drought or resistance to less rain such as root and tuber crops increasingly are considered as appropriate alternatives to the grain crops.

Below, attention is paid to the two leading tuber crops in Zimbabwe: potato and cassava.

6.1 POTATOES

The potato crop continues to gain prominence as a possible alternative crop to meet the dietary needs of an increasing global population. Production volumes of Zimbabwe's potatoes are slowly increasing although overall contribution to the global output is still insignificant. An estimated 900 to 1,000 hectares are under potato production every year.

Progress has been made in breeding and multiplying high-yielding Irish potato varieties by the Ministry of Agriculture, Irrigation and Mechanisation in Zimbabwe's Horticultural Research Council (HRC), through on-farm and off-farm research co-ordinated from the Nyanga Experimental Station.

Despite the efforts directed at improving potato production over the past four decades through government initiated research and development into high-yielding varieties, low resource productivity and inefficiency still remains a major challenge in the sub-sector.

The table below shows Zimbabwe's contribution to global potato production in Mt.

Table 8: Zimbabwe potato production in global perspective

	1980	1990	2000	2010
World total	240,464 520	266,624,520	327,349,600	324,181,889
Zimbabwe	20,441	31,000	32,000	58,000
Contribution	0.0085%	0.012%	0.0098%	0.018%

Source: FAOSTAT 2012

6.1.1 Markets

Potato has the potential to play a complementary role to cereals in boosting household food security and is a widely accepted food crop. Currently the country is importing potatoes in order to meet local demand.

Mbare Musika is Harare's largest market for potatoes, accounting for 33 percent of the 350-400 tonnes traded per week. The Mbare market pays cash on delivery, while the formal market may take up to a month to pay farmers who are reluctant to participate in these formal channels even when the offering price is 20 percent higher.

The bulk of potatoes are sold unwashed in 15 kg pockets, but a market has emerged for washed potatoes since the dollarization of economy. Eighty percent of all unwashed potatoes are bought by hotels, restaurants, and processors. Washed potatoes are only available in supermarkets in smaller pack sizes, catering to higher income customers who pay a 15 percent premium.

6.1.2 Processors and Traders

Most smallholder potato producers sell the bulk of their produce to small commodity brokers who on their turn sell to processors, supermarkets and larger wholesalers. However processors, supermarkets and larger wholesalers often interact directly with smallholder, A1 and A2 potato producers on their own. Potato processing is in its infancy. Only two companies, Selby and Interfresh, have invested in potato washing machines.

6.1.3 Producers

Potatoes are produced by smallholder farmers in Mashonaland East and Manicaland Provinces in Eastern Zimbabwe. It costs between US\$4,500 and US\$6,500 per hectare of potatoes produced which currently is an important barrier to go into potato production. The average smallholder production level is at 7mt/ha compared to a potential farm yield level of 14mt/ha and those from research stations of 25 to 35 metric tonnes per hectare (Horticultural Research Institute, Nyanga Experimental Station, 2005). The high returns and short production period facilitate a rapid establishment of potato production.

Smallholder potato growers usually source their fertiliser requirements from middlemen who partner with local agro-dealers while the rest sourcing their requirements from external agro-dealers and individual traders. About 40% of the small-scale potato growers use certified seed procured from registered seed producers. The remainder do not use certified seed for planting purposes but instead, much of the seed they used is retained seeds from harvest.

6.2 CASSAVA

Zimbabwean Farmers – commercial, smallholders, A1 and A2 alike – are failing to access inputs for the production of cereal crops, potatoes and horticulture crops, especially seed and fertilizers. The costs of seeds, chemicals and fertilizers are beyond the reach of most farmers because of non-existence of suitable financing mechanisms through most formal financial institutions. This has also caused the production of the staple crop maize to decline and limited the expansion of potato.

Cassava is well known to have robust characteristics of giving minimum even in conditions where other crops have failed completely.

6.2.1 Markets

Traditionally cassava has been regarded as a subsistence crop for low-income families in Zimbabwe providing high levels of carbohydrates during shortages of maize because of its tolerance to drought and ability to grow in poor soils. Recently the view of cassava as simply a subsistence crop has begun to change and there is growing interest in developing its commercial potential through improved varieties, increased productivity, harvesting and processing technologies. The national, regional and international market for industrially processed cassava is showing its interest.

Estimates as per table below, indicate the present potential domestic demand for industrial cassava at about 288,000 MT of fresh cassava roots annually.

Table 9: Estimated domestic demand for industrial cassava

Sector	Current Domestic Demand	Substitution	Potentials (Mt/product)	Fresh Roots
Starch	7,000 Mt	50%	3,500 Mt	16,000 Mt
Flour	250,000 Mt	5%	12,500 Mt	44,000 Mt
Ethanol (E10 fuels)	1,600,000 Ltr.	50%	800,000 Ltr.	10,000 Mt
Ethanol (Neutral Spirit)	2,400,000 Ltr.	50%	1,200,000 Ltr.	15,000 Mt
Animal Feed	250,000 Mt	20%	50,000 Mt	175,000 Mt
Glucose	8,500 Mt	50%	4,250 Mt	28,000 Mt
Total Required				288,000 Mt

Source: Brightface 2014

6.2.2 Processors and Traders

The cassava value chain is in a development stage with a key role for developing organisations coordinating market linkages between producers and processors.

Food processing: Cassava based starch is used to produce bakery and pastry products, noodles, soups, sauces, ice creams, yoghurts, lactic drinks, puddings, processed meats. Companies which have expressed interest in cassava based starch are Nestle, Colcom and Unilever. Nestle produces milk powder, cereals, baby food, confectionery and breakfast cereals.

Unilever produces affordable soaps, luxury shampoos, and household care products such as Lifebuoy, Omo, Geisha and stock margarine. Colcom food products include a comprehensive range of fresh pork, hams, bacons, fresh and cooked sausages, fresh pies, cooked cold & processed meats, and canned meats.

Paper: Cassava based starch is used to manufacture cartons, high quality papers, different plywood's, fillers, stiffeners and leather goods. Hunyani Pulp and Paper industry and Hunyani corrugated have expressed profound interest.

Flour: Increasing urbanisation has led to rapid increase in the market for convenience foods such as bread, biscuits, pies and cakes in Zimbabwe. All of these products contain a significant amount of imported wheat in the form of flour. Milling companies have expressed an interest to partially substitute wheat flour with cassava flour.

6.2.3 Producers

Cassava primarily is produced in Manicaland and Masvingo provinces by smallholder farmers and production is considered a secure substitute for grains. Smallholder cassava production is supported by various developing initiatives, including:

- Bio Innovations Zimbabwe – Several Smallholder Cassava fields in the Chipinge area;
- Sustainable Agricultural Trust – Several Cassava Demonstration plots in Chivi, Gutu and Masvingo;
- Oxfam-Novib – Looking into the possibility of organically grown and processed cassava;
- University of Zimbabwe – Cassava projects in the Mutasa district of Zimbabwe.

6.3 CONCLUSIONS

Tuber crop are a promising alternative for grain crops in Zimbabwe. Maize is the staple food of Zimbabwe but also is both political and socially a sensitive issue. Again, like in much of the agricultural sector there have been many Government interventions which have curtailed both Private Sector participation as well as market forces to define prices. In May 2014 was announced that only the GMB is allowed to buy maize at a fixed price. However the GMB has a track record of late payments making maize production for the following season more risky. Grain yields also fluctuate from year to year because of dry spells. A considerable part of the grain production areas are not suitable for that purpose at all.

Wheat is grown during the dry winter and has to be irrigated. The lack of adequate power supply, inputs and transport systems have all contributed to the decrease in this crop over the past 14 years. Inncor and Origin are the major wheat producers contracting large scale farmers and supplying them with irrigation equipment.

Tuber crops (in particular) are more drought tolerating. Cassava can be well grown on soils with low nutrient capacity but respond well to irrigation or higher rainfall conditions and the use of fertilizers. Potato on the other hand requires the application of significant inputs making it a more costly crop to grow.

Cassava and potato also are liberalized crops, free floating with not much government intervention. This may change when production of both crops increases and starting to play a significant role in the agricultural production arena of Zimbabwe.

Cassava has flexible planting dates depending on ecology. Furthermore cassava does not have a definite maturation point, harvest may be delayed until markets, processing or other conditions are more favourable. In general it has an ability to enter diverse markets. It offers great opportunities for industrial exploitation for food purposes e.g. flour, starch, animal feed, paper, glue, textile, alcohol.

7 OILSEED CROPS

7.1 INTRODUCTION

Zimbabwe’s oilseeds subsector can be divided into edible oils and industrial oilseeds. Falling in the category of edible oils are soya beans, groundnuts, cottonseed and sunflowers. The crops selected for the market survey are cotton and soya beans. Given that each of the crops selected has its own supply chain, the value chain analysis is done on a crop by crop basis. It needs to be emphasized from the beginning that cotton and soya beans have more commercial value and are of strategic importance to the Zimbabwean economy than groundnuts and sunflowers.

Table 10: Cotton and soya beans production 2013/14

CROP	2014/13 (Mt)	2012/13 (Mt)	%
Cotton	133,017	144,724	-14
Soya Beans	76,933	84,661	10

Source: Ministry of Agriculture

7.2 SOYA BEANS

Soya bean is an important source of protein for both livestock and human populations. The crop’s nitrogen fixing abilities make it a perfect rotation option with crops such as maize and wheat as it reduces input costs and therefore capital requirements for resource constrained farmers.

Zimbabwe’s oilseeds industry like many others has seen a decline over the years. The shortage of raw materials for crushing due to smaller plantings, cheap imports of cooking oil and outdated machinery has all led to its slow demise.

Aside from the seed itself, soya bean is used to produce a variety of high-value marketable products which include, soya bean cake (stock feed), soya milk, soya yoghurts, soy flour and soya bean oil. Most of the soya bean produced in Zimbabwe is however, primarily used in oil expression. The bean contributes 30% of all the cooking oil production while cottonseed contributes 50% (GoZ, 2008).

7.2.1 Markets

Approximately 95% of all soya bean seed produced in Zimbabwe is destined for the processing industry for the production of soya bean oil. Soya bean oilcake (also referred to as meal), a by-product of the oil extraction process, is sold to animal feed manufacturers domestically and in the region (particularly South Africa).

Soya bean cake is an important protein source for livestock, particularly in the poultry and piggery sub-sectors. Soya bean cake extracts can also be used in the manufacture of consumables such as soya-chunks. Another important by-product of the soya bean extraction process is lecithin which is used in the manufacture of bread.

7.2.2 Processors and Traders

Zimbabwe's oilseeds industry like many others has seen a decline over the years. The shortage of raw materials for crushing due to smaller plantings, cheap imports of cooking oil and outdated machinery has all led to its slow demise.

In the soya bean oil processing sector, there are five major players. They have had to embark on a massive retrenchment exercise owing to the lack of raw materials and cheap imports from South Africa.

Table 11: Market share of the operational Companies

Company Name	Market Share (%)
Surface Investments Private Limited	42
Olivine Industries Private Limited	15
National Foods Limited	24
Blue Ribbon Foods Limited	9
United Refineries Limited	3
Other small processors	7

Source; Kennaird 2014

Overall, Zimbabwe has an installed capacity of processing 530,000 tons of oilseeds. However, only 63% of this capacity is utilized due to raw material supply constraints and obsolete technology. The table in Annex 1 displays the estimates of the installed and usable capacity in the processing sector.

Oilseed processing is capital-intensive, requiring specialised knowledge and technology. There are 3 main methods for extracting oil from soya beans. These include:

- Solvent extraction;
- Mechanical Expeller – Continuous pressing or screw pressing;
- Hydraulic pressing – Not common in soya bean and replaced by expeller pressing.

Solvent extraction is mainly used by the large scale operations which process at least 100 tonnes per day. The estimated plant costs are in the region of US\$ 20 Million, plus additional costs for chemicals that are utilised in the extraction and separation of oil from the soya bean material. Mechanical Expellers (continuous pressing or screw pressing) is a widely applied method of mechanical oil extraction popular among medium to small scale processors who process at least 15 tonnes per day. The plant costs can fall between US\$ 5,000 to US\$ 50,000.

7.2.3 Producers

Soya bean typically is used as a rotation with maize. Productivity in the soya bean sector has been poor and uncompetitive because since the FTLRP. Production currently is dominated by a small number of large A2 producers. Smallholder soya bean production has declined because of lack of finance and access to inputs. Soya bean producers suggest several factors that could improve the situation not only soya bean specific but including:

- The establishment of a Futures Exchange that will provide farmers with a ready market for their soya bean seed;
- Land tenure security in order to take away the uncertainties in whether to produce or not;
- Increase Irrigation capacity and refurbish non-functional irrigation facilities;
- Improve farm level financing or excess to cheaper credit;
- Reliable availability and supply of crop inputs (e.g. seed, fertiliser and electricity).

