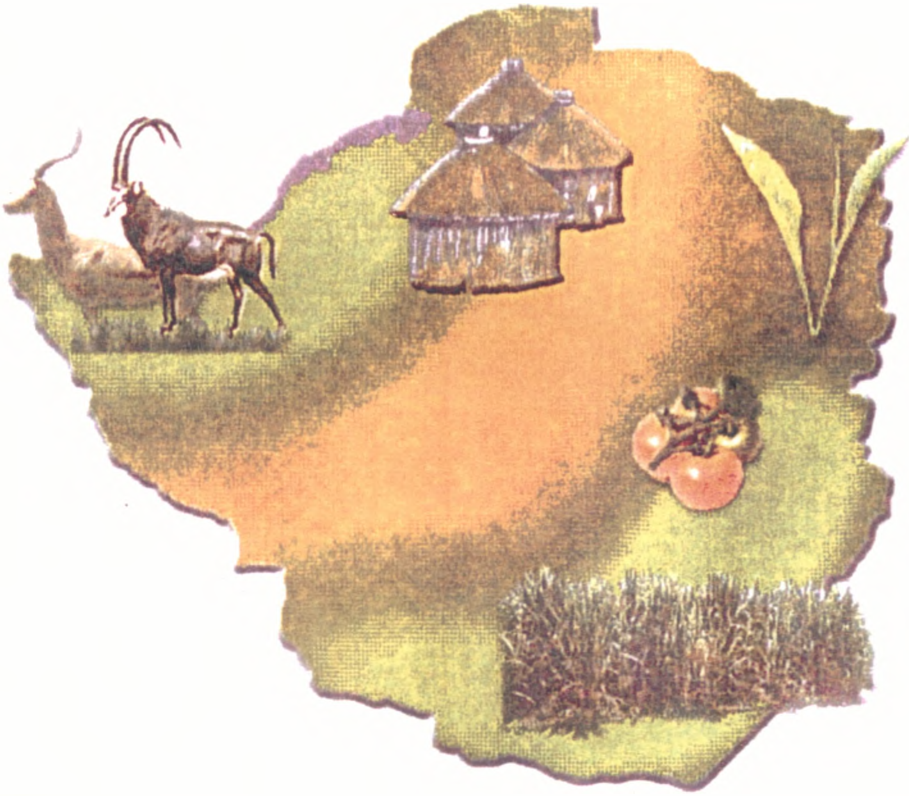
New Agrarian Contracts in Zimbabwe
Innovations in Production and Leisure

Proceedings of Workshop Hosted by the
Department of Economic History, University of Zimbabwe
Harare, 13 September 2002



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Preface

Zimbabwe's longstanding partition between commercial land, communal land, and natural areas is fast collapsing. As a consequence new forms of agrarian production and trade are emerging: chiefly, out-grower schemes, share-cropping, community-based tourism, and small-scale game conservancies. This volume explores the social dimensions of these arrangements and, in particular, the ways in which they represent contracts between stronger and weaker parties. To what extent do those contracts exploit weaker parties, such as, out-growers? To what extent do they confer economic security on those same parties? Finally, how do these contracts – in the midst of economic crisis – reshape development, conservation, and land-use writ-large in rural Zimbabwe? This volume includes all the papers presented at the workshop, as well as an one additional piece each by Joseph Mtisi and David McDermott Hughes.

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Making and/ or Breaking Bonds: Aspects of Contract Sugar Schemes and Land Reform in Zimbabwe

By

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Abstract
This essay examines the origins, nature and implications of contract sugar schemes in the Southeastern Lowveld of Zimbabwe. Contract sugar schemes began in the 1950s with three pilot planters. Today it involves farmers in excess of two hundred owning farms varying in sizes. The aims of the contract schemes were to put more land into production, allow more people to enter farming, increase production and increase stability and racial harmony. Certain key conditions were stipulated for prospective contract farmers, inter alia, possession of technical sugar production know-how, possession of adequate financial resources and citizens of the country were encouraged. The essay takes the case of one of the pioneer planter to shed light on the nature of contract sugar farming. It examines the issue of economies of scale in sugar production, the terms, conditions and workings of the sugar-milling contract. The paper explores the linkages between sugar farming and the land equation. It considers the breaking of old bonds as some of the old contract sugar farmers are being evicted from the land, and also the cementing of new bonds as new farmers are engaged in the sugar production process. The treatise concludes by examining various options linking sugar production and the agrarian reforms in the country. It suggests a number of options namely, a frontier option where new land and water resources are made available for sugar production, an intensification of existing land use patterns via the creation of small scale sugar schemes and creation of contractual relations between existing and new farmers. The paper concludes by recommending a combined approach to the options and the need for further applied research.

