

CONTESTATIONS SURROUNDING CONTRACT FARMING IN RURAL ZIMBABWE: A CASE OF MUKOSI COTTON GROWERS IN MASVINGO SOUTH

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ABSTRACT

This study is based on the fieldwork conducted in the Mukosi Range, among the Mukosi cotton growers in Masvingo south. It argues against the orthodox conceptualization of contract farming as the panacea to the incessant production challenges bedeviling rural communities. Thus it seeks to unravel the micro-politics and contestations in the contract farming venture. In this regard the perceptions of villagers towards contract farming are juxtaposed with those of the contracting companies operating in this area. The enigma is that in spite of the much heralded virtues of contract farming as a catalyst for improving the strained rural livelihoods, the Mukosi cotton farmers' experience reveals that the said farming practice far from being an antidote to the problems bedeviling such rural communities has actually degenerated into a battlefield where the local farmers and the private companies compete to position themselves in relation to the pricing system, culminating in a serious impasse that is relentlessly threatening to render contract farming enterprise obsolete. To salvage contract farming from the current doldrums, the concoction is to adopt an interface analysis that will help to reconcile the conflicting interests of the actors in question, simultaneously ensuring the sustainability of this farming programme. To meet the outlined objectives of this study the research was grounded in qualitative methodology and adopted unstructured interviews, focus group discussions and secondary sources of data as the main data soliciting techniques. Long's Actor Oriented Approach was used as the theoretical approach to understand and reconcile the different and conflicting Life-worlds of the social actors involved in contract farming.

Keywords: Contract farming, micro-politics, Contestations, conflict Life-worlds

Introduction and background

From the outset it is worth noting that the majority of the poor people in sub-Saharan Africa in general and Zimbabwe in particular live in rural areas and are dependent mostly on agricultural activities as the source of their livelihoods. In spite of this it is appalling to note that the agricultural sector has been neglected as a mechanism for dealing with the food insecurity quagmire that continues to haunt the rural communities simultaneously ensuring the much needed goal of sustainable agriculture. (World Bank 2008) The major concern is that whilst emphasis in African countries has been on the promotion of agriculture with the ultimate goal of reducing rural poverty, there is glaring evidence that investment in agriculture by both the state and the civil society is deplorably dwindling. This unwarranted development can be partly attributed to the inept state policies coupled with the macro-economic environment prevailing in such countries, which is relentlessly coalescing against meaningful and fruitful agricultural production.

In line with the aforementioned standpoint it has been observed that the Zimbabwean economy has been going through turmoil ever since the turn of the new millennium that is the post 2000 era. This economic mayhem has been further compounded by the growing skepticism within the civil society to assist the vulnerable smallholder farmers in rural areas, an approach which for a long time has operated as a stop gap measure especially when the state failed to provide for its citizens. This uncouth development is inexorably impinging on the ability of the said farmers to engage in sustainable agriculture. It is against this backdrop that contract farming has gained impetus in Zimbabwe through the private sector as the major driving force. As observed by Davis et al (2007), there are a number of driving forces behind contract farming in Zimbabwe including but not limited to diminishing national agricultural productivity, economic downturn, raw material shortages for agro processing and increasing food insecurity which in recent years has been exacerbated by the catastrophic impact of climate change.

It should also be noted that in an attempt to redress the colonial land imbalances in Zimbabwe, the Government of com ZANU PF (the former ruling party) embarked a massive, abortive and contentious land redistributive exercise in 2000 and this has extended into the present day.

Notwithstanding the piecemeal benefits ushered in by the programme in question, the government made a grave mistake in that the programme lacked proper planning so as to fit into the category of an agrarian reform. Henceforth the beneficiaries of this exercise including the Mukosi cotton growers were not accorded meaningful supporting structures for sustainable agriculture since the programme was revolutionary in nature. This traumatic scenario has continued to irk these smallholder farmers who have also found themselves enmeshed in a vicious cycle of poverty as their livelihood options are now severely curtailed. As rational, calculative and strategic social actors these smallholder farmers have accordingly resorted to cash crop production with the goal of improving their livelihoods.

In spite of the growing hype in cash crop production in Zimbabwe these farmers nevertheless continue to experience challenges related to inadequate capital and access to credit facilities from financial institutions. This stems from the fact that owing to the hotchpotch manner in which the Fast Track Land Reform Programme (also known as the Third Chimurenga) was implemented, these farmers were not granted befitting tenure but ninety nine year leases which they cannot use as collateral to access credit facilities from financial institutions. Given these developments the majority of these farmers are therefore falling back on contract farming since it offers them renewed hope and promises.