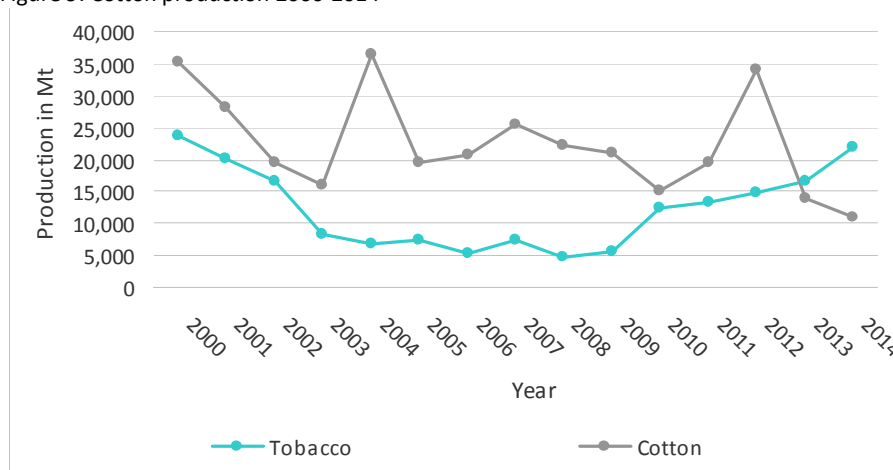
7.3 COTTON

Cotton was introduced in the early 1920s and an elaborate institutional and policy framework has evolved over the years to support production. The cotton success story was aided by the advancement in cotton production technologies and the crop research programme. The provision of effective extension, marketing and economic policies has boosted production. Unlike the experience of other sectors, cotton production was boosted under Fast Track Land Reform Program as a result of opening up of new cotton producing areas by farmers settled under both A1 and A2 resettlement models.

Given the right inputs and summer supplementary irrigation, yields of between 3,000 and 4,000 Kg/hectare can be achieved with the relevant management levels. Current National yields are between 400 and 600 Kg/hectare.

The current seed cotton crop is in the region of 114,000 ton, 14% lower than the previous season. At peak the national crop has been up to 360,000 Mt.

Figure 9: Cotton production 2000-2014



Source: Zimstat 2014

7.3.1 Markets

Almost all cotton produced in Zimbabwe is exported as raw cotton. Cotton prices are directly linked to the Liverpool Index where the lint price is set. Because this price has dropped significantly in the last year as China hoarded a record amount of cotton in 2013, the ginners have had to pay a price that is not attractive to farmers to grow the crop and subsequently the crop production decreased. The reduction in cotton production in Zimbabwe was also caused by growers changing their cotton cropping to the more lucrative tobacco.

Cotton seed is a by-product of the ginning process. Cotton seed is marketed locally as planting seed, stock feed or ginned seed to the oil-expressing companies.

7.3.2 Processors and Traders

The capacities of the various cotton ginning companies in Zimbabwe are shown below. The current ginning has an over-capacity of 650% of the current produced cotton crop.

COMPANY	GINNERY	M/T
Alliance	Norton	44,550
Cargill	Chegutu	52,800
China Africa	Gweru	40,000
	Glendale	25,000
Cottco	Chinhoyi	51,800
	Chiredzi	25,000
	Gokwe	32,600
	Kadoma	29,700
	Muzarabani	32,600
Cottzim	Karoi	21,000
ETG Parrogate	Checheche	20,500
	Glendale	35,400
Fahad	Harare	13,200
Grafax	Mount Darwin	26,500
	Sanvati	26,500
Insing	Rushinga	13,700
Olam	Nembudziya	30,000
Romsdal	Triangle	35,000
Sinotex	Kadoma	35,000
Sinozim	Harare	30,000
Southern Cotton	Tafuna	26,600
Total	All	647,450

In the past three years there have been a number of Chinese players who have entered the market whilst local and Indian companies have scaled down or left the Industry.

The Textile Industry has seen a swifter demise from the year 2000 to 2008. Obsolete machinery in the textile industry as a whole has seen the industry slump in its global competitiveness and the Companies who are still operating are importing material, manufacturing garments and the re-exporting finished products (Paramount Garments). In response to the fact that manufacturing companies had long suffered from the effects of dumping second hand clothes, tariffs have since May 2014 been put in place to protect the industry.

Dongenic Cotton Wool for Medical and Cosmetic use

Dogenic is the only producer of cotton wool products for surgical and cosmetic use in Zimbabwe. Products produced are:

- Pleated cotton wool;
- Cotton puffs;
- Cotton rolls;
- Face pads;
- Barr buds;
- Alcohol swaps.

The company is producing for the domestic market but is exploring exporting opportunities. In order to compete internationally, investments in more sophisticated machinery are required.

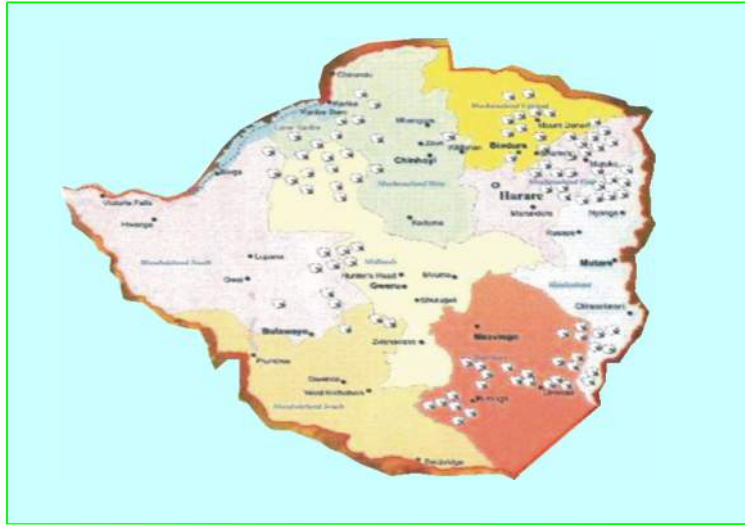
The company purchases raw cotton lint which is cleaned and stamped into cakes, bleached and dried. In a dry process the cotton wool is processed in its ultimate products and packaged for sale.

The major companies involved in oilseed processing are Olivine Industries, Unilever Zimbabwe, United Refineries (Blue Ribbon) and National Foods.

7.3.3 Producers

Until the FTLRP of 2000, the Commercial Farmers produced some 50% of the cotton. Since then all of the cotton is now coming from about 200,000 small scale farmers. Cotton turned out not popular with the A2 farmers because of high labour and inputs requirements. A2 farmers cannot use their land as collateral for bank loans and prefer growing cotton with finances from contracting cotton ginners.

Map 2: Cotton growing areas in Zimbabwe



Inputs credit schemes have helped in improving cotton production. However, given the economic hardships that the country is facing, the costs of seeds, fertilizers and chemicals have continued to increase.

Repayment by growers of inputs supply has been in kind which has not worked in the favour of farmers. Another factor that keeps the industry constrained is that marketing companies are no longer paying strict attention to grading, emphasizing only on the volume of purchases.

7.4 CONCLUSIONS

Oil seed production is in a process of decline for different reasons. In particular cotton production is facing challenges because it is an export cash crop unable to compete at the global market. Chinese investors currently keep the cotton sector afloat.

On the other hand there is a stable local demand for soya bean based products, in particular cooking oil. Oil seed processors only have limited capacity to provide growers with input finance because of liquidity constraints. Consequently growers shift to more profitable crops, like tobacco.

8 HORTICULTURE

8.1 INTRODUCTION

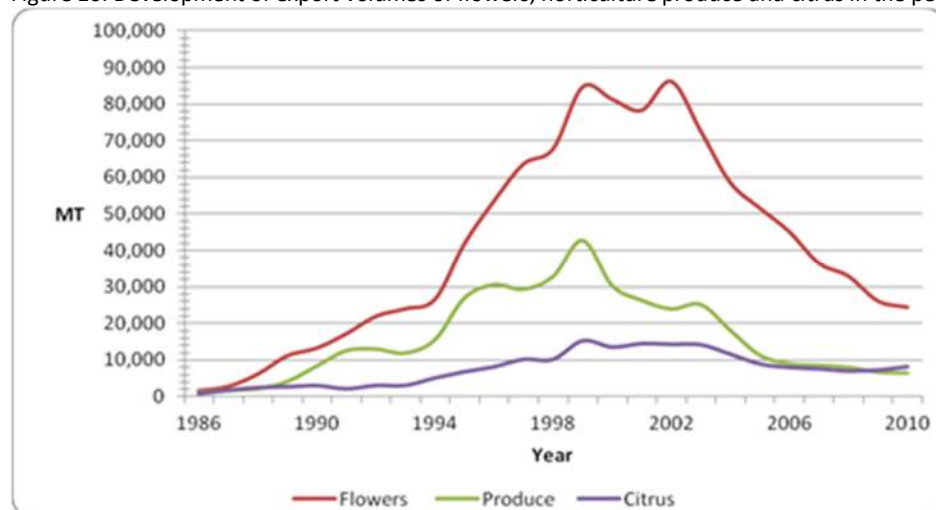
Zimbabwe is very suitable for the production of a variety of Flowers, Stone Fruit, Vegetables and Citrus fruit together with the production of plant material for bedding plants. Main reasons are:

- Diversity of climates within the country;
- Skilled, productive and low cost labour.

These were important reasons for foreign (in particular Dutch) investors to invest in the Horticultural Industry in Zimbabwe for export reasons from the mid-eighties. In 2000, horticulture production was at its peak with 600 hectares of roses, 900–1000 hectares of asters, solidago, hypericum and other cut flowers. An estimated 1,200 hectares of fresh produce like mange tout peas, french beans and Baby Corn was grown intensively mainly for the Dutch and UK fresh vegetable export market. An estimated 200 hectares of stone fruit like peaches and approximately 400 hectares of apples and several berries were produced in the Eastern Highlands. Furthermore 1,500 hectares of citrus was produced intensively destined for regional and international consumption.

In the late 1990s, the horticulture sector reached its peak and was the second largest agricultural foreign exchange earner after tobacco, recording export figures in 1999 of up to US\$144 million. During that period horticulture contributed an average of 4 percent to the Gross Domestic Product. The FTLRP and economic crisis, however, resulted in a sharp decline of export volumes of horticulture products which is illustrated in the figure below.

Figure 10: Development of export volumes of flowers, horticulture produce and citrus in the period 1986 -2010



Source: Horticulture Promotion Council

Zimbabwe's horticulture regressed over the last decade, whereas in other parts of Africa horticulture has boomed.

For instance, according to a 2007 Horticulture Export Comparison study, Kenya alone exported over 1 billion U.S. dollars' worth of horticultural produce with Tanzania exports doing over USD\$130 million. With Kenya having over 500,000 employees and Tanzania having 40,000 employees, this makes the horticulture industry in each of these two countries a major employer.

The horticulture industry in Tanzania consists of 8-10 percent growth per annum making horticulture one of the fastest growing industries.

8.2 PRODUCERS

Flowers

The total area of cut flowers produced in Zimbabwe at this moment is estimated at around 200-220 hectares (Ref HPC 2014). Currently, around 100 hectares of roses are grown in Zimbabwe, the main growers are Flora Nova, Kiaora Flowers, Luxaflor and Mark Hopgood. Other products like Solidago, Gypsophila, Asters, Hypericum and some seed raised products are mainly produced by Matt and Mark Hopgood and Craig Dankwards and some smaller farmers in the Gweru area. Protea's are still being grown by Pinnfields in Ruwa and on a small scale in the eastern highlands under management of the Dutch Flower Group (Conrad Archer) Danabe is a German owned company that produces cuttings for indoor plants.

Of the entire horticultural production at that stage approx. 10% (mainly roses, asters and solidago) are grown in greenhouses the remaining 90% are grown in the open field.

Fresh produce

Until 2000, the large scale commercial sector was relatively strong in the production of high value crops such as peas, green beans, baby corn, lettuce, potatoes, Chinese cabbage, passion fruit, mangoes, citrus, bananas, and pineapples but almost all operations closed down. Normally the fruits got transported by road to Durban or Cape Town, from where they are shipped to their export destination. Production of fresh produce currently is small holder farming, often with smallholder farmers using less than 1 hectare.

Most rural households maintain vegetable gardens and produce vegetables for domestic consumption and sell the surplus. Most of the crop is sold within the village, wholesale and municipal markets in towns. Avocado is being grown in the Eastern Highlands by companies like Ariston Holdings for export to the Middle East. Matanuska is producing banana at its plantations and by contracted smallholder farmers for the domestic market.

Two categories of smallholder producers can be identified. The first category are located at irrigation schemes in the communal areas. These largely practise horticulture from the irrigation scheme established through collaborative efforts between the government and various donor agencies. The second group of smallholder producers on the other hand are 'beneficiaries' of the land reform and operate on land of former large-scale commercial farms.

Citrus

The Chegutu area (Mashonaland West) was a key citrus production area. Nowadays citrus is produced here at A1 and A2 farms with only 400ha orchards still in reasonable health (source: Chegutu Citrus). A small number of commercial citrus plantations are still operational and not resettled. Mazowe Citrus Estate (part of Interfresh Holdings) is the country's biggest citrus producer (oranges, lemons, limes).

Early 2014, 23 percent of the estate (870 hectares) from Mazowe Estates was resettled making future commercial citrus production at Mazowe estate uncertain. Forrester Estate is protected by bilateral agreements between the Zimbabwe and German governments but partly has been informally settled. Large commercial plantations still are operational in the Beitbridge area as well.

8.3 PROCESSORS AND TRADERS

In general, products in the horticultural value chains constitute a delicate category of products that are subject to stringent criteria for quality standards, procurement, handling, transportation, and storage due to the high perishable characteristic the constitute of. As a result, horticultural value chains are characteristically short with relatively few transactions between the farmer and the retailer.

Flowers

The flower producers process and pack the flowers themselves. All handling of export flowers and produce is being done by the following Agents: FX Logistics, Jaccana, Barefoot and Rollex.

Fresh produce

Leading fresh produce processing and exporting companies are Selby Enterprises Pvt Ltd and Rollex. Interfresh-Wholesale Fruiterers also was an important player but is facing operational challenges and was delisted from ZSE recently.

The current main business of Selby is to supply the Zimbabwe local supermarkets of Pick n' Pay/TM, Spar, Bon Marche with a variety of vegetable and fruit products. The company has a relation with A Bakker Barendrecht (NL) relation who supplies the Dutch Albert Heijn supermarket chain with Selby's produce. Next to the export to The Netherlands, Selby also supplies Woolworth of South Africa. Selby – under the African Preservers name – has recently ventured into a canning (baked beans) line where product is canned under various local labels like ProBrand, Spar and their own. With the recent opening of the new Kentucky Fried Chicken franchise in Harare, Selby is developing the fresh/frozen chips line supply to KFC. Other products Selby supplies KFC are cut lettuce, carrots and tomatoes through the High Care unit.

