COMMERCIAL FARMERS' UNION OF ZIMBABWE

EFFECTS OF LAND REFORM IN ZIMBABWE

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1. INTRODUCTION

This paper covers the controversial subject of how land acquisition has been applied in Zimbabwe and its downstream effects on agricultural productivity, food security, and the economy as a whole. Much of the commercial farm land that has been taken now lies fallow or underutilized. There are many reasons for this state of affairs and the various aspects will be discussed in the sections that follow.

2. BACKGROUND LAND REFORM INFORMATION

It is as well to begin by stating a few pertinent facts about land reform

- The Fast Track Land Resettlement Programme in Zimbabwe began in March of the year 2000 when war veterans began the occupation of commercial farms. This was done mainly at the instigation of the ruling party of that time which had lost a referendum on changing the constitution.
- About 7000 commercial farm title deeds comprising 11,0 million hectares have been gazetted for resettlement
- Of the approximately 4000 commercial farmers operating in 2000, around 350 are now still on their farms, with most farming at much reduced levels.
- By September 2005 only 186 farmers had been paid compensation. Very few additional payments have been made since then.
- The problems created by a badly planned and implemented programme are enormous

3. COMPULSORY ACQUISITION OF LAND AND ASSOCIATED PROBLEMS

Like in most countries, the Government of Zimbabwe has legislative powers to acquire private land without the consent of owners in order to benefit society. The constitution of Zimbabwe also provides for the protection of private property rights.

However, major problems have arisen because compulsory acquisition has not been done properly.

The problems applying to the Zimbabwean situation are:-

The Government of Zimbabwe has done very little to address long term tenure and its methods of acquiring land did not follow the legislative requirements pertaining to this, including paying compensation. The confidence required for investment and growth in commercial agriculture is almost non-existent.

Evictions and the arbitrary loss of farms in Zimbabwe have been, and still are major factors in discouraging both local and foreign investment. The breakdown of the rule of law and the obvious lack of property rights keeps investors away. Donor aid is also not forthcoming in the amounts needed to revive the economy.
At present, the market for commercial farm land in Zimbabwe is dead. As such farms have no collateral value and farmers are forced to use other means to raise working capital to run their businesses. This is a major obstacle to recovery of the sector.

Corruption has thrived because of non-transparency and accountability in the fast track resettlement programme. Government is well aware of this but has swept the results of land audits under the carpet and this in itself is indicative that corruption has been rife.

For several years there has been a very serious under-utilization of resources in the commercial farm areas, and low productivity. This negative development has been the primary cause of economic decline in Zimbabwe. In summary the following factors still apply:-

4. CURRENT LAND ISSUES AFFECTING COMMERCIAL AGRICULTURE

- Commercial farmers are still being evicted from their properties.
- Disruptions to production programmes on farms still continues.
- There is very little security of tenure. Therefore many farmers restrict their operations.
- Only a small fraction of all categories of farmers have received long term leases. This severely limits their ability to obtain credit.
- A general lack of farming skills among resettled farmers continues to hold back production growth for most commodities

5. LAND REFORM EFFECTS ON PRODUCTION

It is a well known fact that a substantial decline in agricultural output occurred in Zimbabwe after the year 2000. This contraction was almost entirely due to much reduced productivity in the commercial farming sub-sector where the impact of the land reform programme has been most felt.

Plantings and herd sizes in the small-scale farming sub-sectors has not varied much from usual during the eleven year period since 2000. Commodities like cotton, sorghum, groundnuts, sunflowers, and millet crops are produced mainly by small-holder farmers. Likewise these farmers own the majority of the national beef cattle herd. When output declined in the small scale sub-sectors it has mainly been due to factors like the effects of drought, late deliveries of inputs, lack of finance, and other negative elements.

Those individual commodities that have shown the largest falls in output at national level have, in the past, been almost exclusively produced in the commercial farming sub-sector. The main examples include tobacco, wheat, soyabeans, coffee, horticultural products for export, and dairy. Other commodities like maize and cotton, where commercial farmers were not the main producers in a national perspective, have also been adversely affected. This is because commercial output was the main source of supply for urban consumption in the former case, and for seed production in the latter case.