> There are large areas of land practically unused. There are men eager to farm that land. Progress in farming techniques demand even higher investment per acre for the full use of every acre, yet the number of men trained and eager to farm who can command the capital to buy a farm and farm it, is very small and likely to decrease. The present position encourages high feelings between the haves and the have-nots. The problem is, clearly, how are we to bring together potential farmers, land and capital together aimed as a team at sustainable, profitable farming and the

development of the national estate. The opinion as an answer to the problem is the development of landlord – tenant estate system.

Ben Metcalfe
Federal Department of Conservation and Extension
Federation of Rhodesia and Nyasaland, 1959[1]

Conceptual Matters:
Contract farming is a form of tenant-landlord estate system. Contract farming refers to "those contractual arrangements between farmers and other firms, whether oral or written, specifying one or more conditions of production and marketing of an agricultural product."[2] Watts and Little note that contract farming entails relations between growers and private or state enterprises that substitute for open-market exchanges by linking nominally independent family farmers of widely variant assets with a processing, export, or purchasing unit that regulates in advance price, production practices, product quality and credit. It entails three broad attributes. First, a forward market arrangement for a specific product agreed to by a grower and buyer-processor. The details of the future market such as product quantity and quality may vary considerably as per contract. Secondly, a systematic link exists between producer and the buyer where the latter participates in the production process by providing input factors, services and supervision to the growers. However, the buyer does not own the means of production, chiefly land and the labor process. Finally, the production price and market risks are subject to differential allocation between the producer and the buyer and or processor of the commodity.

The significance of contract farming schemes is debatable. Little notes the broad polarization of opinions on the subject. On the one hand, the neoclassical economists and western donors find contract farming attractive and advancing economic growth, the private sector (as opposed to the state sector) and promoting free market forces. In this vein contract farming is assumed to increase incomes of the poor and foster development of society. On the other hand, the critics of contract farming consider it a form of "penetration of the South" by western agricultural production technologies and marketing agencies that result in increased dependence and impoverishment.[3] There is also another approach to contract farming. An approach more concerned with theorizing at the middle range and analyzing both the quantitative and qualitative aspects of contract farming. This essay takes on the middle range approach in its analysis.

Various forms of contract farming exist in Zimbabwe. Old systems of production under contract relate to traditional staple crops such as sugar, tea and cotton. Since the mid 1990s new forms of contract production have developed in the production of crops such as paprika, rapoko, ground nuts and round nuts. The new forms of contract production are responding to local and

[1] NAZ, File No. F149/GP/340/SR Ben Matcalfe, Group Conservation and Extension Officer, Federal Department of Conservation and Extension, Federation of Rhodesia and Nyasaland, "Tenant Farming could put more men on the land and improve national estate," 1959.
[2] Quoted in Peter D. Little and Watts, Living under Contract: Contract Farming and Agrarian Transformation in Sub-Saharan Africa, (Wisconsin, The University of Wisconsin Press, 1994) p 27.
[3] Peter D. Little, "Contract farming and the development question" in Peter D. Little and Michael J. Watts, Living under contract: contract farming and agrarian transformation in Sub-Saharan Africa, (Madison, The University of Wisconsin Press, 1994) p 216-217.

international changes in production and marketing trends. For example, the price of traditional staples such as maize has been declining over the years and there have been changes in the international consumption patterns. This essay examines the origins, nature and implications of contract sugar schemes in Zimbabwe. Taking a broad historical view, it situates the process within the context of current land reform programs in the country and the resulting transformations in agrarian contracts.

Historical Background

The South Eastern Lowveld of Zimbabwe was opened up for commercial production in the early 1930s. Thomas Murray MacDougall pioneered the irrigation development with the building of the Jatala canal between 1923 and 1931. The canal brought water from the Mtirikwi River to his fields. In 1934 MacDougall experimented with sugar cane growing after previous unsuccessful attempts at producing various crops including wheat, citrus fruits and tobacco in the region. Triangle Sugar Estates Limited was formed in 1938. In the following year the company opened a cane-processing mill. Out of the rugged frontier area, Triangle Limited has grown over the years to be the largest grower of cane and producer of sugar, ethanol and various by-products in the country. Triangle Limited has changed hands several times. In 1944 the company was taken over by the state after Tom MacDougall had faced crippling financial problems. In 1954 the government, in turn, sold the company to a group of Natal Sugar Planters known as the Syndicate. One of the overarching considerations when the state sold the company to the Syndicate was the proposition "that a settlement scheme involving immigration of young farmers from Natal, be responsible for the production of the bulk of the cane milled at Triangle."[4] Subsequently, a contract cane growing scheme was initiated in 1955 with three pilot planters namely, MN Starling, WH Hingeston and JHR Eastwood. In 1956 a new venture called Hippo Valley was born adjacent to Triangle Limited. It grows cane and operates the second sugar mill in the country. The government and Hippo Valley signed an agreement providing, among other issues, that the company should establish a settlement scheme for contract farmers. There have been plans on the drawing board of opening a third cane processing plant by the government. Perhaps the building of the much-awaited Tokwe-Murkosi dam may provide opportunities for expanding sugar cane production under new forms of contract relations.