Rollex is an integrated, international logistics provider with its core expertise in the air and road freight of perishable produce. It operates a 3,000 m² refrigerated pack- and warehouse (Euro Gap Certified) with an annex of 1,500 m² for general cargo storage. Rollex has also ventured into fruit & vegetable production units with 4 farms in the Marondera area produce a wide range of products with amongst them their main lines of mange tout peas, sugar snap peas and nectarines with some smaller niche production of blue berries and straw berries.

Rollex has recently brokered a deal with The Stamina Group (SafariFresh). They consist of a number of companies that are based in Kenya, the Netherlands and Asia and active in the fresh cargo and fresh food sector. From The Netherlands SafariFresh supplies Albert Heijn with Rollex Zimbabwe grown Mange tout and Sugar snap peas. The company uses MartinAir Cargo/KLM and Emirates to airfreight their various pre-packed produce into the European markets.

Very few smallholder producers enter into contractual agreements with wholesale horticultural procurement and processing companies, like Selby, Favco, Matanuska and Interfresh-Wholesale Fruiterers. These companies supply to the local supermarkets or export to regional and international markets.

Citrus

Leading Citrus processing company is Beitbridge Juicing Co (BBJ). BBJ is processing of citrus fruits into juices and various by-products and started production in the Beitbridge area in 2006 and purchases from plantations in the Beitbridge area.

BBJ is operating at approximately 23 percent capacity due to seasonality of processing and blending of one fruit (oranges). BBJ supplies Schweppes Zimbabwe Ltd with 75 percent of the company's orange juice requirements for Mazoe Orange Crush, the most popular orange crush juice in Zimbabwe. In 2014, Schweppes Zimbabwe Ltd (itself 51 percent Whaterton Investments and 49 percent held by Delta Beverages (Pvt) Ltd) acquired BBJ from Rift Valley Holdings. Chigutu Citrus is operating in the Chegutu area at low capacity. They have plans to expand citrus processing to 64,000 MT in 8 years.

8.4 MARKETS

The combined export value of flowers, produce and citrus in 2012 was 81,883 MT (Horticultural Promotion Council).

Flowers

Below the export value development of cut flowers and flower buds for bouquets, fresh or dried from Zimbabwe is presented for the period 2010 – 2013.

Table 13: Export value development of cut flowers and flower buds, fresh or dried from Zimbabwe 2010 - 2013

Importers	2010	2011	2012	2013
World	201,056	185,772	334,117	9,274
Netherlands	121,591	148,400	180,778	6,569
South Africa	59,388	36,610	65	57
Germany	69	5	370	2,565
Zambia	11,468	0	0	0
France	215	134	0	0
Italy	244	6	0	0
Kenya	0	418	0	0
Kuwait	1,682	1	6	0
New Zealand	1,389	0	0	0
Singapore	279	128	0	0
Swaziland	3,849	0	0	0
Switzerland	687	20	152,765	0
United Kingdom	149	20	38	61

Source: ITC calculations based on UN Comtrade statistics.

Flower exports show sharp variations in the three year period but drops sharply in 2013. Fluctuations are resulting from the low number of flower producers in the country. Low 2013 were the result of informal settlement challenges during elections which have been legally addressed. It is expected that flower export will increase to 2012 levels in 2014 and exceed these levels in 2015.

Fresh produce

The table below presents typical fresh produce for export and domestic markets.

Table 14: Domestic and export produce

Domestic	Export
Brassicas (e.g. cabbages)	Mange Tout Peas
Kales	French beans
Tomatoes	Baby corn
Onions	Sweet corn
Indigenous vegetables (pumpkin leaves, bean leaves,	Chillies
Potatoes	Baby carrots
Carrots	Cherry tomatoes
Lettuce	Sugar snap peas
Green pepper	Goose berries
Gem squash	Butternut
Fine beans	Gem squash
Egg plant	Baby marrow
Sweet potatoes	
Butternut	
Garlic	

Source: Selby Enterprises

The main exports destinations for Zimbabwean fresh produce are The Netherlands, Germany, France and Belgium.

Over 60% of the vegetables exported were destined for the UK market, although now South Africa is increasingly becoming an important market. The peak export period for vegetables is during the months of April/May to September.

Two types of domestic markets stand out in horticultural value chains: The traditional market system characterised by open air markets, kiosks, street vendors and others are popular in most developing countries, where the largest volumes of horticultural produce are directly sold. The open air markets are mainly visited by the huge number of medium to low income households. You can identify three different types of traditional markets:

- The farm-gate markets involve direct sales by smallholders to wholesalers or retailers who then transport to common markets (e.g. FAVCO and Matanuska).
- Village markets are another type and these are regular markets within villages which usually act as the first assembly point for smallholder commodity groups.
- The rural farm markets are the third type and are bigger than the village markets and active in moving the produce to the urban markets.

Secondly, the modern market system hosts the supermarket chains which can be small, middle-sized or mega chains (Schipmann, 2006), and are guided by a more systematised procurement system with high levels of quality and standard criteria. However, the traditional market system is likely to remain the dominant centre of fresh produce marketing across the continent (Rearden and Timmer, 2007). Zimbabwean markets have been in transition, following the agrarian reform changes.

Citrus

Citrus exports declined less sharply than flower and fresh produce exports. Exports volumes are about 40 percent compared to 1999, the peak export year (source: HPC). Oranges are mainly exported to Europe (50% of oranges), where they are sold on consignment from Hamburg in Germany. It takes 90-120 days to get paid from Germany from the time when the fruits leave Zimbabwe. Other export destinations are Russia (10%), Abu Dhabi and Saudi Arabia (15%) and Hong Kong. Lemons are also sold in the Middle East. Passion fruits are sold mainly to Europe (Germany, France, UK, Netherlands, and Belgium). Some avocados are being grown in the Eastern Highlands by companies such as Ariston Holdings, and are being exported to the Middle East. Normally the fruits get transported by road to Durban or Cape Town, from where they are shipped to their export destination.

8.5 CONCLUSIONS

The flower and fresh produce industry have faced a decade of ongoing challenges resulting in collapse. In particular the foreign owned producers and exporters of high value horticultural products had and in some situations still have to fight claims on their business assets.

A small number of very dedicated and committed entrepreneurs have managed to keep their businesses afloat and continue to manage to produce precious products for very demanding export markets overseas. Zimbabwe still is a land in transition but progress towards normalisation has been made.

The domestic market is not a real alternative for export yet as it is small and dominated by the traditional market system. Competition to supply the supermarket chains is fierce.

The international market for Zimbabwean produced citrus is strong. Significant investments are required to revitalize A1 and A2 controlled plantations.

9 LIVESTOCK

9.1 INTRODUCTION

The livestock sub-sector is an important and integral part of the agricultural sector with beef, dairy, small ruminants, pigs, poultry, apiculture, aquaculture and other small and emerging stock making the cog of the livestock industry. The sub-sector supports livelihoods of over 70% of the population and contributes 19 per cent to the agricultural GDP, with a potential to increase this contribution to 36% over the next five years if a committed genetic improvement program is rolled out country-wide. According to the 2013 Mid-Term Fiscal Policy Statement of the Ministry of Finance, the contribution of the livestock sub-sector to the agricultural GDP (19.1 %) is greater than the contribution of many sub-sectors that attract much attention in agricultural policy.

The livestock sub-sector in Zimbabwe has undergone fundamental changes following the land redistribution exercise, which has increased the participation of many farmers (about 300,000 newly resettled farmers) with varied skills and resources in livestock farming. The resettlement exercise has resulted in significant shifts in ownership and use of livestock, with associated effects on livestock management in terms of disease control, breeding, feeding, animal care and marketing.

World aquaculture production is increasing much more rapidly than animal husbandry and capture fisheries, the other two sources of animal protein for the world's population.

There is a new consciousness that aquatic production from capture fisheries is nearing its peak thus aquaculture will become an important part of fish source. Zimbabwe being a landlocked country, its main source of protein is from animal husbandry. However the country is blessed with about 10,000 dams creating a sweet water reservoir of about 4,000 sq. km within its boundaries. The increase in health consciousness is leading people to white meat, thus increasing the demand for fish.

9.2 MEAT AND DAIRY, PIGS, POULTRY AND EGGS

9.2.1 Producers

In the table below the regional division of the major livestock species in Zimbabwe is presented.

Table 15: Livestock numbers division by province

Province	Cattle		Sheep		Goats		Pigs	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Mash West	739,442	773,569	132,135	130,021	105,789	111,003	81,217	85,278
Mash	514,966	509,289	40,746	38,977	281,645	268,877	62,658	65,790
Mash East	540,440	566,893	30,839	30,006	191,063	196,661	28,921	37,597
Manicaland	586,619	629,901	105,022	100,462	748,945	891,532	48,390	50,809
Midlands	689,175	712,693	91,330	93,796	531,034	499,703	22,576	26,904
Masvingo	1,039,013	1,039,666	17,084	17,904	357,612	368,722	24,403	25,623
Mat North	574,918	610,708	33,148	34,176	996,586	1,030,708	16,845	17,687
Mat South	556,619	525,387	74,696	76,265	551,326	574,068	30,990	32,539
Total	5,241,192	5,368,106	525,000	521,607	3,764,000	3,941,274	316,000	342,227

Source: MoA 2013

Most important subsector in size is cattle. The pig sector shows most growth.

Cattle

It is estimated that currently 92 per cent of the over 5.2 million cattle in the country are owned by smallholder farmers, mainly in the dry areas of the country and there is a potential for the national beef herd to increase to 6.3 million head over the next five years.

To reach this potential it is important that present smallholder cattle is genetically improved by introducing pedigree bulls in the rural household herds.

About 8% of the cattle population comprises exotic breeds in which the Brahman is the dominant type. Other exotic breeds include:

- The British breed Hereford
- The continental European breeds, Simmental, Limousine, Charolaise, *etc.*
- The synthetic breeds, Simbrah, Beefmaster, Santa Gertrudis, Bonsmara, *etc.*

The Indigenous breeds are dominant in the smallholder communal and resettlement areas and constitute the bulk of the cattle population in the country. They comprise the Mashona, Nguni and Tuli, with each breed type occupying specific geographical areas of the country.

Makera Cattle Company

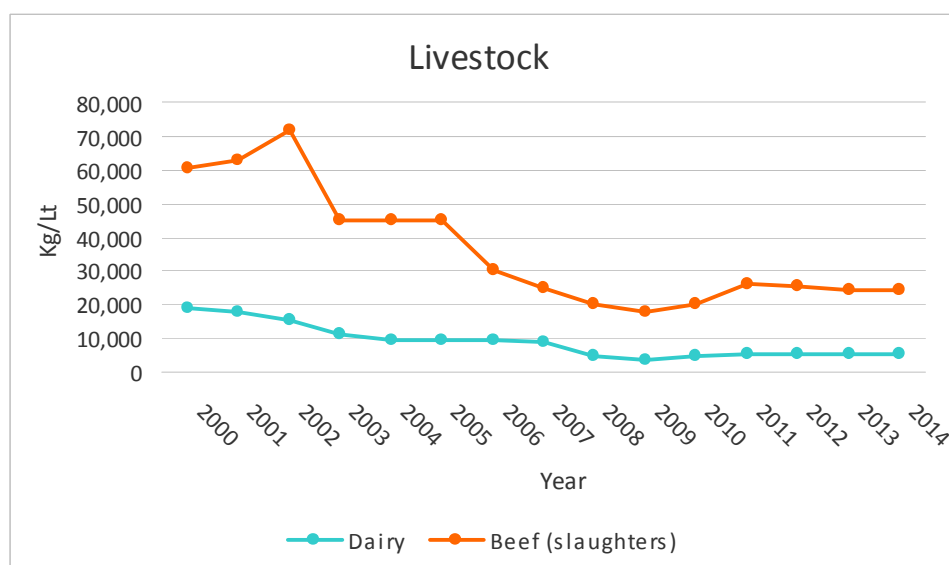
Makera Cattle Company (Makera) started operations in 2005 and is operating the following beef herds:

- Brahman;
- Simbra (Brahman and Simmental cross breeding);
- Tuli (Zimbabwean breed).

Makera has developed an innovative cattle production concept by interbreeding its pedigree breeds with communal cows resulting in stronger and more productive communal cattle. The offspring of these cows are herded by communal farmers and the bulls are sold to Makera for fattening and slaughter. The cattle feeds on natural products from the bush and is further fattened with maize, cotton cake, organic vitamins and natural feed additives making it suitable for both fair trade and organic certification.

Currently, Makera is working on duplicating the concept into other African countries.

Figure 11: Livestock – Beef and Dairy



Source: ZimStat 2014

Zimbabwe has a dairy cattle herd of about 26,000 head representing 0.5 per cent of the national cattle herd. The herd produced about 55 million litres in 2013. In the table below the monthly milk production in Zimbabwe for the period 2010 -2014 is presented.