There are a few commodities produced mainly in the commercial sub-sector that have not undergone contraction to the same degree as those already mentioned. Commodities like sugar, tea, and poultry items are mainly produced by a few large companies that have not experienced the effects of land reform.

CURRENT STATUS

There has been no significant recovery from the highly disruptive effects on land reform on commercial farm output in Zimbabwe. Production of food and other farm produced commodities has declined drastically.

As stated above commercial farming operations have shrunk substantially since the 1999/2000 season. This has had severe adverse repercussions on Zimbabwe's food security, supplies of agricultural raw materials to the manufacturing sector, and also foreign exchange earning ability because of the very conspicuous contraction in agricultural exports.

Table 1

Comparison Large Scale Commercial Crop Output

Crop	1999/2000 hectares	2011/12** hectares	Difference hectares
Virginia Tobacco	75,000	41,600	-33,400
Burley Tobacco	1,800	n/a	
Maize (incl Seed)	140,000	172,800	+32,800
Cotton	22,000	7,700	-14,300
Sorghum	5,500	2,600	-2,900
Groundnuts	1,200	8,800	7,600
Wheat	55,000	9,000	-46,800
Barley	5,500	5,000	-500
Edible Beans	2,100	n/a	
Soyabeans	58,000	25,100	-32,900
Sunflowers	1,500	2,850	,+1,350
Potatoes	2,400	2,500	,+100
Coffee	8,400	100	-8,300
Fruit	8,000	n/a	
Sugar Cane	40,000	39,000	-1,000
Tea	6,000	5,500	-500
Horticultural Crops	7,500	n/a	
Paprika	4,000	270	-3,730
Fodder	5,000	n/a	
Silage	13,100	n/a	
Pastures	12,000	n/a	
TOTAL	474,000		

** inclusive of A2 farmers
n/a - not availailable

Prior to the year 2001 the total area of all commercial crops combined regularly exceeded 450,000 hectares every year. As Table 1 below demonstrates, the total at the onset of the fast track land reform programme was 474,000 hectares.

By 2003 the commercial area cropped had shrunk by more than half to around 225,000 hectares and since then, because of increased A2 farmer output, has risen to around 330,000 hectares. A2 farmers are those who have been resettled since 2000 on properties large enough to follow commercial type farming practices. The figures do not include A1 farmers, who largely practice traditional methods of farming on acquired commercial farms that have been sub-divided into small plots..

To get commercial production back to what it was in 2000 an additional area of about 150,000 hectares of crops would need to be planted. Thus substantial spare crop growing capacity exists within the commercial farming sub-sector to expand and normalize commercial production levels.

Events over the period have also impacted on the commercial livestock sector. The commercial beef cattle herd is less than one quarter of the 1.2 million head on commercial farms in 2000, while annual milk production has dropped from around 189 million litres to the current 50 million litres. Again with many commercial farms thinly populated with livestock there is plenty of scope for growth in animal production in the sub-sector.

Not all crops in Table 1 show a decrease. For example there is an increase in maize plantings because A2 farmers favour this crop. However it should be noted that although there is an expansion in commercial maize area there is a decrease in output because yields per hectare have fallen from an average of 5.6 tonnes per hectare in the 1990's to around 2.0 tonnes per hectare currently.

Reduced output for food commodities like maize, wheat, and soyabeans have resulted in substantial imports to make up deficits, while the drop in production of export commodities like tobacco, cotton, coffee, and paprika has greatly prejudiced our balance of payments.

There are multiple reasons as to how this situation arose and why it now prevails. However two problems are identified as being the principal causes of the production decline in the commercial farm sub-sector. These are:-

1) Abandonment of Property Rights and the Insecurity of Long Term Land Tenure

Several negative developments have evolved from the lack of property rights in the commercial farming sub-sector which I have mentioned previously. The lack of property rights has had a major negative impact on production confidence. It has undermined commercial farmers' willingness to invest in their properties and to grow crops and raise livestock.