The history of contract sugar farming goes back to the 1940s and 1950s. In 1959, Ben Metcalfe, the Group Conservation and Extension Officer of the Federal Department of Conservation and Extension, outlined the key advantages of tenant farming over freehold land tenure. He argued that tenant-farming put more land into production, allowed more people to enter into farming and resulted in increased production from the land.[5] Metcalfe even went further to suggest that:

> The establishment of a sound tenant farming scheme on a large scale, with all races participating, would go a long way towards the beneficial development of the vast acreages of European owned areas of Southern Rhodesia. The establishment of qualified African leaseholders in the European area would nullify the objectives which have been made (sic) to

[4] Quoted in A.S Mlambo and E. S Pangeti, The Political Economy of the Sugar Industry in Zimbabwe, (Harare, University of Zimbabwe Publications, 1996.) p 32.

[5] Metcalfe, "Tenant farming."

the Land Apportionment Act and would lead to increased stability in European areas in the critical years ahead.[6]

It is clear that then, as now, huge tracks of land were underutilized and could be brought into beneficial production via tenant-contract schemes. In addition, some sections of the political establishment at the time had the vision to foresee the trouble ahead given the racial segregation of land and other resources in the country.

As early as 1944 the government had considered establishing settler sugar schemes to take over from MacDougall's pioneering efforts. However, this did not materialize and the state took over the estate under the Sugar Industry Board operating between 1944 and 1954. The first group of settler planters came onto the scene in 1956 when the Syndicate took over control and ownership of Triangle Limited. The company stipulated certain conditions for each of the first planters. First, it demanded an individual with considerable knowledge and experience of cane growing. Secondly, it required an individual who possessed sufficient private means to finance and develop the establishment of his farm with minimum assistance from the estate. Finally, the estate needed a Rhodesian citizen as one of the planters.[7] The first condition was met by the then general manager of Triangle Limited, Nainby M Starling. Starling possessed a wealth of experience of cane production from his experiences in Natal and at Triangle Limited. He was offered a farm and took it up in 1955. The second pilot farmer was Peter Hingeston. A career soldier who had made a fortune out of his distinguished service, Hingeston came to Zimbabwe seeking a retirement home in the post world war two period. During my field surveys I had the pleasure of interviewing Peter Hingeston (Jr), the second generation of the original planter trio. The third planter was Ritz Eastwood. Colin Saunders described him as "an accountant-turned-farmer" and whose wife "was never really happy in the bush".[8] Predictably, Eastwood was the first of the experimental planters to throw-in-the-towel, sold his farm and left for the city. Starling followed suit a few years later. Today of the three original planters, the Hingeston family still soldiers on.

From the start, the parent estate demanded key stipulations on the nature of farmers attached to it. First was the crucial condition that farmers possess key technical know-how of sugar cane production. Given the technical demands of cane growing[9], the contract schemes enabled capital to exercise some control over the production process[10] by determining the character of contract farmers. Subsequent settlement schemes pursued this goal vigorously. In 1962 the new owners of Triangle Limited, Hullett and Sons, took up six more settler farmers. All six were former section managers at the estate and possessed considerable knowledge of the cane production

[6] Metcalfe, "Tenant farming."

[7] Colin Saunders, Murray MacDougall and the story of Triangle: an epic of land, water and man, (Bulawayo, Triangle Limited, 1989) p 46.

[8] Saunders, Murray MacDougall and the story of Triangle, p. 47.

[9] Mlambo and Pangeti, The Political Economy of Sugar, and J.C Jackson and A.P Cheater, "Contract farming in Zimbabwe: case studies of sugar, tea and cotton," in Peter D Little and Michael J Watts, Living under contract.