Table 16: Monthly milk production in the period 2010 -2014

Month	2010	2011	2012	2013	2014
Jan	3,419,076	4,147,528	4,519,340	4,783,325	4,586,860
Feb	3,520,932	3,780,655	4,024,268	4,114,696	3,971,596
March	3,791,812	3,997,131	4,265,844	4,422,363	4,510,930
April	3,535,061	4,006,650	4,354,210	4,367,170	
May	3,721,286	4,160,577	4,596,053	4,441,293	
June	3,749,035	4,101,905	4,611,712	4,361,772	
July	4,064,473	4,352,584	4,943,659	4,581,131	
August	4,241,343	4,476,975	4,993,219	4,806,548	
Sept	4,453,410	4,287,726	4,787,577	4,571,390	
Oct	4,040,900	4,487,674	4,910,202	4,581,425	
Nov	4,191,821	4,122,423	4,816,118	4,560,279	
Dec	4,458,944	4,681,517	5,107,492	5,075,703	
Total	47,188,093	50,603,345	55,929,694	54,667,095	13,069,386

Source: MoA 2013

Common commercial breeds include Friesland-Holstein, Jersey, Red Dane and Guernsey. Crossbreds between indigenous cattle and commercial dairy breeds are dominant in the smallholder dairy units.

Pigs

The pig industry has grown steadily since Independence. The national commercial sow herd currently stands at 17,000 head and the non-commercial sow herd is estimated at 40,000. The sow herd in the hands of the smallholder sector is around 47,000 head. The total commercial pig population in Zimbabwe is estimated at 300,000 head with 70% in the smallholder sector. Breeds kept by producers include Landrace, Large White, Duroc and the indigenous Mukota.

The Mukota is the predominant breed in the small holder sector and the pigs are reared under an extensive management system mainly by farmers in communal areas and smallholder resettlement areas.

The exotic breeds are normally reared in confinement. Productivity and pig off-take from the smallholder sector is low but there is great potential for growth if deliberate policies aimed at empowering smallholder pig producers are put into place.

Poultry and Eggs

Poultry has arguably been the fastest growing livestock sub-sector since the economic challenges in 2008, with day-old-chick sales jumping from 12 million in 2009 to 55 million in 2012. In 2013, the production of broiler day old chicks was 64.4 million, an increase of 17% compared to the previous year.

Supply of day old chicks is dominated by three major breeding companies (Ross, Crest and Irvine's) which also produce and market poultry meat and eggs as well as operate contract grower schemes. About 60 per cent of the chicks are reared by small-scale producers who stock 100 – 200 birds in their farms, plots and backyards.

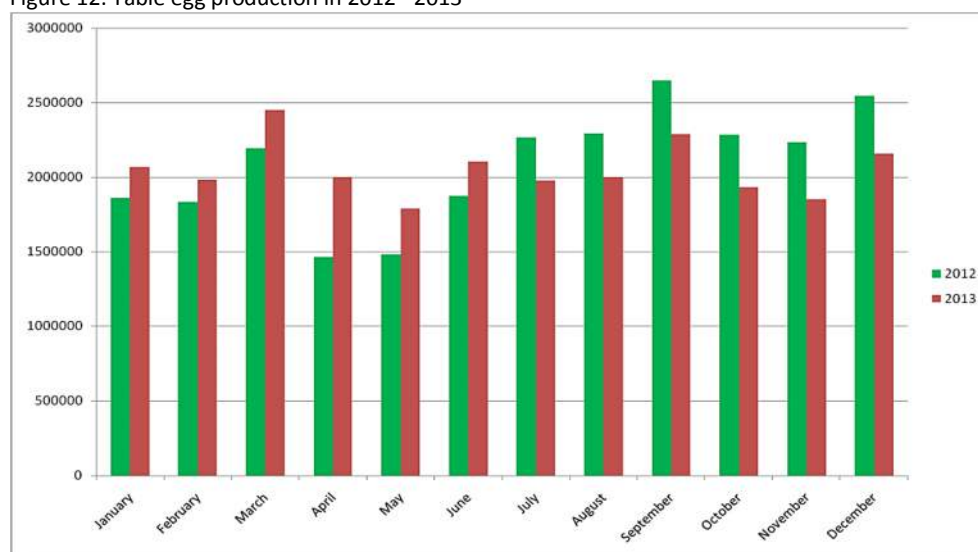
Table 17: Broiler meat production in 2012 – 2013

Year	2012	2013	%
January	1,694	2,062	18
February	1,896	2,829	33
March	2,066	2,543	19
April	1,996	2,797	29
May	2,011	2,789	28
June	2,038	3,033	33
July	2,076	2,476	16
August	1,805	2,299	21
September	1,943	2,838	32
October	1,707	2,539	33
November	2,003	2,775	28
December	1,815	2,548	29
Total	23,050	31,528	37

Source: ZimStat 2014

Average monthly broiler meat production increased from 1,920 in 2012 to 2,627 in 2013. Table egg production followed a similar trend.

Figure 12: Table egg production in 2012 - 2013



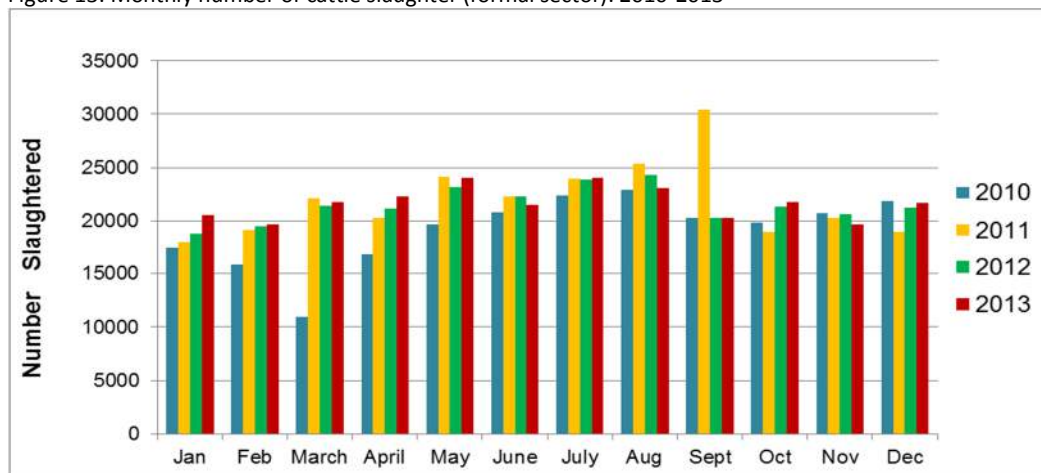
Source: Zimtrade 2014

9.2.2 Processors and Traders

Most of the beef produced in the country is marketed with minimal processing and value addition. In 2013, the total cattle slaughtered was 325,974 producing 55,132 Mt of beef:

- 259,346 animals (80%) were slaughtered through the formal sector producing 44,089 Mt of beef;
- 66,628 animals (20%) were slaughtered through the informal sector producing 11,043 Mt of beef.

Figure 13: Monthly number of cattle slaughter (formal sector): 2010-2013



Source: ZimTrade 2014

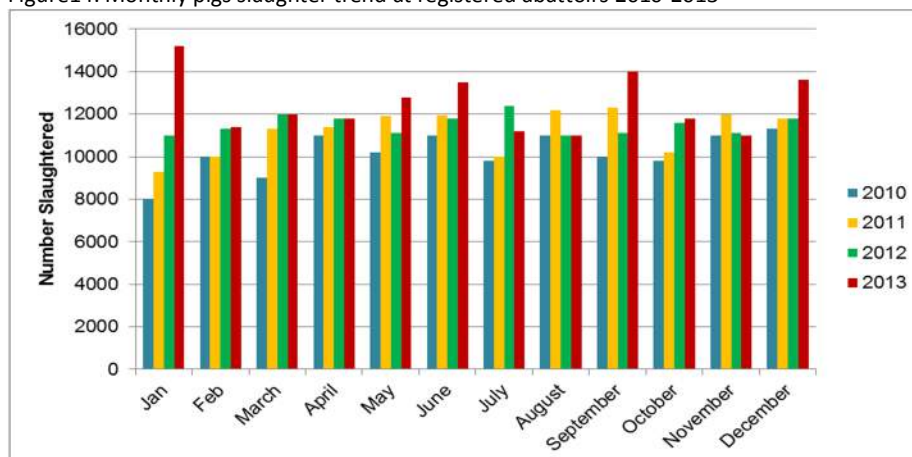
All canned beef available on the market is imported. In the past, the Cold Storage Company (CSC, formerly the Cold Storage Commission) was involved in the canning of beef, some of which was exported. CSC also had rendering facilities which processed various by-products (hides, blood, bones, horns, hoofs, dung), such that virtually everything from a beef carcass was collected and processed into various products used in agriculture and the manufacturing industry. However, CSC's canning and rendering facilities are no longer functional, and the private abattoirs that are now the predominant destination for slaughtering cattle do not have processing or rendering facilities.

So by-products from beef slaughter in the country largely go to waste, except for hides which are sold to hide merchants. These merchants also have a network of buyers who collect hides from private butchers throughout the country. Concerted efforts aimed at reclaiming the position of the beef industry and associated value chains are therefore patently necessary.

Pigs

Contrasting to cattle, pigs slaughter shows an upwards trend in the period 2010 -2013.

Figure14: Monthly pigs slaughter trend at registered abattoirs 2010-2013



Source: ZimTrade 2014

Colcom Holdings (ZSE listed and majority owned by Inncor) produces pigs through its subsidiary Triple C which keeps a herd of 2,200 sows. A part of the piglets are fattened by contracted smallholders. Colcom processes pig meat in a wide range of products which are marketed under its own brand as well as under its Danmeat and Oscar labels.

Dairy

Milk destined for sale to commercial processors is produced and delivered under cold chain conditions in order to ensure that the milk is delivered fresh. Most of this milk is packaged and sold fresh and the remainder is processed into pasteurised milk and other milk products with longer shelf life. Smallholder dairy units generally do not have cold chain facilities. Milk from these units is delivered to collecting plants located at some rural service centres, which package and sell it as sour milk and also do some processing into products such as yoghurt. However, milk processing plants are generally operating below capacity because of the decline in milk production in the country.

Leatherwear

Zimbabwe currently has 15 tanneries operating at capacities of between 0% and 70%. These include Belmont leather, Wet Blue, Prestige, Zambezi and Midrion enterprises, all in Bulawayo: Zimbabwe Bata shoe tannery in Gweru, Eagle tanning in Marondera and Imponente / Superior tanning in Harare. Imponente is producing about 18,000m² per month, followed by Bata 7 000m² of leather per month. Currently Imponente is operating on 30%.

Footwear Manufacturing companies are 49 and have operational capacities of 0% to 40%. Over the past 10 years, more and more players in the leather sector have been emerging mainly as SMEs. Matabeleland districts including Matobo are the main suppliers of hides and skins to the leather value chain.

The main leather manufacturing companies in Bulawayo include Footwear & Rubber Industries (Pvt) Ltd for footwear manufacture, KARASONS Footwear (Pvt) Ltd for footwear manufacture, P.T. Royal Ostrindo (Pvt) Ltd for footwear, tanning and leather production, Salelane Enterprises (Pvt) Ltd for footwear manufacturing, Safari Leathers (Pvt) Ltd for leather production, Goodhope Leather for leather production and Bata Shoe Company in Gweru.

Zimbabwe has two associations in the leather sector, namely Leather Institute of Zimbabwe (LIZ) and Leather and Allied Federations of Zimbabwe (LAIFEZ).

9.2.3 Markets

Meat, dairy, poultry and eggs all are produced for the domestic market. The value of Zimbabwe leather exports was US\$ 25 million in 2010. Countries with an export value over US\$ 1 million are France (53.7%), Singapore (19.5%), Italy (11.5%), Japan (4.7%) and South Africa (4.3%) – (Trademap).

Livestock consumption levels are particularly low in rural areas where the majority of the national population resides. These low consumption levels are largely a result of the erosion of the purchasing power of Zimbabweans over the past decade. The large gap between the actual and recommended consumption levels indicates the need for the livestock sub-sector to increase production and productivity to meet domestic requirements with any surplus targeted for export.

The country currently requires an average monthly supply of eight million litres of milk for domestic consumption against a supply of 4.5 million litres (March 2014). At its peak in 1994, the dairy industry produced 300 million litres of milk from 383 registered dairy farms and the national dairy herd was about 105,000 head, including 53,073 milking cows. Milk surplus to national consumption was exported.

Currently, local supply of poultry meat and eggs is falling short of demand and this is largely attributed to issues related to pricing and supply of production inputs, from stock feeds, day-old-chicks to veterinary products. While there are challenges in respect of inputs, the main reason is one of uncompetitive pricing of the final product, pushing the bulk of smallholder and backyard production into the informal market where cash is more readily available.

9.3 AQUACULTURE

9.3.1 Introduction

Aquaculture or fish farming in Zimbabwe is a growing opportunity, with the world fish food consumption sitting at an average of 15 Kg per annum against Zimbabwe with a merely 2 Kg/year (Zambia at 8Kg/year), giving aquaculture for Zimbabwe a tremendous scope for increased fish production.

Zimbabwe has no tradition of aquaculture, although the concept was first introduced as early as the 1950s. The main activities at that time were stocking farm dams and commercial trout farming in the Eastern Highlands. Intensive research was also initiated at the then Henderson Research Station.

In the table below the significance of the aquaculture sector in Zimbabwe is illustrated. Aquaculture production however is a mere 20% of what its neighbouring country Zambia is producing and just over 0.01 % of the world's total.

Table 18: Aquaculture production figures for Zanzibar, Zambia and Zimbabwe

Country	Capture (Mt)	Aquaculture (Mt)	Total (Mt)
Zambia	76,214	12,988	89,202
Zanzibar	29,410	10	29,420
Zimbabwe	10,500	8,010	18,510
Total World	91,336,230	66,633,253	157,969,483

Source: FAOStat

9.3.2 Producers

Approximately 70% of farmers are farming tilapia with Lake Harvest by far the largest player. However, the requirements to obtain permits to import non-indigenous species have been considered a constraint by some producers. Trout were the next most important culture species, while catfish and carp farmed to a lesser degree.