The collapse of the rural land market has also been a major barrier. Financiers no longer have access to tradable title deeds to provide sufficient comfort and collateral value to advance credit to commercial farmers. The Government of Zimbabwe (GOZ) has attempted to launch long term tradable leases, but so far the documents produced have not been acceptable to the banking sector.

2) Lack of Viability

The second problem is more complex and revolves around a number of issues that combined together to undermine attempts to expand output.

For most of the eleven years since 2000 severe macroeconomic instability and hyperinflation resulted in costs of production rising at faster rates than commodity prices which tended to be inelastic because of state price controls, exchange rate controls, and other market interventions.

Thin margins had to be ploughed straight back into each business to purchase inputs in order for them to survive instead of rewarding farmers for entrepreneurship.

Chronic input shortages also served to negatively affect productivity.

All of these obstacles together with the lack of security and inadequate finance were instrumental in causing output of many commodities to collapse in commercial farming sub-sector.

Since dollarization in 2009 the situation has stabilized and the problems caused by an unstable currency have largely fallen away. However affordability of inputs and limited access to finance remain problematical to an expansion programme. Low throughput in factories has resulted in high per unit costs because of the concentration of overhead expenditure. In turn high input costs result in farmer purchasing resistance with areas planted cut back, or input usage reduced so that yields are lower.

While the above two factors have been paramount in preventing any meaningful recovery in the sub-sector other problems like shortages of skills have also contributed to this situation. .

To summarise, the challenges that commercial farmers face are as follows:-

They have remained largely unchanged for several years.

- Unresolved land reform issues continue to seriously undermine productivity in commercial agriculture in Zimbabwe.
- There is an acute under-utilization of land and resources in the commercial farm areas.
- There is still no security of tenure. Without security and confidence most farmers are unwilling to undertake any medium to long term investments.
- The absence of a land market prevents financial institutions from granting loans to all farmers because there is little or no collateral to support loans.
- Lack of collateral and the liquidity crisis results in insufficient finance for short term working capital and medium to long term finance for equipment purchase and capital development.
- High and uncompetitive costs of production for many agricultural commodities
- Trade barriers as well as liquidity challenges have remained major constraints for agricultural markets to perform efficiently and effectively.

6. FOOD SECURITY

I now wish to discuss the effects of land reform on food security in Zimbabwe.

This analysis examines in turn staple food crops, other food commodities, and cash crops grown for domestic processing and / or for export with proceeds being used to purchase food.

a) Staple Food Commodities (Maize and Wheat)

Maize

The most important commodity contributing to food security in Zimbabwe is maize which is the staple food for the overwhelming majority of the people. Domestic annual demand is roughly 1.8 million tonnes which is mainly for human consumption with about 400,000 tonnes used for stock feeds.

Regarding production, in non-drought years more than half the maize crop has traditionally been grown by small scale farmers. This applies both pre- and post the onset of the fast track land reform. A feature about maize production is that much of the output from small scale farmers is used for subsistence. One must bear in mind that about 70% of Zimbabwe's population lives in the small scale farming areas, and thus crop failures always have a very serious impact on food security.

However, prior to land reform, up to 40% of total output originated from commercial farmers. Thus they were major players in contributing towards food security. Before land reform the urban population relied heavily on maize marketed by commercial farmers. After the effects of land reform became apparent one of the most noticeable features of food shortages in the towns was the long queues for basic food items like maize meal.

The much reduced output from this farming sub-sector since land reform began led to chronic national maize production shortfalls and large imports now occur on an annual basis.

Total maize output in the year 2000 was over 2 million tonnes. Since then production fell rapidly to less than half of Zimbabwe's requirements indicating a high degree of food insecurity and an obvious lack of production self-sufficiency.

In some years the situation was worsened by rainfall deficits. However, contrary to government claims it can safely be said that the main cause of the now consistent and large annual production deficits is the impact of the substantially reduced commercial output which has fluctuated at less than 100,000 tonnes for several years. This year (2012) the estimate for total national maize output is expected at around 830,000 tonnes. Current output is about 46% of that required to meet national demand for this commodity, and imports will be required.