Contract farming is premised on a contract signed between a farmer and a firm with an agreement between the two parties that the firm will purchase the farmer's products in order to market them or process them. In return the farmers will access the much needed seed and other related inputs. Davis et al (2007) opine that contract farming can potentially provide farmers with so many benefits that extend way beyond the provision of markets, including access to input loans, access to credit, provision of extension and technical advice, use of appropriate technology which ironically has emerged as a conspicuous missing link for sustainable agriculture in rural economies.

Although contract farming has gained regional, continental and national interests as a vehicle for catapulting these smallholder farmers out of the vicious cycle of poverty and simultaneously improving rural livelihoods, scholars, researchers and other relevant stakeholders tended to over

romanticize the potential virtues of contract farming for rural communities, thereby taking a top down or a blueprint approach to agriculture. Consequently they have glossed over the capacity of contract farming to degenerate into a political arena, where actors relentlessly compete to position themselves. These vulnerable farmers have thus been wrongly conceptualized as *tabula rasas* or passive recipients of developmental intervention programmes. This background points to the paucity of data on the negative implications of contract farming on rural economies. Taking a people centered approach as its axis the ensuing treatise therefore focuses on the contestations and conflict that has engulfed contract farming, with particular focus on Mukosi cotton growers in Masvingo South district. In this case the perceptions of smallholder farmers are juxtaposed with those of the exponents of contract farming and how the conflicting perceptions impinge on the overall sustainability of contract farming in the said area.

METHODOLOGICAL ORIENTATION

This study was largely grounded in qualitative research methodology. This is primarily because qualitative methodology helped the researchers to gain in-depth responses about what the respondents think, do and feel with regards to contract farming as a mechanism for improving rural livelihoods. This methodology also enabled the researchers to obtain insights into attitudes, motives and behaviors of the resettled farmers in the said farming enterprise concurrently espousing the ambivalent relations embedded in contract farming. (Mwanje 2001) Above all the choice of qualitative methodology was influenced by the fact that the researchers were concerned with how the beneficiaries of contract farming define their social world and how this definition of social world determined the directions of the actions they took to redefine their situation until it is comfortable to them.

Given the aforementioned background unstructured interviews, focus group discussions (FGDs) and secondary sources of data were therefore used as the main data soliciting techniques within the qualitative paradigm. Secondary sources of data such as contracts signed between farmers and contractors, pamphlets and memos were used to corroborate data gathered using the primary data gathering techniques. This triangulation of data gathering tools helped to enhance the validity of the findings made in this study. Convenient sampling or judgmental sampling

technique was used to select respondents in this study and in this case personal judgment was used to select information rich cases. This task was made easier by the fact that one of the researchers in this study is a native of this area, thereby making it easier to access respondents who were also known to him. Through Convenient sampling the researchers selected a total of forty households for interviewing and these also included key informants such as village heads, extension officers and official from the companies marshaling contract farming in this area. The rational was to add breadth to this study and provide answers that could not be answered by the local farmers in Mukosi ranch.

PRESENTATION AND DISCUSION OF FINDINGS

Upon its prologue, Mukosi farmers glorified contract farming, since it was perceived as the panacea to the agricultural production challenges afflicting this area. They erroneously conceptualized it as a viable option that would eventually throw them out of the vicious cycle of poverty that continuously haunt this perennially dry part of Zimbabwe. The wakeup call however points out that contract farming is far from the mark, despite the hype that came with it. The findings made in this study show that contract faming is worsening the already precarious situation since the poor and vulnerable cotton producers have been exposed to vicious economic vampires in the form of private companies, whose sole motive is profit maximization at very minimum costs. This has been accelerated by Mukosi cotton growers' desperation to at least acquire capital in view of the macro economic and political environment haunting Zimbabwe, which is also coalescing against the said farmers' access to capital and other related agricultural inputs.