Most fish farms are relatively small. A large number of farms use manure as the main nutrient input but a significant number use commercial fish feeds. Nearly 75% of farmers produce their own seed while 14%, mainly trout farmers, depended on National Parks for fingerlings.

9.3.3 Traders and Processors

African Century Foods is operating Lake Harvest, a pan-sub-Saharan African fish farm business and the largest fish farming business in Africa. Currently African Century Foods is investing in a freshwater fish farm on Lake Kariba in north Zimbabwe. This farm will breed, grow, harvest, process and distribute Tilapia, an indigenous white freshwater fish. Lake Harvest ensures a complete control of the value chain, from feed ingredients and breeding through to processing and delivery of the fish fillets, with the businesses fully integrated with own hatcheries, feed mills, lake-based cage farming, processing plants, refrigerated freight and distribution depots. Lake Harvest sells both fresh and frozen fish products to the domestic and regional markets and exports fresh packed fish fillets to European supermarkets.

9.3.4 Markets

Lake Harvest is producing for export markets, supermarket chains and the hospitality sector. Small scale fish farming in dams is for farm workers' food and for recreational fishing.

There has been an emerging interest in freshwater aquaculture both for subsistence and commercial purposes in the past decade.

The major focus on fisheries resources has been capture fisheries but freshwater aquaculture has taken prominence in the recent past. The focus on freshwater aquaculture as an alternative to increase fish production is attributed to threats of capture fishery from overfishing, climate change and increased poaching caused by population growth in the face of limited employment opportunities. The decline in fish catches over the past decade demonstrates the need for freshwater aquaculture strengthening. Freshwater aquaculture provides an alternative deal for maximum and sustainable utilization of the water resource. With over 10,000 medium to large sized water bodies covering 3, 910km², the country has considerable underutilized potential for freshwater aquaculture development.

9.4 CONCLUSIONS

In contrast to the agricultural sector, some of the livestock sub-sector, particularly pigs and poultry, in Zimbabwe have survived the political and economic crisis remarkably well. On the other hand the levels of performance in terms of virtually all production indicators (reproductive, survival, growth and off take rates, carcass characteristics) for large animal livestock production in all farming systems, particularly in communal areas, are substantially lower than those achieved by similar herds on research stations and other comparable countries. The reasons for the low performance are varied and indicate that there is substantial scope for increasing the performance of the sub-sector. Also the large animal livestock processing (especially the abattoirs) activities largely declined.

In particular cattle, pig and poultry production have shown growth in the last couple of years. There still is a large gap between the actual and recommended consumption levels for protein indicating additional demand for livestock products.

In contrast to North and Latin American meat production, the application of growth stimulants is very limited in Zimbabwe. This is simply because cattle are primarily produced by smallholder farmers who virtually have no access to and knowledge about growth stimulants.

Zimbabwe has 10,000 large and small freshwater reservoirs creating opportunities for aquaculture. Large-scale industrial aquaculture is limited to one player. As mentioned in paragraph above this certainly is not limited to one player with the country's considerable underutilized potential for freshwater aquaculture development.

By-products from beef and pig slaughter in the country largely go to waste, except for hides which are sold to hide merchants. The leather industry is a small but in Zimbabwean terms significant exporting sector. Exotic leather i.e. crocodile skin represent a high value niche market.

10 OPPORTUNITIES FOR DUTCH AGRIBUSINESSES

10.1 INTRODUCTION

In this chapter opportunities for Dutch companies in the agribusiness value chains in Zimbabwe are presented. First of all business opportunities as well as the main players and risks involved are identified in each of the subsectors under study are identified. Secondly the most promising business opportunities are selected by considering the following criteria:

- Role in the value chain (value added);
- Business performance;
- Business reputation;
- Size of operations;
- Business risks.

10.2 BUSINESS OPPORTUNITIES IN THE GRAIN SUBSECTORS

In the table below the opportunities in the grain subsectors, sub sector main players and the risks involved are presented.

Sub-sector	Opportunities	Main players	Risks
Maize	<ul style="list-style-type: none"> • Stable annual offtake of 2 mln MT with local demand exceeding local production; • Aerial application of inputs reduces diversion of inputs by farmers. 	<ul style="list-style-type: none"> • Agri Seed and Services (Pvt) Ltd (inputs) • Delta Holdings (processing); • National Foods – Innscor (production, processing); • Irvines Chickens – Innscor (consumption); • Origin Group (production); • ProFeeds (processing); • Peak Trading Pvt Ltd (inputs); • Shumba Milling (processing); • Windmill (Pvt) Ltd (inputs); • Zimbabwe Fertilizer Company Ltd (inputs). 	<ul style="list-style-type: none"> • History of government interference in the grain subsector; • Regulated crop; • Low value crop; • yield fluctuations; • Poor agricultural practices.
Wheat	<ul style="list-style-type: none"> • Local demand exceeding local production; • Aerial application of inputs reduces diversion of inputs by farmers; • Limited domestic milling capacity. 	<ul style="list-style-type: none"> • National Foods – Innscor (production, processing); • Origin Group (production); • Windmill (Pvt) Ltd (inputs); • Zimbabwe Fertilizer Company Ltd (inputs). 	<ul style="list-style-type: none"> • Irrigation required; • Local wheat not suitable for bread production; • Poor agricultural practices; • Foreign wheat dumping.

10.3 BUSINESS OPPORTUNITIES IN THE TUBER CROPS SUBSECTORS

In the table below the opportunities in the tuber crops subsectors, sub sector main players and the risks involved are presented.

Sub-sector	Opportunities	Main players	Risks
Potatoes	<ul style="list-style-type: none"> • Enabling environment for potato production; • High production per square meter. 	<ul style="list-style-type: none"> • Informal traders. 	<ul style="list-style-type: none"> • Poor agricultural practices; • No industrial demand.
Cassava	<ul style="list-style-type: none"> • Growing industrial demand; • Robust characteristics of the crop; • Flexible planting and harvesting dates; 	<ul style="list-style-type: none"> • Nestle (processing); • Colcom Holdings – Innsco (consumption); • Unilever (processing); • Hunyani Pulp and Paper industry (processing). 	<ul style="list-style-type: none"> • No commercial cassava production history; • No cassava processing industry.

10.4 BUSINESS OPPORTUNITIES IN THE OIL SEEDS SUBSECTORS

In the table below opportunities in the oil seeds subsectors, sub sector main players and the risks involved are presented.

Sub-sector	Opportunities	Main players	Risks
Cotton	<ul style="list-style-type: none"> • Market for cotton products for medical and cosmetic use. 	<ul style="list-style-type: none"> • Alliance (production); • Cargill (production); • China Africa (production); • Cottco (production); • Cottzim (production); • ETG Parrogate (production); • Fahad (production); • Grafax (production); • Insing (production); • Olam (production); • Quton (inputs); • Romsdal (production); • Sinotex (production); • Sinozim (production); • Southern Cotton (production); • National Foods - Innsco (processing); • United Refineries (processing) • Dongenic (processing) 	<ul style="list-style-type: none"> • Poor agricultural practices result in substandard produce; • Farmers move away from crop because of low margins.
Soya	<ul style="list-style-type: none"> • Recapitalisation of 	<ul style="list-style-type: none"> • Origin Group (production) 	<ul style="list-style-type: none"> • Agricultural

Sub-sector	Opportunities	Main players	Risks
beans	<ul style="list-style-type: none"> oilseed processing industry; • Arial application of inputs reduces diversion of inputs by farmers. 	<ul style="list-style-type: none"> • National Foods - Innscor (production, processing) • Surface Investments Private Ltd (processing); • Olivine Industries Private Ltd (processing); • National Foods - Innscor (processing); • Blue Ribbon Foods Ltd (processing); • United Refineries Ltd (processing). 	<ul style="list-style-type: none"> production challenges; • Poor agricultural practices; • Cheap import alternatives of vegetable oil.

10.5 BUSINESS OPPORTUNITIES IN THE HORTICULTURE SUBSECTORS

In the table below opportunities in the horticulture subsectors, sub sector main players and the risks involved are presented.

Sub-sector	Opportunities	Main players	Risks
Flowers	<ul style="list-style-type: none"> • Enabling environment for flower production; • Flight connections to the Netherlands. 	<ul style="list-style-type: none"> • Flora Nova (producer); • Kiaora Flowers (producer); • Luxaflor (producer); • Mark Hopgood (producer). 	<ul style="list-style-type: none"> • Small domestic market; • Reliance on overseas export markets; • Fluctuating of air cargo costs; • Uncertainty about future of air cargo connections; • Exchange rate risks; • Complex logistics.
Fresh Produce	<ul style="list-style-type: none"> • Enabling environment; • Domestic demand; • Anti-cyclical seasonal production for northern markets (including Europe). 	<ul style="list-style-type: none"> • Ariston Holdings (producer, wholesale); • Avanos Enterprises (Pvt) Ltd (inputs) • Better Agriculture Pvt Ltd (producer, export); • Interfresh Holdings (producer, wholesale); • Matanuska (producer); • Selby Enterprises (producer, processor); • Rollex (producer, processor). 	<ul style="list-style-type: none"> • Cold chain management; • Fluctuating of air cargo costs; • Uncertainty about future of air cargo connections; • Exchange rate risks.
Citrus	<ul style="list-style-type: none"> • Enabling environment; 	<ul style="list-style-type: none"> • Interfresh Holdings (producer); • Forrester Estate (producer); • Schweppes (processor). 	<ul style="list-style-type: none"> • Misappropriation of plantations; • A1 and A2 plantation are poorly maintained.

10.6 BUSINESS OPPORTUNITIES IN THE LIVESTOCK SUBSECTORS

In the table below opportunities in the livestock subsectors, sub sector main players and the risks involved are presented.

Sub-sector	Opportunities	Main players	Risks
Cattle	<ul style="list-style-type: none"> • Organic and fair trade meat; • Domestic supply falling short; • Canning of beef. 	<ul style="list-style-type: none"> • Agricura (Pvt) Ltd (veterinary inputs); • Coopers ((veterinary inputs); • Makera Company (production); • Montana Meat (processing) • Local abattoirs and butcheries (processing). 	<ul style="list-style-type: none"> • Inbreeding; • Foot and mouth disease; • Cold chain management.
Dairy	<ul style="list-style-type: none"> • Domestic supply falling short. 	<ul style="list-style-type: none"> • Dairy Board (processing); • Kefalos (processing); 	<ul style="list-style-type: none"> • Cold chain management; • No export opportunities.
Pigs	<ul style="list-style-type: none"> • Demand for processing machinery and equipment. • Demand for pig meat from Far East. 	<ul style="list-style-type: none"> • Colcom Holdings (production, processing) • Local abattoirs and butcheries (processing). 	<ul style="list-style-type: none"> • Cold chain management.
Poultry and eggs	<ul style="list-style-type: none"> • Demand for processing machinery and equipment. 	<ul style="list-style-type: none"> • Crest (production); • Irvine's (production); • Ross (production). 	<ul style="list-style-type: none"> • Domestic competition.
Indigeneous livestock	<ul style="list-style-type: none"> • International demand for high value crocodile and ostrich leather products. 	<ul style="list-style-type: none"> • Royal Ostrindo (Pvt) Ltd (production, processing); • Padenga Holding (production, processing). 	<ul style="list-style-type: none"> •
Aqua culture	<ul style="list-style-type: none"> • 10,000 large and small freshwater reservoirs; • Low fish consumption. 	<ul style="list-style-type: none"> • Lake Harvest (production) 	<ul style="list-style-type: none"> • No tradition in fish farming; • Cold chain.

10.7 SHORTLISTED BUSINESS OPPORTUNITIES

The most promising business opportunities have been selected by considering the following criteria:

- Role in the value chain (value added);
- Business performance;
- Business reputation;

- Size of operations;
- Business risks.

Below key information on promising business opportunities identified is presented. Detailed information on each company and the opportunity, including contact information is provided in the annex 3.

Company name	Type of Actor	Main activities	Opportunity
Agri Seed and Services (Pvt) Ltd	Inputs	Seed production: maize, sorghum, millet (mainly OPV), cow peas and groundnut.	Equity investment in order to finance downstream expansion in value chain by investing in oilseed processing (including peanut butter production from groundnut) and sorghum milling in order to diversify and reduce dependency from seed sales.
Agricair (Pvt) Ltd	Inputs	Aerial application of crop care chemicals and fertilizer.	Looking for opportunities to lease additional crop spraying planes in order to meet growing demand in Zimbabwe and Mozambique.
Avanos Enterprises (Pvt) Ltd	Inputs	Vegetable seed development, production and marketing.	Technical collaborating to utilise land not contaminated by cross fertilisation in Zimbabwe.
Better Agriculture (Pvt) Ltd	Production	Production, processing and export of mange tout, sugar snaps and dried chillies.	Knowledge, equity and export partners to develop export opportunities in horticulture.
Innscor Africa	Production, processing, distribution, retail	Production and processing of grain (maize and wheat) and oil seed (soya bean); production of bread, trading grain, pork meat production, processing and marketing, retailing of groceries, white and brown goods, fast food chain management.	Innscor is interested in partnering with Dutch companies in order to produce process and export horticultural products to Europe. Innscor is financially strong and is looking for technical partners. Colcom and Irvine will source for pork and poultry processing machinery and equipment when domestic markets pick up.