Wheat

In regard to staple foods maize is followed in a distant second place by wheat which is consumed mostly by urban dwellers. In Zimbabwe wheat is grown under irrigation in winter. Except for one year in the 1970's Zimbabwe has never been self-sufficient in wheat production. The current national annual requirement is roughly 300,000 tonnes. Every year shortfalls are met by imports of this commodity.

Prior to land reform about 95% of the crop was produced by commercial farmers. For this reason the production trends for this commodity are a reasonably good gauge of the impact of land reform on food security. In 2001 a large crop of 314,000 tonnes was produced. In 2011 a total of about 26,000 tonnes was produced and this year the projected output is around the same level. This is roughly 8% of the 2001 output figure of 314,000 tonnes

b) Staple Food Imports

Imports of basic food commodities are indicative of a degree of food insecurity. Total national production and import statistics of the staple crops of maize and wheat over the last three years are as follows:

	MAIZE OUTPUT tonnes	MAIZE IMPORTS tonnes	WHEAT OUTPUT tonnes	WHEAT IMPORTS tonnes
2009	781,250	804,065	26,450	158,424
2010	985,000	166,122	15,600	160,078
2011	825,000	856,093	26,000	146,890

NB these figures are for grain only and do not include substantial imports of maize and wheat flour which goes some way to plug the gap between locally produced and imported grains, and domestic demand for both commodities.

Given that the domestic demand for both maize and wheat combined is in excess of 2.1 million tonnes per annum these import data indicate a high degree of food insecurity. Over the three year period shown more than 1.8 million tonnes of maize and 460,000 tonnes of wheat were imported (in both cases equivalent to greater than one year's total requirements).

This trend has continued into 2012. Because of the reduced maize output projected for 2012 Zimbabwe will need to import going on for one million tonnes of this commodity this year. Government estimates that the total cost of maize and wheat imports will amount to US$ 585 million this year which equates to about 6% of GDP.

c) Other Food Commodities

Besides wheat, commercial farmers used to produce a large proportion of other food products like barley, soyabeans, tea, coffee, citrus, sugar, paprika, marketed beef cattle, milk, broilers, and eggs.

There has been a steep decline in output since 2001 for most of these commodities because of the effects of land reform. Output for many of them dropped to less than a third of pre-2001 levels by 2004 and fluctuated there until 2009. Thereafter there has been some recovery for a few commodities but output for most of them as at 2012 is still less than half of pre-land reform levels.

For example, 175,000 tonnes of soyabeans was grown in 2001 and by 2009 output has dropped by over 75% to around 43,000 tonnes. Since then some growth to nearly 80,000 tonnes has occurred in the more favourable macroeconomic environment. Another example is annual milk production which fell from around 187 million litres in 2000 to 50 million litres expected by the end of this year.

There have been no major changes to other food commodities like sorghum, millets, groundnuts, and certain vegetables that are mainly produced by small scale farmers. They have not been affected to any great extent by land reform.

d) Foreign Exchange Earning Commodities

One must examine not only food commodities themselves but also the ability to generate incomes from other sources that can be used to purchase food. In Zimbabwe the two main cash crops are tobacco and cotton.

A record output of flue cured tobacco of 236,000 tonnes was achieved in 2000. At the time about 96% of production originated from commercial farmers. By 2008 production has collapsed to 48,700 tonnes almost entirely due to tobacco growers being dispossessed of their properties. Since then the tobacco traders have put into place contract growing schemes for all categories of farmers and output has increased. The current situation is that about 127,000 tonnes is projected to be marketed this year, of which about half will be sold by small scale farmers and the rest by the few remaining large scale commercial growers plus newly resettled commercial farmers (A2s).

The main impact of the contraction in tobacco production is that formerly the foreign exchange earnings were used to import food commodities when this was required in years of drought. This capacity is now reduced and there is less independence and a greater reliance on donor aid to plug the gap. Another aspect to be considered is that a large part of the commercial farm labour force was employed by tobacco growers. The substantial loss of jobs has resulted in increased food insecurity.