In Mukosi ranch, it has been observed that over ninety percent of the cotton crop was under contract farming. The problem however is that ever since the beginning of the cotton selling season, the relations between the farmers and the contracting companies operating in this area have turned political, in spite of the much heralded virtues that came with contract farming since its inception. The bone of contention is that the contracting companies or buyers are insisting on buying the commodity at \$0. 30 per Kg whilst such a price is unacceptable for the concerned farmers who will not tolerate any price that is below \$0.85 per Kg leading to an impasse that is

threatening to render the whole contract farming programme obsolete. The \$0.30 which the buyers are prescribing represents a stark contrast to the previous year price which was ranging between \$0.85 and \$1.05, thereby justifying the farmers' position.

The background to the above mentioned decline in cotton pricing relates to the overproduction of the commodity leading to a huge market glut. According to the international Cotton Advisory Committee (ICAC) global cotton production for this season is forecast to be 8 percent higher, up from 26.8 million tones in the 2011-2012 farming season. On the contrary consumption was projected to decline by 2 percent to 23.9 million tones. Such incongruence between production and consumption coupled with adequate global stock is relentlessly pulling downwards pressure on cotton prices, henceforth justifying the contracting companies' demand that the prices go down. At face value this appears to make very much economic sense but a closer analysis shows that it has been used as a smokescreen to justify the selfish needs and aspirations of these capitalists, considering that the aforesaid discrepancy between their pricing and the global market trend is innocuous. Over and above this the global lint prices for the season in question are hovering just above \$1. 60 per Kg. As a result of these inconsistencies the researchers observed that the main cotton buying depot, situated at Gunikuni shopping center in Mukosi was half empty despite the fact that the cotton selling season was midway through. What therefore emerged is a serious price war between the two parties since the farmers have vowed to withhold the precious produce until their demands are met.

Notwithstanding the detrimental effects of dwindling cotton prices on the global market, the nature and form of contracts signed between these stakeholders is something of serious concern which should be expeditiously revisited in order to salvage contract farming out of its vestiges. The contracts tended to be ambiguous and it is regrettable that in most cases the poor farmers are coerced to sign these contracts without meaningful explanation of the provisions of such contracts, of which the majority of these farmers are illiterate. Once the farmer signs a contract, which is also presumed to be legally binding, they then access inputs such as seed, pesticides, herbicides, packing bags *inter alia*. (see the table below for the details of some the inputs acquired). Repayment of the loans however is not in cash but the amount is deducted from the total amount the farmer is supposed to get after the selling of cotton. In this regard it is the total

amount, subtract the cost of inputs and the remainder is remitted to the farmer albeit it is insignificant. Paradoxically such a position is not provided for in the majority of contracts signed, making it an ultra vires practice in rural development. This is because in principle it appears to be a win-win state of affairs but in reality it is callous since it is exacerbating the exploitation of the poor and vulnerable communities which is concurrently violating the goals of contract farming. Another dilemma is that these private players are relying on the post harvest pricing system, whereby the price of cotton is announced after the harvesting of the crop, something these farmers are vociferously contesting and in future it might not incentivize the farmers to produce cotton.

To buttress the foregoing argument one respondent in this study responding to the ambiguities surrounding the signed contracts had this to say, “the dilemma is that these contractors simply encourage us to sign the contracts without sufficient explanation but we have limited options since we desperately need inputs” The conundrum is that these companies doubled the amount of inputs compared to that of the previous season, something which is silent in the agreed contracts.

Pricing differences between the 2010-11 and 2011-2012 season at Mukosi ranch

Product	Unit	2010-2011 season	2011-2012 season
Lambdakiwa	500ml	\$4-00	\$9-00
Assetamac	500ml	\$1-00	\$2-00
Fenikill	400ml	\$4-00	\$9-00
Compound D	50KG	\$15-00	\$35-00
Ammonium nitrate	50KG	\$16-00	\$36-00
Seed	15KG	\$18-00	\$27-00

Given these price discrepancies, the profitability of the once profitable and viable enterprise remains questionable. To worsen the situation these private companies do not have a concrete justification for the surge of the input prices since most of them are available locally and they get them at a subsidized rate from the Government of Zimbabwe.

Of note is the view that when calculating the costs of production the contracting companies often gloss over the labour costs, a move which the farmers are contesting. This is because cotton farming is a laborious and backbreaking enterprise which requires serious investment in labour, ranging from clearing the plots, cultivating, weeding, pest controlling and above all harvesting of the crop. To further compound the problem, Mukosi is one of the areas afflicted by the massive labour migration of the able bodied men and women to neighboring countries like South Africa and Botswana, leaving the elderly and children behind who cannot bear the brunt of cotton production. (also see Gukurume et al 2010) Responding to this challenge a significant number of cotton growers is falling back on hired labour and this has seen the costs of production skyrocketing, further push the profits of cotton production down. After incurring such insurmountable costs the Mukosi cotton growers were perplexed to realize that the prices of cotton were conversely going down culminating in a huge standoff between the social actors under discussion.