Company name	Type of Actor	Main activities	Opportunity
Makera Cattle Company	Production	Pedigree cattle breeding and production.	Import opportunity for organically grown fair trade beef (Zimbabwe has a 9MT beef quota for Europe which is not utilised). Equity and knowledge partner needed for cold chain and organic/fair trade registration process.
O'Enem Meat Products (Pvt) Ltd	Processing	Piggery and abattoir.	Looking for equity and knowledge partner. Capital required for stock-feed scheme, power generating units and modernization of facilities.
Organic Africa Pvt Ltd	Production, processing	Production, processing and exporting of organic and fair trade certified (Organic EU and NOP, UEBT and Fair Trade) herbs, spices, aromatic plants and underutilised indigenous species into essential oils and dried products by way of extraction, refining and drying.	Implementing partner for companies intending to invest in fair trade and organic agricultural production. Looking for exporting partners. Supply of fair trade and organic certified herbs, fruit and oilseeds at demand.
Origen Group	Inputs, production	Blending of fertilizers, production and bulking of grain, soya bean and wheat.	Equity partner for wheat milling facility.
P.T. Royal Ostrindo Zimbabwe (Pvt) Ltd	Production	Exotic leather production i.e. ostrich, elephant and crocodile.	Export partner.
Padenga Holding	Processing	Crocodile breeding, growing and processing into premium crocodile leather and meat.	Export partner.

Company name	Type of Actor	Main activities	Opportunity
Peak Trading Pvt Ltd	Inputs	Development, production and distribution of high value seed products. Distribution of kapenta and mupani worms	Equity partner for innovative agribusiness projects.
Porsche Investments Pvt Ltd trading as Dongienic	Processing	Production of cotton wool products including pleated cotton wool, cotton puffs, cotton rolls, face pad, bar buds and alcohol swaps.	Equity partner required for investing in precision machinery and to develop export to Europe and South Africa.
Selby Enterprises (Pvt) Ltd	Processing	Processing, packaging and exporting edible horticulture products and fruit (mange tout, sugar snap, passion fruit, chillies, gooseberries). Producing stuffed peppers at vinegar for export.	Capital required to increase farmer productivity and efficiency.
Star Africa Corporation	Processing	Sugar refining. Total refining capacity of 250 000 tonnes.	Star Africa is diversifying upstream into value chain by producing sugar itself and is looking for agricultural partners.
Tapioca Zim (Pvt) Ltd	Production, processing	Production and processing of cassava.	Only commercial cassava producer in Zimbabwe. Keen interest from industry and stock feed sector for cassava based products. Capital required for out-grower scheme development.
Zimbabwe Fertilizer Company Ltd	Inputs	Production of Nitrogen (P), Phosphorus (P) and Potassium (P) based fertilizers and agro-chemicals.	Working and investment capital for reducing short term finance costs and recapitalisation.

ANNEX 1: AN OVERVIEW OF THE MAIN KNOWLEDGE INSTITUTION RELATED TO AGRICULTURE IN ZIMBABWE

Institution	Location	Function
The International Crop Research Institute for the Semi-Arid Tropics (ICRISAT)	Bulawayo	Agricultural research for sustainable development, reducing rural poverty, improving food security, improving nutrition and health, and sustainably managing natural resources via donor funding. ICRISAT collaborates with multilateral organisations, including national and regional agricultural research institutes, civil society organisations, academia and the private sector.
International Maize and Wheat Improvement Centre (CIMMYT)	Harare	International research and training institution dedicated to both the development of improved varieties of wheat and maize, and introducing improved agricultural practices to farmers, thereby improving their livelihoods.
Art Farm	Harare	The Trust operates as an independent research, demonstration, and training organization for commercial farmers and is not bound by government regulations and objectives.
Research and Specialist Services (RSS)	Dotted around Zimbabwe	On farm research activities on major crops.
Agritex	Major Cities and Branches in rural areas	Mainly involved in extension research, agricultural engineering and management services.
University of Zimbabwe	Harare	Training of Agricultural students at graduate level in crop, animal, soil science, Agricultural Engineering and Agricultural Economics.
Gwebi Agricultural College	Mashonaland Central	Produce agricultural graduates capable of delivering agricultural support services in practical farming, research, extension and farmer training.
Chibhero Agricultural College	Mashonaland Central	Produce agricultural graduates capable of delivering agricultural support services in practical farming, research, extension and farmer training.
Chinhoyi University of Technology	Mashonaland West	Biotechnology, Food Science and Technology and Postharvest Science and Technology laboratories. Agricultural Sciences and Technology is the Farm Research, Teaching and Extension Unit and Livestock section

ANNEX 2: INDUSTRY CAPABILITIES/CAPACITIES

Services	Olivine industries	National Foods	Surface investments	Blue Ribbon	United Refineries Limited	Other small processors
Processing capacity (tons/year)	90,000	30 000	+100 000	30 000	80 000	20 000
Capacity (tons/day)	400	150	400 (soya) 400 (cotton)	Through Olivine	200 (soya) 300 (cotton)	1- 15 (soya) 1-15 (cotton)
Processing method	Solvent extraction	Solvent extraction	Solvent extraction	Solvent extraction	Solvent extraction	Screw press
State of Processing plant	Plant is over 30 years and needs major refurbishment	Two major plants in Harare and Bulawayo, 30 years old	Plant in Chitungwiza, 3 years old and in good condition		Based in Bulawayo and plant and machinery are old.	
Stock at hand	Nil	1500 Mt	4000 Mt	Nil	Nil	>1000 Mt
Source of raw material	Contracts, Open market, imports	Contracts and open market	Open market, contracts	Open market	Open market	Own farms, open market
Toll crushing services	Yes. Retains most oil and Guards brand. Releases all cake.	Yes. Retains most oil and Guards brand. Releases all cake.	Yes. Retains most oil and Guards brand. Releases all cake.	Processes through Olivine.	Little activity going on.	Yes. Releases both oil and cake.
Raw material crushed	Soya and Cotton	Soya and Cotton	Soya and Cotton	Soya and Cotton	Soya and Cotton	Soya and Cotton
Previous experience with contracts	Works with LSCF. Successful with some ARDA estates poor on others. Nil SSC	Successful with LSCF. Nil SSC	Failed with ARDA. Nil SSC	No contracts	Nil to date. New projects under planning.	Nil. Most of them are pig growers, soya farmers or displaced growers getting into value addition.

ANNEX 3: COMPANY PROFILES

Agri Seed and Services (Pvt) Ltd	
<p>Contact: Walter Chigodora Managing Director +263 (4) 700655 wchigodora@agriseed.co.zw 5 Wimbledon Drive, Harare</p>	<p>Activities: Seed production: maize, sorghum, millet (mainly OPV), cowpeas and groundnut.</p>
<p>Background: Established in 1988 and third seed house in Zimbabwe. Shareholders: Walter Chigodora and Klein Karoo (South Africa). Using a 30 ha research farm incorporating a 4,300sq.m seed conditioning plant and warehouse, located at Mt. Hampden, 20kms north of Harare. Premises are owned by the company. Contracting commercial and small holder farmers: established smallholder out grower scheme with 1,500 farmers with Dutch and Australian support.</p>	
<p>Performance: Government is major client but fails to pay the bills. Accumulated debt of government is \$4 million. Other seed companies in Zimbabwe are facing same challenges.</p>	
<p>Opportunity: AgriSeeds intends to move downward in value chain by investing in oilseed processing (including peanut butter production from groundnut) and sorghum milling in order to diversify and reduce dependency from seed sales.</p>	

Agricair (PVT) Ltd	
<p>Contact: Carl van der Riet General Manager +263 (772) 480863 carl@agricairzim.com Charles Prince Airport P.O. Box 3683, Harare</p>	<p>Activities: General aviation. Aerial application of crop care chemicals.</p>
<p>Background: Established in 1965. Largest provider of aerial spraying services in Zimbabwe and fully CAAZ compliance. Before 2000 operating 22 planes. Current fleet: three spraying planes. Two planes need to be overhauled. New hangar on Charles Prince Airport close to Harare constructed. Executive Air facilities next door used for maintenance and periodical checks.</p>	
<p>Performance: Strong and increasing market for aerial spraying services in Zimbabwe. Managed to continue operations in difficult environment but now only one serviceable plane available which is a risk for continuation of operation.</p>	
<p>Opportunity: Looking for opportunity to lease crop dusting planes. Demand from Mozambique is growing and undersupplied because of large foreign investments in plantations. No domestic competition in Mozambique. Compared to South Africa, Zimbabwe is geographically better positioned towards most of the under supplied markets in Mozambique. Farm operators in Mozambique often originate from Zimbabwe and are familiar with AgricAir.</p>	

Avanos Enterprises (Pvt) Ltd

<p>Contact: Ms. Marietta van der Werf Managing Director +263 (4) 293 0941 mail@ewszim.co.zw 52 Alpes Road, Mount Pleasant, Harare</p>	<p>Activities: Vegetable seed development, production and marketing.</p>
<p>Background: Established in 2001 as part of East West Group of Companies through capital injection from Hortigen BV. Independent company since 2005. Seed branded as East West Seeds but will gradually be rebranded as Avanos. Operates research facility and employs seed researchers. Production at isolated farm to avoid cross fertilisation.</p>	
<p>Performance: Annual turnover: \$300,000. Profitable and domestically known for its quality seeds (only commercial vegetable seed developer in Zimbabwe). Other vegetable seed houses in Zimbabwe import generic cheaper seed from South Africa which is cheaper but with lower germinating rate.</p>	
<p>Opportunity: Shortage of vegetable seeds worldwide and traditional vegetable seed production areas like Chilli, China and South Africa are fully utilised. Zimbabwe has abundance of non-contaminated farm land ideal for vegetable seed production. Avanos is interested to collaborate with agribusiness to expand high quality seed production in Zimbabwe.</p>	

Better Agriculture Pvt Ltd

<p>Contact: Peter Caminada Director +263 (0)712 601271 pete@better-agriculture.com 6 Ashton road, Alexandra Park, Harare</p>	<p>Activities: Production, processing and export of mange tout, sugar snaps and dried chillies.</p>
<p>Background: Started operations in 2010. Growing, packaging and exporting mange tout and sugar snaps to Europe (400 MT per year) from its farm close to Harare International Airport. Operating warehouse at this farm. Contracting 1,000 smallholder farmers to produce chillies (800 MT). Main clients: Tabasco (export - wet chillies) and Nando's (dried chillies). Better Agriculture was vetted by and applied successfully for financial support from TechnoServe and AECF. Global gap compliance.</p>	
<p>Performance: Not profitable yet. Strong position in niche markets.</p>	
<p>Opportunity: Better Agriculture is looking for knowledge, equity and export partners in order to develop export opportunities in horticulture. The company operates a pack house close to the airport and is Global Gap certified.</p>	

Innscor Africa

Contact:

Jeremy Brooke
 Managing Director National Foods
 +263 (0)4 781182
 jeremybr@natfood.co.zw
 10 Stirling Rd, Workington, Harare

Activities:

Production and processing of grain (maize and wheat) and oil seed (soya bean); production of bread, trading grain, pork meat production, processing and marketing, retailing of groceries, white and brown goods, fast food chain management.

Background:

Innscor Africa (ZSE listed) is the largest conglomerate of companies operating in the food sector in Zimbabwe. Main group companies: National Foods Holdings Ltd (ZSE listed): flour and maize milling, production of stockfeed and Fast Moving Consumer Products (pasta, rice, baked beans); Irvine's Zimbabwe (Pvt) Ltd: poultry and eggs; Colcom: pigs fattening and production and marketing of pig meat; Innscor Bread (industrial bakery, national capacity: 450,000 loaves per day); Management of SPAR retail outlets (major supermarket chain Zimbabwe); Management of fast-food chains (a.o Chicken Inn, Pizza Inn, Nando's, Bakers Inn).

Performance:

2013 group revenues: US\$ 665 mln. Profit before tax: US\$ 59.4 mln. Strong growth in flower milling but maize milling is stable. Strong growth in bakery and fast food operations because of expansion. SPAR franchise operations are not profitable. Colcom has been suffering from equipment failures.

Opportunity:

Innscor is interested in partnering with Dutch companies in order to produce, process and export horticultural products to Europe. Innscor is financially strong and is looking for technical partners. Colcom and Irvine will source for pork and poultry processing machinery and equipment when domestic markets pick up.

Makera Cattle Company

Contact:

Max Makuise
 Director
 +263 (0)4 744356
 maxm@makera.co.zw
 3 Oswald Close, Mt Pleasant, Harare

Activities:

Pedigree cattle breeding, production and genetic improvement of household herds.

Background:

Established in 2005. Operating commercial beef herds: Brahman, Simbra (Brahman and Simmental cross breeding) and Tuli (Zimbabwean breed). With AECF support, Makere is interbreeding its pedigree breeds with communal cows resulting in stronger and more productive communal cattle. Main markets are domestics retail chains.

Performance:

Low profitability because of limited value added activities. There is a lot of international interest for the Makera interbreeding concept. Makera beef is pro poor and organic. Makera is intending to replicate its model in other African countries.

Opportunity:

Import opportunity for organically grown fair trade beef (Zimbabwe has a 9MT beef quota for Europe which is not utilised). Equity and knowledge partner needed for cold chain and organic/fair trade registration process.

O'Enem Meat Products (Pvt) Ltd

Contact:

Godfrey Chanetsa
 Managing Director
 +263 (772) 207439
 chanetsag@yoafrica.com
 Taruvinga Village, Chiweshe Communal Land

Activities:

Piggery and abattoir.

Background:

Piggery and abattoir company incorporated in 1997 originating from a family pig breeding and fattening business operating since 1992. Export Process Zone status since 1998. Comprising a 300 sow unit, pig fattening unit and an abattoir that is configured to slaughter both pigs and cattle. Facilities located at 90 km from Harare.

Performance:

Underutilised because of capital constraints. Under new management from Australia. Owner was marketing Director with Coca Cola.

Opportunity:

Equity partner required for capital investment (\$800,000) and knowledge. Capital required for stock-feed scheme, power generating units and modernization of facilities.