Cotton output has fluctuated widely over the last ten years. Nearly all cotton is currently grown by small scale farmers although at one time commercial farmers produced about 20% of the total national crop. The effect of land reform on this cash crop has not been great.

e) Food Aid Dependency

In recent years Zimbabwe has relied heavily on food aid that has been forthcoming from donor agencies to make up shortfalls in output. To an extent this has cultivated a food dependency syndrome as free food discourages production. This is a direct consequence of the land reform programme. All the problems that have emanated from this programme must be rectified if Zimbabwe is to regain its position as a net surplus producer of food in normal rainfall years

7. THE EFFECT OF LAND REFORM ON THE ECONOMY

Prior to land reform Zimbabwe's agricultural sector contributed around 20% to overall GDP and over 40% of its exports. The commercial farming sub-sector generated around 75% of the total value of agricultural production. Commercial farmers also employed roughly 330,000 workers, or about 25% of Zimbabwe's total workforce in formal employment. With these statistics in mind it is not surprising that a fast tract land reform programme undertaken without due regard for maintaining productivity is bound to have severe detrimental economic repercussions.

The World Bank estimates that between 1999 and 2008 the Zimbabwean economy declined by more than 45% percent, **in its own words**, "due to disruptions caused by poor macroeconomic management and the loss of many functioning commercial farms." The average annual shrinkage of the economy during this period was minus 4.1%. This led to hyperinflation, the collapse of many critical infrastructure services, and significant emigration of skilled workers. The economic crisis peaked in late 2008, and in that year the economy contracted by 14.8%. By October 2008 year on year inflation had reached 2 quintillion percent. This led to the abandonment of the domestic currency early the following year.

During this period, the agricultural sector proportion of GDP decreased from approximately 20% in 2001 to less than 10% in 2008, and agricultural exports decreased from US$1.2 billion in 2004 to less than US$400 million in 2008. Despite these developments, the agriculture sector still provided livelihood to approximately 70% of the population which suffered much increased levels of poverty. These persons were living in the communal farming areas.

Land reform played a very substantial part in inducing the contraction because of reductions in commercial farm output. The decrease in agricultural export earnings is mainly attributed to low productivity on commercial farms, hyperinflation, overvalued currency, and export bans for some food commodities.

In turn, the decrease in agricultural exports significantly reduced Zimbabwe's overall export earnings and negatively affected the balance of payments. It also resulted in the loss of export markets, loss of employment, and a failure to utilize preferential trade agreements and take advantage of high world prices.

The contraction in export earnings resulted in other negative outcomes. Traditional balance of payments support by institutions like the IMF and the World Bank has not been forthcoming since 2000 because of the non-servicing of debts. This situation still prevails now.

In addition, a further erosion of property rights has occurred in other sectors of the economy. Recently introduced indigenization policies require foreign owned firms to surrender 51% of company shares to locals. So far the sector most affected by indigenisation is the mining sector although inroads on property rights are being made in other sectors. When one considers this, together with the lack of compensation for state acquired farms, government policies have kept, and continues to keep foreign investors away. For example, foreign direct investment (FDI) in Zimbabwe last year was less than US$ 200 million. Contrast this with FDI in our neighbour, Zambia, which is booming with over US$ 1 billion invested by foreigners last year.

Since the abandonment of Zimbabwe's currency in 2009 and the adoption of hard currency in its place there has been some recovery with real growth in the economy over the last three years. This growth has mainly been on the back of the boom in Zimbabwe's mining sector, although an upturn in tobacco production has also made a contribution. However, even though the percentage contribution of agriculture to GDP has increased to around 20%, actual production levels are still far below those achieved prior to 2000.

8. COMMERCIAL FARMING LINKAGES WITH OTHER SECTORS

There are very strong linkages between agriculture and some other sectors of the Zimbabwean economy. The sector that agriculture has the strongest link with is the manufacturing sector. Past research has indicated that roughly 60% of firms in the manufacturing sector have ties to agriculture either through supplying inputs or through using farm produced raw materials.

INPUTS

Many upstream manufacturing firms of various types have been affected negatively by Fast Track Land Reform. Not all inputs are manufactured in Zimbabwe, however, and there are firms that have franchises to sell imported inputs to farmers. There are many categories of businesses of both types that provide goods and services to agriculture.