The researchers also observed that a sizable number of households in Mukosi have since relinquished maize production (their staple diet) in favor of the lucrative and prosperous cotton production. This position makes sense economically since they could buy maize through proceeds from cotton, thereby maintaining household food security. Consequently the crisis upsetting contract farming has exposed these households to severe food insecurity quagmire. This heinous development is however contrary to the goals of Sustainable Development, which contract farming purports to foster. As a rational response to this impediment these farmers as rational social actors are expanding their livelihood options by mobilizing their livelihood assets such as livestock to cushion themselves against the dire straits that come with cotton production. Although such a palliative measure is a rational one given the obtaining situation, in future it is more likely to generating more problems since cattle is cherished by these villagers not only economically but as a source of draught power therefore, it is punching them into a vicious cycle of poverty. Contrary to the findings made by Muzara et al (2011) that contract farming is the panacea to production challenges facing rural producers, the Mukosi experience shows that it is actually worsening rather than improving rural livelihoods. Thus such a developmental intervention programme can be deemed unsustainable. These findings are also directly

contradicting Dzingirai's (1995) observation that private companies such as those marshalling contract farming in Mukosi range promise a lighter yoke to poor smallholder farmers. Thus contract farming is proving to be a way of refashioning these smallholder farmers in ways that simply answer the needs and aspirations of private businesses.

Inasmuch as the contracting companies in Mukosi may want to treat the farmers as blank slates, these farmers are far from acting as passive entities. Rather they are espousing that they are powerful socio-political beings and have the power to define and redefine their social situation until it is acceptable and comfortable to them. (see Nhodo and Mafongoya forthcoming) Also in tandem with Scott (1985) these farmers are engaging in everyday forms of peasant resistance as political animals, where they mobilize "weapons of the weak" at their disposal with the goal of influencing the form and shape of contract farming. The most common forms of resistance include feigned ignorance, where they pretend not to understand the provisions of the contracts, foot-dragging, direct confrontation and defiance. In this case the farmers are refusing to submit to the whims and caprices of these private companies. As a result of this standoff it has been observed that most of the farmers had their cotton stored in garages, bedrooms, toilets, kitchens among other places. Although this will eventually force the companies to cede to the demands of the farmers, this can end up disadvantaging the farmers because if cotton is stored for a long time after harvesting it will lose weight further pulling the profitability of the product in a downward spiral. It has also been observed that the stored cotton has been exposed to the risk of catching fire without compensation since the vagueness of the contracts entails that there is no room for compensation in the likely event that the cotton is burnt down. A case in point is that of a farmer in village 18 whose five bales were gutted down by fire in a grass thatched hut. Instead of sympathizing with the affected farmer the contracting company is ironically insisting that the farmer repay the debt through cotton.

Social-cultural implications of unsustainable contract farming on Mukosi social relations

The Mukosi experience with regards to contract farming demands that the concept of community be revisited. In literature community has been patently conceptualized as a homogeneous entity characterized by members who have a cultural rallying point that is people who have share norms and values, have the same vision, interests and goals, thereby making it a unified entity. The community in question however far from resembles to these virtues, rather it is composed of people with different and often conflicting interests and perceptions towards this rural development initiative under review. These interests and perceptions in most cases are overlapping, corresponding or conflicting to each other. (see Kamphost et al 2009) Although prior to the introduction of contract farming the Mukosi people had differences, such differences have actually been sharpened by contract farming, which is undesirably proving to be a divisive rather than an integrative farming mechanism. On one hand there emerged a very militant section of the farmers which has taken the contracting companies head-on and is refusing to sell the produce until all their demands are fulfilled, on the other hand a number of farmers are taking an indifferent approach and in a way are prepared to sell the cotton as a result of social economic pressure that come with the continued delay in selling their cotton.

What gives birth to such divisions is an issue of class which has also come into this contract farming puzzle. It has been observed that farmers who are relatively rich are not in urgency to sell their cotton and are mustering other farmers to resist pressure from those companies. The very poor farmers however have limited options because of a number of social obligations. Therefore, some are clandestinely selling their cotton in an attempt to settle the debts they have incurred during the course of the 2011-2012 farming season, since the continued delay in selling the cotton will worsen the already volatile situation for them. This however has a knock on effect of weakening the farmers' struggle for better prices since their bargaining power is severely curtailed.