Organic Africa Pvt Ltd

Contact:

Dominikus Collenberg
 Director
 +263 (4) 88 53 51
 info@organicafrica.biz 22 Inverary Road,
 Pomona, Harare

Activities:

Production, processing and exporting of organic and fair trade certified (Organic EU and NOP, UEBT and Fair Trade) herbs, spices, aromatic plants and underutilised indigenous species into essential oils and dried products by way of extraction, refining and drying.

Background:

Started in 2007. Mainly exporting to Germany. Employment: 29; Turnover: \$ 1 million. German owned and protected by Bilateral Investment Promotion and Protection Agreement (BIPPA) between Zimbabwe and Germany. Working with 3,500 out growers for growing herbs. Partnering with NGOs to manage contract farming. Warehouse and processing centre in Christon Bank (10 km from Harare). Operating largest mobile distilling in Zimbabwe to produce essential oils at farms.

Performance:

Planning for revenue increase to \$10 million in 5 year time because of strong demand for organic herbs and essential oils.

Opportunity:

Implementing partner for companies intending to invest in fair trade and organic agricultural production. Looking for exporting partners. Supply of fair trade and organic certified herbs, fruit and oilseeds at demand.

Origin Group

Contact:

Rob Hoard
Group Director
+263 (0)4 303021
rhoard@origin.co.zw
7 Seagrave Road, Avondale, Harare

Activities:

Preparation of fertilizers, production and bulking of grain, soya bean and wheat.

Background:

Started as a grain brokerage business in 1993. Now group of companies specialised in grain and soya bean production and distribution. Supplying Innscor and Olivine. Currently 6,000 ha maize and soya bean and 1,000 ha wheat under contract. Efforts are put in capacitating farmers.

Performance:

Margins are low. Demand for soya beans and wheat is strong (only 33 percent of domestic demand for wheat is grown domestically). The company has access to domestic and foreign capital and can finance operational expenses.

Opportunity:

Equity partner for wheat milling facility.

P.T. Royal Ostrindo Zimbabwe (Pvt) Ltd

Contact:

Rudolph Darck
Managing Director
+263 (9) 488733
rudolhda@ostrindo.co.zw
37 Silver Crescent, Kelvin West, Bulawayo

Activities:

Exotic leather production i.e. ostrich, elephant and crocodile.

Background:

Established in 1996, 58 employees. Specialise in the banning and marketing of exotic leather i.e. elephant and crocodile skins.

Performance:

current turnover: US\$2 mln

Opportunity:

Export partner

Padenga Holding

Contact:

Gary Sharp
CEO
+263 (4) 291 6048
info@padenga.com
121 Borrowdale Rd, Gun Hill, Harare.

Activities:

Crocodile breeding, growing and processing into premium crocodile leather and meat.

Background:

Was part of Innscor but now operating independent. Operating three crocodile farms located on the shores of Lake Kariba. ZSE listed.

Performance:

Current turnover: \$27 million (book year: 18 months); profit before tax: 4.9 million (book year: 18 months).

Opportunity:

Export partner

Peak Trading Pvt Ltd

Contact:

Rob Kelly
Director
+263 (772) 249198
kelly@zol.co.zw
1591 Souter Road, New Arbennie, Harare

Activities:

Development, production and distribution of high value seed products. Distribution of kapenta and mupani worms

Background:

Company started as agriculture commodity trading company 10 years ago primarily operating in soya bean and grain (maize, millet, sorghum). Increasing focus on managing the upstream supply chains by developing activities in seed and agriculture commodity production. Peak trading operates as a growing network of interrelated small companies and businesses.

Performance:

N.a. Small company.

Opportunity:

Equity partner for innovative agribusiness projects. Investments from \$50,000.

Porsche Investments Pvt Ltd trading as Dongienic

Contact:

Ramin Khalatbari
Director
+263 (0)772 295632
ramin.khd@gmail.com
Stand 2&3 Sunway City Industrial Park,
Msasa, Harare

Activities:

Production of cotton wool products including pleated cotton wool, cotton puffs, cotton rolls, face pad, bar buds and alcohol swaps.

Background:

Porsche Investments Pvt Ltd is a family business operating in cotton wool production and hospitality. Cotton wool product for surgical and cosmetic use are produced at a plant with a capacity to process 40 MT cotton per month. Only serving domestic market. Employment: 40.

Performance:

Annual revenues: 6 million; net profits: 15%; Current capacity utilization: 40%.

Opportunity:

Equity partner required for investing in precision machinery as Porsche Investments prefers to invest in higher risk and higher return sectors outside agriculture. Precision machinery will make the factory internationally competitive. Export to Europe and South Africa. It was noted that in Europe only 5 comparable factories are operating (a.o. in Italy and Poland) and in South Africa only one. No significant cotton production in Europe and South Africa. Proposed machinery supplier: LINKS Srl (<http://www.links-srl.it>).

Selby Enterprises (Pvt) Ltd

Contact:

96 Central Avenue
P.O. Box CY982, Causeway, Harare
Farm: 15.5km peg Golden Stairs Road, Harare

Activities:

Exporting and supplying local supermarkets with: beans, Strawberry pulp, frozen vegetables, Gooseberry pulp, Passion fruit pulp, Guava, Chillies, Fresh garlic, Sweet corn, Baby corn, Mange tout, Preserved fruit and vegetables, Fresh physalis, Sugar snap, Frozen fruit pulp, Passion fruit.

Background:

Started operations in 1989. In 2000 the farm was bought with some basic infrastructures present but has since been build up by Selby to a full fledged vegetable growing and handling complex, with a pack-house including a high Care unit (3,000m² packing facility, 1,500m² cold rooms and freezer complex). Contracting about 12 farmers and smallholder farmer. Typically 75% of volume exported to mainland Europe.

Performance:

Present production and handling capacity is around the 500 Mt produce annually of which 80% is sold on the Zimbabwe markets. Part of the production is done by small-scale out growers.

Selby – under the African Preservers name – has recently ventured into a canning (baked beans) line where product is canned under various local labels like ProBrand, Spar, and their own.

With the recent opening of the new Kentucky Fried Chicken franchise in Harare, Selby is developing the fresh/frozen chips line supply to KFC. Other products Selby supplies KFC are cut lettuce, carrots and tomatoes through the High Care unit.

Opportunity:

Equity investment required to expand export and to increase its grower base.

Star Africa Corporation

<p>Contact: Sam Mushiri Director +263 (0)772 594263 smushiri@starafrica.co.zw 45 Douglas Road, Workington, Harare</p>	<p>Activities: Sugar refining. Total refining capacity of 250 000 tonnes.</p>
<p>Background: Star Africa (ZSE listed) was producing a wide variety of FMCP during the hyperinflation era but had to stop operations shortly after the introduction of the multicurrency system because of accumulating debts. Under new management the company focus on its core activity (sugar refining). Production of refined sugar started end of September 2014. Daily refining capacity is 600 MT but only a fraction is utilised now. Clients include Delta Beverages and Schweppes (soft drinks), confectionaries and Dairy Board (yoghurt). Main shareholders are National Social Security Authority (NASSA - 18%), ZSR Investments UK (14 percent) and Old Mutual. Star Africa successfully lobbied for limiting the import of refined sugar. Raw material is provided by Hippo Valley Estates Ltd.</p>	
<p>Performance: Domestic refined sugar market is protected for two years because of anti-dumping law. This time is needed to continue recapitalisation. Original production equipment is from the 1950s.</p>	
<p>Opportunity: New machinery from India was installed but maintenance costs are high. Star Africa needs more reliable machinery and equipment. Market is protected for the next two years and refined sugar demand is exceeding supply. Star Africa wants to diversify upstream into value chain by producing sugar itself and is looking for agricultural partners.</p>	

Tapioca Zim (Pvt) Ltd

<p>Contact: Andrew Lawson Managing Director +263 (0)772 905250 eagle1@zol.co.zw 7 Thames Road, Vainona, Harare</p>	<p>Activities: Production and Processing of Cassava.</p>
<p>Background: Only commercial cassava producer and processor in Zimbabwe. Keen interest from industry and stock feed sector for cassava based products. Capital required for out grower scheme development.</p>	
<p>Performance: Greenfield operation launching new commercial crop in Zimbabwe.</p>	
<p>Opportunity: Capital required US\$ 100,000 for out-grower scheme development.</p>	

Zimbabwe Fertilizer Company Ltd

Contact:

Richard Dafana
Managing Director
+263 (4) 753882
zfc@zfc.co.zw
35 Coventry Road, Workington, Harare

Activities:

Production of Nitrogen (P), Phosphorus (P) and Potassium (P) based fertilizers and agro-chemicals.

Background:

Leading fertilizer producer in Zimbabwe and prime brand with smallholder farmers. Main shareholders are government owned Chemplex Corporation (50%), YZ Holdings and TA Holdings (ZSE listed). Main suppliers are Sable Industries and Zimbabwe Phosphate Industries (partly owned by Chemplex). 300 employees.

Performance:

Turnover \$ 80 million. Annual challenges raw material finance delays production. Zimbabwean government is a main client but also has a poor payment track record which is a risk. ZFC indicates that government has met its payment obligations. Production process is outdated and can be mechanised and modernised. Recapitalisation is required.

Opportunity:

Looking for working and investment capital. Working capital: \$10 - \$20 million needed for seasonally financing raw material purchase. Current financing arrangements are expensive. Financial arrangement through direct borrowing or structured deal and repayment after 90 days. Investment capital needed for recapitalisation. TA Holding intending to divest from ZFC.

ANNEX 4: LIST OF PERSONS INTERVIEWED

Organisation	Activities	Name	Title
ABS TCM (Pvt) Ltd	Stock Feeds	Dr. Nathaniel F. Makoni	Managing Director
Agri Seed and Services (Pvt) Ltd	Seeds	Walter Chigodora	Managing Director
Agricair (Pvt) Ltd	Agricultural aviation	Carl van der Riet	General Manager
APT	NGO	Michael Dawes	Director
Aquafeeds (Pvt), Baskem Ltd.	Aquaculture & Fishfeed	Gerry McCollum	Director, consultant
Avanos Enterprises (Pvt) Ltd	Seeds production	Ms. Marietta van der Werf	Managing Director
BCSDZ	Business Association	George Foot	Secretary
Better Agriculture Pvt Ltd	Horticulture	Peter Caminada	Director
Delta Beverages	Brewery and soft drinks	Tichafa Rinomhota	Technical Director
Dongienic	Cotton wool	Ramin Khalatbari	Director
FX Logistics	Logistics	Stuart Sprake	Director
Horticulture Promotion Council	Trade organisation	Basillio Sandamu	Advisor
KLM/Martinair	Airfreight	Nick Haselden	Freight Manager
Luxaflor	Flowers	Aart Nugteren	Director
Makera Cattle Company	Cattle breeding	Max Makuvise	Director
National Foods	Grain and oilseed milling	Jeremy Brooke	Managing Director
O'Enem Meat Products (Pvt) Ltd	Meat processing	Godfrey Chanetsa	Managing Director
Organic Africa Pvt Ltd	Essential oils	Dominikus Collenberg	Director
Origin Group	Agriculture	Rob Hoard	Group Director
Peak Trading Pvt Ltd	Seeds	Rob Kelly	Director
PHI Commodities	Grain trading	Gary Booth	Managing Director
Pig Procurement Association	Association	Godfrey Chanetsa	Chairman
Rollex	Horticulture and logistics	Edwin Moyo	Director
SAT	NGO	Brian Saunders	Project Coordinator
Selby Enterprises (Pvt) Ltd	Horticulture	Mr. Adam Selby	Director
Silverstreet Capital	Investor	Gary Vaughan-Smith	Partner
SNV	NGO	Elton Mudyazvivi	Programme Manager
SNV	NGO	Waddilove Sansole	Inclusive Business Advisor
Star Africa Corporation	Sugar refining	Sam Mushiri	Director
ZADT	Finance	Mbekezeli Mthunzi	Chairman
Zimbabwe Fertilizer Company Ltd	Fertilizers	Justice Chamuka	Marketing Manager
Zimbabwe Investment Authorities	Investment promotion	Nigel Chanakira	Chairman
Zimbabwean Abattoir Association	Association	Godfrey Chanetsa	Chairman