Examples of main inputs for crops are seeds, fertilizers, chemicals, and packing materials. Stock feeds, dips, and veterinary products are used in animal husbandry. Labour fuel, spares, and electricity are used generally.

In addition there are many companies involved in the supply of capital goods and materials to construct capital structures. These are too numerous to list here but some of the more important capital goods are vehicles, tractors, farm machinery and implements. Materials are used for constructing buildings, fences, and for other types of infrastructure.

Numerous companies and organizations, both public and private, provide services to commercial farmers. The types of services include marketing, banking, insurance, accounting, transport, and research among others.

MANUFACTURING AND VALUE ADDITION

Downstream firms, using produce marketed by commercial farmers as raw materials in a manufacturing process or for some other form of value addition have also suffered the effects of land reform. Raw material supplies have either diminished greatly or dried up completely. At the height of the macroeconomic instability many of these factories were operating at less than a third of maximum capacity. There were also many firms that shut down because of a lack of viability in the hostile economic environment.

Unemployment soared as a consequence. The loss of jobs encouraged hundreds of thousands of Zimbabweans to emigrate to other countries in the region (mainly South Africa) and to overseas counties (mainly UK).

There are many organizations involved in processing and value addition of agricultural raw materials. The following indicates the types of industries in Zimbabwe that are dependent on agriculture.

The milling, baking, brewing, and stock feed industries depend on grain crops. Oilseed crops are used to manufacture vegetable oils, margarine and other extracts. Tea and coffee is processed into beverages and sugar is refined and used in confectionary and other foods. Vegetables, fruits, and meat products and extracts are canned or bottled.

Animal products include tanned hides, leather goods, shoes, pet food, and woollen items. Milk is processed into powder, butter, cheese, and yoghurts.

Regarding industrial crops cotton is used in the ginning, textile, and clothing industries. Tobacco is repacked for export; or used in cigarette, and pipe tobacco manufacture

This section of the paper illustrates just how complex the linkages are between the commercial farming sub-sector and the rest of the economy. It should not be surprising therefore that the fast track land reform programme has had a considerable impact on the productivity and viability of firms associated with agriculture. This is especially applicable where the main input market or main source of particular farm produce was the commercial farm sub-sector.

One can use the local fertilizer industry to illustrate the point. Prior to 2000 the total quantity of all types of fertilizer manufactured in Zimbabwe was approximately 550,000 tonnes per annum. Of this around 120,000 tonnes was used by small scale farmers and the balance went to commercial farmers. For many years during the hyperinflationary period throughput dropped to less than 30% of plant capacity because of the slump in fertilizer sales to commercial farmers. Production only began to pick up after 2009.

A recent report by fertilizer companies indicates that there has been a significant improvement in availability of fertilizers this season due to increased local production. The industry supplied the market with approximately 330,000 tonnes of fertilizers compared with only 200,000 tonnes the previous season. Sales, however, are well down on pre-2000 levels and this can be directly attributed to demand having fallen away because most commercial farmers are off their farms and no longer producing crops.

The downturn not only negatively affected firms producing for domestic markets. The export sector producing value added processed products of agricultural origin was also severely prejudiced. In turn, this generated a slump in foreign exchange earnings and restricted Zimbabwe\s capacity to pay for vital imports.

The decline in the contribution of agriculture to Zimbabwe's GDP over the eleven year period of land reform has been followed by a fall in the manufacturing share of GDP. In 2000 17% of GDP originated from the latter sector which had fallen to 12% by 2011. Many food and agriculturally based products are no longer made in Zimbabwe, and are imported, mainly from South Africa.

SUMMARY

This paper has covered the pitfalls that arose from a badly planned and implemented fast track land reform programme in Zimbabwe, It has given an overview of the negative developments that have occurred over the eleven years since the programme started. The invitation to present this paper was accompanied by some forthright questions, which I will attempt to answer in finishing this presentation.

- The Zimbabwean land reform has been a total failure.

Members of Robert Mugabe's ZANU (PF) party would disagree with this conclusion. On the other hand dispossessed commercial farmers would strongly agree with it. Most ordinary citizens would agree that land reform has not alleviated poverty that was touted as a reason for carrying it out. In fact they suffered severe hardships when hyperinflation was at its worst, and still suffer from the after effects.