Economic transactions in Mukosi Range usually revolve around cotton production. In this case cotton farmers usually borrow basic requirements from the local business persons through the use of their social capital, in anticipation of a fruitful cotton selling season and ultimately settle

their debts. The deadlock has therefore pushed those without alternative sources of income in a very compromising position in view of the pressure coming from the business persons who are demanding their due. Again some farmers had borrowed money and other requirements from their neighbors promising to repay after selling their cotton and this failure to sell cotton is actually straining the existing social relations within the community itself. Some farmers have gone to the extent of negotiating with the local school authorities to allow their children to attend classes with the assurance that they will pay the full fees after selling cotton as they have been traditionally doing. Given this backdrop, the poor and vulnerable section of the farmers believes that it is better to let go their cotton in order to ameliorate their economic woes. This position can be captured succinctly by the statement made by one of the respondents in this study who had this to say, “it is far much better to just let the cotton go because it is now a burden, in any case we do not eat cotton” It is therefore prudent to argue that contrary to its aims and objectives, contract farming has succeeded in creating acrimonious relations and divisions within this particular area, leading to the loss of sense of community.

Reconciling the conflicting life-worlds in contract farming

As argued elsewhere in this paper, contract farming in Mukosi has resulted in a serious impasse. This is emanating from different life-worlds or lived realities of the social actors such as the local farmers, contracting companies, extension workers and the state itself which have culminated in serious contestations. The precondition for breaking such an impasse is to adopt Long’s (1999) interface analysis. Such an approach acknowledges that developmental intervention programmes like contract farming are very political. Thus they are replete with conflict and contradictions, which reflect different life-worlds among social actors. An interface therefore becomes a point at which the interests of the abovementioned actors converge. In this regard the Mukosi villagers themselves should therefore desist from demanding astronomical prices for their cotton and should work at reaching a compromise whereby they demand a reasonable price for their cotton. Conversely the contracting companies should justify their nefarious cotton prices rather than just forcing the villagers to accept their position and always try to be transparent in the way they engage farmers in this farming enterprise.

Over and above being transparent the contracting companies should also jettison the post harvest pricing system in favor of the pre-planting pricing system to avoid the ongoing contestations over the prices, simultaneously incentivizing the concerned farmers to embrace contract farming. This is because these farmers as rational social actors will fully participate in any developmental programme if they know what and how they are likely to benefit in that initiative. It is also practical to argue that inasmuch as the free market principle in line with neo-liberalism is the most rational approach in the 21st century; such an approach is having ripple effects on the overall performance of the Third World economies. Thus the government of Zimbabwe ought to adopt a policy shift to cushion these farmers, since the poor farmer has been exposed to vicious economic private players whose sole motive is profit maximization. Therefore to achieve this goal the government should regulate cotton prices, in much the same way it is regulating prices for controlled crops such as maize and wheat. This will also go a long way in fomenting sanity and transparency in this crisis ridden industry.

Conclusion

Unlike the previous studies on contract farming in rural Zimbabwe, the fore going treatise has unearthed that this farming enterprise is far from being conceptualized as an antidote to the livelihood and food security quagmires afflicting rural economies. This is primarily because, drawing from the experience of Mukosi cotton growers, it has been observed that this farming intervention programme is inundated by micro politics and contestations which are threatening to render the sustainability of this practice obsolete. This is emanating from the contradicting perceptions and interest towards contract farming between the contracting private companies and the Mukosi farmers. These contradictions have culminated in a serious pricing war between the said social actors, with the local farmers demanding a price that is not less than \$0.80 per kilogram, while the contracting companies are insisting on paying a paltry \$0.30 per Kg. The standoff in the selling of cotton is also having negative ramifications on the socio-cultural well being of the Mukosi community since all the social and economic relations in this area orbit around the production and selling of this valued commodity. To break this impasse, we therefore advocate the adoption of an interface analysis, whose aim is to reconcile the interests of the conflicting social actors in this arena. Although this approach is very difficult to implement,

given the volatility of the situation, nonetheless it remains the only viable option for salvaging contract farming out of the doldrums that it is currently enmeshed in and simultaneously put it back on track for the benefit of all the stakeholders involved.

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