ANNEX 5: USEFUL WEBSITES FOR FURTHER READING

Organisation	Description	Link
Agricultural Research Trust	CFU research farm	http://www.artfarm.co.zw
Bankers Association of Zimbabwe	Financial sector information and developments	http://www.baz.org.zw
Chibhero Agricultural College (Institute of Environmental Studies)	Farming college.	http://www.ies.ac.zw/chibhero.html
Chicago Board of Trade	Global agricultural commodity product market indexes.	http://www.cmegroup.com/trading/agricultural
Commercial Farmers Union of Zimbabwe (CFU)	Background information on land reform process in Zimbabwe	http://www.cfuzim.org
Confederation of Zimbabwe Industries	Manufacturers association	http://www.czi.co.zw
Delegation of the European Union to Zimbabwe	EU delegation portal with EU policy and project information	http://eeas.europa.eu/delegations/zimbabwe/index_en.htm
Department Research and Specialist Services (DRSS)	Crop research institute.	http://www.drss.gov.zw
Embassy of the Kingdom of the Netherlands in Harare	Dutch Embassy	http://zimbabwe.nlembassy.org
Food and Agriculture Organization of the United Nations	Zimbabwe country website	http://www.fao.org/countryprofiles/index/en/?iso3=ZWE
FX Logistics	International logistics services provider	http://www.fxlogistics.biz
Gwebi Agricultural College	Farming college.	http://www.gwebiagric.ac.zw
Law Society of Zimbabwe	Zimbabwean legal practitioners listing	https://www.lawsociety.org.zw/directory.html
Ministry of Finance and Economic Development	Link to Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013	www.zimtreasury.gov.zw/zim-asset
Ministry of Justice, Legal and Parliamentary Affairs	Legal affairs department	http://www.justice.gov.zw
Shipping and Forwarding Agents' Association of Zimbabwe	Voluntarily shipping association	http://www.sfaaz.org/
SNV Netherlands Development Organisation Zimbabwe	Dutch NGO promoting market based development solutions in agriculture	http://www.snworld.org/en/countries/zimbabwe
Technoserve Zimbabwe	US NGO promoting market based development solutions in agriculture	http://www.technoserve.org/our-work/where-we-
The Business Council for Sustainable Development Zimbabwe	Zimbabwe chapter of World Business Council for Sustainable Development (WBCSD)	http://www.bcsdz.co.zw
The Zimbabwe Legal Information Institute (ZimLII)	Legal information portal.	http://www.zimlil.org
University of Zimbabwe	Academic agriculture research and education in agriculture.	http://www.uz.ac.zw
Zimbabwe Agricultural Development Trust (ZADT)	Subsidised loan facility for financing business in rural areas	http://www.zadt.co.zw
Zimbabwe Commercial Farmers Union (ZCFU)	Indigenous Commercial Farmer Union	http://www.zcfu.org.zw
Zimbabwe Government	Government portal	http://www.zim.gov.zw
Zimbabwe National Statistics Agency (ZIMSTAT)	National statistics bureau	http://www.zimstat.co.zw
Zimbabwe Situation (private initiative)	News portal on Zimbabwe	http://www.zimbabwesituation.com
Zimbabwe's Farmers Union (ZFU)	Smallholder farmer Union	http://www.zfu.org.zw

ANNEX 6: KEY VALUE CHAIN ACTORS

Company name	Type	Address	Telephone	Activities	Url
ABS TCM Feeds	Production, processing	4 Bannockburn Close, Mount Pleasant, Harare	+263 4 301 071 +263 712 402 221	Stockfeed processing	
African Century Limited / Lake Harvest	Production	153 Josiah Chinamano Avenue, Harare	+263 4 705503	Aquaculture and Fish feed	www.africancentury.co.zw
Agri Seeds and Services (Pvt) Ltd	Inputs	5 Wimbledon Drive, Harare	+263 (4) 700655	Seed production: maize, sorghum, millet (most OPV), cow peas and groundnut.	www.agriseed.co.zw
Agricair (Pvt) Ltd	Inputs	Site 24 Charles Prince Airport, Harare, Zimbabwe	+263 (772) 480863	Aerial application of crop care chemicals and top dressing.	www.agricair.com
Agricura (Pvt) Ltd	Inputs	62 Birmingham Road, Harare	+263 (4) 662571	Crop chemicals, veterinary dips and remedies.	
Aquaculture Zimbabwe	Production	16 Northampton Crescent, Eastlea,	+263 (4)788259	Fish production	www.aquaculturezim.org
Ariston Holdings (Pvt) Ltd	Production	306 Hillside Road, Msasa, Harare	+263 (4) 704949	Producer, wholesale and marketing of tea, pommes & stone fruit, fresh produce, potato seed, poultry and macadamia nuts.	www.ariston.co.zw
Avanos Enterprises (Pvt) Ltd	Inputs	52 Alpes Road, Mount Pleasant, Harare	+263 (4) 293 094	Vegetable seed production and marketing	www.ewszim.co.zw
Bain Farm Equipment Division	Inputs	35 Douglas Road, Workington	+263 (4) 664794	Agricultural machinery and spares	
Border Timbers Ltd	Production, processing	Aberdeen Road, Mutare	+263 (20) 64224	Forestry, sawmilling and manufacturing of wood products.	www.bordertimbers.com
British American Tobacco Zimbabwe Holdings Ltd	Processing	1 Manchester Rd, Southerton, Harare	+263 (4) 754737	Manufacturing and marketing of cigarettes and pipe tobaccos.	www.bat.com
Cairns Food Ltd.	Processing	Upton Road, Ardbennie, Harare	+263 (4) 620 441/9	Food and beverage manufacturer	www.cairnsfoods.co.zw

Carswell Meats	Processing, wholesaler	183 Willowvale Road, Southerton, Harare	+263 (4) 612 400	Meat products, abattoir, retail & wholesale meat supplier	
CFI Holdings Ltd	Processing, distribution	1 Wynne St, Harare	+263 (4) 791260	Poultry breeding, processing and marketing; poultry stock feed; retailing and agricultural inputs.	www.cfigroup.co.zw
Colcom Holdings Ltd	Processing	1/3 Coventry Rd, Workington, Harare	+263 (4) 751051	Meat processing.	www.colcomfoods.com
Cottco Holdings Limited	Production	1 Lytton Road, Workington, Harare	+263 (4) 749458	Cotton production and sales.	www.cottcoholdings.com
Crostel Pvt Ltd	Production	Nyamagoda Farm, Macheke	+263 798 540	Vegetables	
Cure Chem Overseas Pvt Ltd	Distribution	32, Anthony Avenue, Msasa, Harare	+263 (4) 490500	Crop chemicals	www.curichem.com
Dairibord Holdings Limited	Processing	ZB Life Towers, 77 Jason Moyo Avenue, Harare	+263 (4) 790801	Processing and marketing milk products, juices and mineral water.	www.dairyboard.com
Farmers World Zimbabwe (Pvt) Ltd	Inputs	Bldg 28 Transtobac Estate, Hillside Rd, Msasa, Harare	+263 (4) 481960	Agricultural equipment	
PROfeeds - PRObrands	Production processing	82 Woolwich Road, Willowvale, Harare	+263 (4) 667173 / 666960 / 661048 / 661295	Stock feeds and food specialists in household consumable goods	www.progroup.co.zw
Hippo Valley Estates Limited	Production	Hippo Valley, Chiredzi	+263 31 3141	Growing and milling of sugarcane and other farming operations	www.huletts.co.za/ops/zimbabwe.asp
Hunyani Holdings Limited	Production	68 Birmingham Rd, Southerton, Harare	+263 (772) 131 349	Growing and processing timber. Paper based packaging material for various industries	www.hunyanizim.com

Impala Seeds Pvt. Ltd	Inputs	P.O. Box 292, Bulawayo	+263 (9) 79634	Distribution and sales of seeds	
Innscore Africa Ltd	Production, processing, distribution, marketing	Edward Building, Corner 1st Street / Nelson Mandela Av., Harare	+263 (4) 496886/790	Bakeries & Restaurants, Distribution, Spar, Colcom, Household goods, Milling, Poultry, Packaging, Adventures	www.innscoreafrica.com
Intercrop (Pvt) Ltd	Production	Ximex Part, 16.5 km peg Lomagundi Rd, Westgate, Harare	+263 (4) 308860	Crop inputs - Seeds, Chemicals, Fertilisers	www.interfresh.co.zw
Interfresh Holdings Ltd	Production, distribution	3 Ramon Road, Graniteside	+263 (772) 130243	Citrus fruit, vegetables	www.interfresh.co.zw
Irvine's	Production breeding	Henley Drive Extension, Waterfalls, Harare	+263 772 131973/982	Poultry breeding, processing and marketing	www.innscoreafrica.com/brands/irvines
Lake Harvest Aquaculture	Production	153 Josiah Chinamano Avenue, Harare	+263 (4) 253 514	Production of tilapia and dried kapenta	www.lakeharvest.com
Lomag Export (Pvt) Ltd	Production	9 Cameron Road, Pomona, Harare	+263 (4) 885645	Grass seed production and export (Katambora, Rhodes, Chloris Guarna), distribution of irrigation equipment	www.lomagagric.com
Luxaflor Roses (PVT) Ltd	Production	Post Office box: 129, Concession, Zimbabwe	+263 (756) 2434	Breeding and production of roses	
Makera Cattle Company	Cattle Breeding	3 Oswald Close Mount Pleasant, Harare	+263 (4) 744 356	Commercial cattle breeding and genetic improvements	www.makera.co.zw
National Foods Holdings Ltd	Production	Gloria House, 10 Stirling Rd, Workington, Harare	+263 (4) 753 751	Grain bulking and milling, food processing.	www.natfood.co.zw
National Tested Seeds	Production, sales	750 Lorraine Drive, Bluff Hill,	+263 (4) 2931535	Hybrid and open pollinated seed production, distribution and retail of agricultural inputs.	www.kencor.co.zw

		Harare			
Nico Orgo Pvt Ltd	Inputs	Stand no. 090, 2nd Avenue, Belvedere, Harare	+263 (713) 328 369	Blended fertilizers and agricultural products	
Northern Tobacco	Production	4-12 Paisley Road, Southerton, Harare	+263 (4) 754 742	Tobacco production	www.nt.co.zw
Nutriveg	Processing	5 Shamwari Road, Stapleford, Harare	+263 (772) 300 207 +263 (4) 481 319	Dehydration of vegetables	www.nutrifresh.co.zw
O'Enem Meat Products (Pvt) Ltd	Production	Taruvinga Village, Chiweshe Communal Land	+263 (772) 207439	Piggery and abattoir	www.o'enefresh.co.zw
Olivine Industries	Processing	Cnr Birmingham & Plymouth Rd, Southerton, Harare	+263-4-754556/64	Processing of oilseeds into edible oils	www.olivine.co.zw
Omnia Nutriology	Inputs	Block F Delken Complex, Mt Pleasant Business Park, Harare	+263 (4) 369393	Blending and distribution of fertilizer and crop chemicals	www.omnia.co.za
Organic Africa Pvt Ltd	Production	22 Inverary Road, Pomona, Harare	+263 (4) 88 53 51	Production of organically and fair trade certified essential oils and dried herbs.	www.organicafrica.biz
Peak Trading	Trading	1591 Soutter Rd, New Arbennie, Harare	+263 (4) 667 560/1	Agricultural commodities trading and marketing	
P.T. Royal Ostrindo Zimbabwe (Pvt) Ltd.	Production	37 Silver Crescent, Kelvin West, Bulawayo	+263 (9) 488733	Exotic leather production i.e. ostrich, elephant and crocodile.	rudolhda@ostrindo.co.zw
Padenga Holdings Limited	Production	121 Borrowdale Rd, Gun Hill, Harare	+263 (4) 291 6048	Crocodile farming and processing (meat and leather).	www.padenga.com

Pedstock Investments	Inputs	Cnr Harare Drive/Alpes Road, Mount Pleasant, Harare	+263 (4) 851690	Distribution of seeds, seedlings, irrigation, greenhouse plastic, gardening equipment, fertilisers, bakery services	
Pioneer HI BRED	Inputs	Mutual Gardens, 100 The Chase West, Emerald Hill, Avondale, Harare	+263 (4) 339301	Seeds and Chemicals	www.pioneer.com
PMT Entreprise Matanuska Pvt Ltd	Production	Abercorn Street 1, Harare	+263 (4) 75 6776	Production, marketing and sales of fruits and vegetables	
Polachem	Agro-dealer	104 1st Avenue, Harare	+263 (772) 918 502	Various Agro chemical distributor	
Premier Milling		Highfield road, Southerton, Harare	+263 (4) 665 661/5	Grain milling and marketing	
Prime Seeds	Inputs	318 Hillside Road, Masasa, Harare	+263 (4) 480 501 / 447 114	Seeds, seedlings, chemicals	
Progene	Inputs	1A Kent Road, Chisipite, Harare	+263 (4) 443 828/9	Seed breeding, research, testing	www.progeneseds.co.zw
Rollex	Logistics and production	New Cargo Village, Bidfresh Complex, International Airport, Harare	+263 (4) 575 777/692	Transport logistics and production, export of fresh fruit and vegetables	www.lonrho.com
Ross Breeders Zimbabwe (pvt) ltd	Production breeding, feeds	46 Kaguvi Street, Harare	+263 (4) 756 004	Day old chicks-broilers and layers, hatching eggs, poultry feed and vaccines	
Schweppes Zimbabwe Ltd	Production	67a Woolwich Road, Willovale, Harare	+263 (4) 620231	Fruit processing, production of cordials, fruit juices, bottled water and flavoured drinks	www.schweppes.co.zw
Seed Co Limited	Inputs	Shamwari Rd, Stapleford, Harare	+263 (4) 882485	Developing and producing hybrid and non-hybrid cereals and oil crop seed varieties.	www.seedco.co.zw

Selby Enterprises (Pvt) Ltd	Production	Komani Farm, 12.5 Km Peg Golden Stairs Rd	+263 (4) 307472	Processing, packaging and exporting edible horticulture products and fruit (mange tout, sugar snap, passion fruit, chillis, gooseberries). Producing stuffed peppers at vinegar for export.	www.selby.co.zw
Servcor Pvt Ltd	Distribution	47 Plymouth Road, Southerton, Harare	+263 (4) 620301	Fresh food processing and catering services	www.servcor.co.zw
Suncrest Chicken (Pvt) Ltd	Processing	Amalinda road, Harare	+263 (4) 690 491-5	Various Fresh and Frozen poultry products	www.suncrest.co.zw
Windmill (Pvt) Ltd	Inputs	Westgate House West, Lorraine Drive, Harare	+263 (4) 334911	Manufacturing and distributing fertilizers, crop chemicals, animal health products and specialty fertilizers.	www.windmill.co.zw
Zimbabwe Fertilizer Company Ltd	Inputs	35 Coventry Road, Workington,	+263 (4) 753882	Production of Nitrogen (P), Phosphorus (P) and Potassium (P) based fertilizers and agro-chemicals.	www.zfc.co.zw
Zimplow Holdings Ltd	Inputs	AON House, Northridge Close, Northridge Office, Borrowdale, Harare	+263 (4) 883888	Production of man and animal drawn farm implements distribution of mechanised farm equipment.	www.zimplow.co.zw

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