To sum up, land reform has been the main cause of:-

- Transformation of Zimbabwe from a normally self-sufficient food producer to chronic food insecurity with very large tonnages of maize being imported annually.
- Large outlays of export earnings to import food commodities when these monies should have been used to promote economic development.
- A growing dependency on donors for food aid..
- The Zimbabwean economy shrinking to nearly half its pre-2000 size, when it was the second largest within the 15 country members of the SADC region. It is now ranked 11th in the region with only Malawi, Swaziland, Lesotho, and Seychelles with smaller economies. It has been overtaken, for example, by countries like Botswana, Namibia, and Mauritius which have much smaller populations.
- The decline of the manufacturing sector, limited industrial growth, and increased reliance on imports, especially from RSA.
- Loss of the domestic Zimbabwe dollar with it being replaced by hard currencies, principally the US dollar. This has led to a liquidity crisis because we are not generating enough foreign currency to service the economy and pay for imports from export earnings.
- Limited foreign capital inflows resulting from the trade imbalance together with very limited FDI stemming from the loss of international creditworthiness. This latter outcome has resulted from non-payment of foreign debt to multinational institutions like the IMF and World Bank, and the non-payment of compensation for confiscated farms together with indigenisation policies which deters potential investors.
- Dysfunctional parastatals and utility corporations that provide sub-standard services because they are unable to obtain investment capital to expand or cannot maintain their infrastructure because of inadequate income. Some like the Grain Marketing Board have debts stretching back several years in that the Board owes monies to farmers for produce delivered.
- The economic breakdown mainly because of land reform has had the response of millions of people emigrating. Most of them have ended up in South Africa.

- Increased poverty and the deterioration of social and health services has led to Zimbabwe now being ranked as having one of the lowest life expectancy rates in the world

- The beneficiaries of land reform have been largely political “cronies”

There is no doubt that there was a large amount of corruption in the allocation of farms to beneficiaries. More prominent ZANU (PF) members at national and provincial level had priority in farm allocations. This was because the Ministries responsible for land reform were headed by Ministers from that party. There were few beneficiaries from other political parties. High ranking members of the civil service, judiciary, and armed forces received farms as a form of patronage.

One needs to think of the numbers of resettled farmers in the context of how many persons have been replaced. So far about 18,000 A2 farmers and 145,000 A1 farmers have been settled on commercial farms in Zimbabwe. Because of low productivity the number of workers that the A2 farmer employ is very limited, and A1 farmers on small plots use family labour.

Prior to land reform commercial farmers employed around 230,000 permanent workers plus another 120,000 seasonal workers. Going on for 2 million persons were living on their farms. Land reform has resulted in a large net loss of persons employed and living on commercial farms.

- There is no investment in the new resettlements

This subject has been covered extensively earlier. Without property rights there is no investment confidence among farmers, and without collateral financial institutions will not advance credit. Investment flows will continue to be extremely limited because of the lack of security.

- Agriculture is in complete ruins creating chronic food insecurity

This paper has also covered this topic. Zimbabwe has a dual agricultural sector with production in the commercial farming sub-sector very much undermined by land reform, and a communal smallholder farming supporting 70% of the population. While communal farmers are relatively untouched by land reform *per se*, they have been recipients of the downstream effects. Low throughput has led to some marketing depots being closed, and non-payment of rural taxes by commercial farmers has led to a deterioration of roads and other infrastructure. Such developments have undermined productivity in the communal areas, and there is no doubt that food insecurity has worsened.

- The rural economy has collapsed

This paper has stressed that land reform has not only negatively affected agriculture, but also all other sectors of the economy. It will take many years to rebuild the rural economy, and as this happens other sectors will benefit from the links that exist with the farming sector.

South Africa can learn much from the Zimbabwean experience of land reform. Agrarian reform needs very careful planning and implementation. It should not be fast tracked on the basis of political whims otherwise it will fail to achieve any short term benefits and bring hardships upon its citizens.

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