[10] Little and Watts, Living under contract, and Lawrence S. Grossman, The political ecology of bananas: contract farming, peasants and agrarian change in the Eastern Caribbean, (Chapel Hill and London, the University of North Carolina Press, 1998.)

process. When Hippo Valley offered part of its estate to settler farmers, Mlambo and Pangeti state that "experience with sugar growing was the main criterion in the selection process."[11] In 1971 Mkwasine Estate a joint operation between Triangle Limited and Hippo Valley opened its doors to eight settlers all of whom had previous sugar cane growing experience. In the post independent era, the Chipiwa Scheme at Hippo Valley and the Mpapa scheme at Triangle Limited opened up contract sugar growing to Africans who were previously excluded from the production process. As in the previous schemes many of the planters had knowledge of cane production prior to taking up plots as contract farmers. In fact, many of the growers were employed by either Triangle Limited or Hippo Valley before taking up their plots.[12]

Sugar cane production is highly capital-intensive.[13] Harnessing water, the lifeblood of cane, is a Herculean task involving the building of irrigation dams, canals, pumping stations and paying for the water itself. Similarly, other tasks are capital demanding. Cane transportation, for instance, requires a complex system involving a network of railroads, large trucking fleets and haulage tractors. Given the capital demands of cane production, estates are not keen on taking on contract planters without adequate capital for the production process. One of the first three experimental contract growers, Peter Hingeston, was considered by Triangle Limited largely because he had the financial capacity to go into cane production.[14] In the 1960s and 1970s contract farmers were advanced loans by banks once they signed contracts with the processing plant. In the 1980s the Agricultural Finance Corporation advanced irrigation loans to contract farmers on easy repayment terms. Similarly, small-scale producers at Mpapa and Chipiwa were advanced generous loans and vehicle hire-purchase schemes as they entered contractual arrangements. The estates assisted the small-scale cane growers by preparing land and the transportation of cane. Mlambo and Pangeti note that farmers at Mpapa were expected to repay for the initial capital developments over a 15-year period starting in 1989. By the year 2002, a number of the farmers had paid off their loans and received title to their land from Triangle Limited.

The third consideration that the estates advanced in the selection of contract settler farmers was to engage the citizens of the country. In the 1950s, the third pilot farmer was a Rhodesian national. In the 1960s and 1970s contract farmers taken up by Triangle Limited and Hippo Valley estates included local residents and foreign nationals such as Mauritians who possessed prior knowledge of cane production. All were non-Africans, thus, representing the dominant racially skewed political structures in the country. In the post independence period new schemes were started at Chipiwa and Mpapa whereby African farmers were allocated 10-hectare plots. For Triangle Limited, the incorporation of African contract farmers reflected the dynamism of black empowerment enshrined and adopted by Tongaat-Hullet, the multinational corporation owning the estate and mill. There is no doubt that the two schemes for small-scale African producers were also politically corrective measures given the inequities of the country's history. It is argued that the "new Zimbabwe government insisted on the settlement of black small-

[11] Mlambo and Pangeti, The political economy of sugar, p 41.
[12] Mlambo and Pangeti, The political economy of sugar, p 41-42, and Saunders, Murray MacDougall and the story of Triangle, p 124.
[13] Jackson and Cheater, "Contract farming in Zimbabwe."
[14] Saunders, Murray MacDougall and the story of Triangle, p 46.

holders in order to spread the perceived financial benefits of cane production more widely."[15] The widespread farm invasions, disruption of farming activities and compulsory acquisition of land since February of the year 2000 do reflect the multifarious nature of inequitable distribution of the means of production. Under these circumstances old forms of contract production have been severely disrupted and there is potential for new forms of agrarian contracts.

Currently, there are four different types of cane producers in the Lowveld area. The first group comprises the large-scale estate producers, namely Triangle Limited and Hippo Valley. These companies own thousands of hectares of land under cane. Triangle Limited and Hippo Valley jointly own the Mkwasine Estate. A defining characteristic of estate cane production is that each company owns and operates a cane-processing mill. The estate also processes cane from private producers under contract. The second group of cane producers comprises large-scale private growers. This group was established in the mid-1950s with the engagement of the three guinea-pig farmers. In the following years the scheme grew and at the beginning of the year 2000 there were approximately 90 large scale private cane growers. This group of planters does not own any cane processing mills. It grows cane under contract. Each of the private planters has a milling agreement with either Triangle Limited or Hippo Valley Estate which defines the terms and conditions for cane production. The third group comprises small-scale African farmers producing cane under contract. The small-scale producers at Chipiwa and Mpapa were established in the post independence era by Triangle Limited and Hippo Valley Estates, respectively. Like the private planter group, this group owns no processing mill and it supplies cane to either Triangle Limited or Hippo Valley Estates under terms and conditions defined by milling agreements. The last group of farmers comprises the beneficiaries of the controversial *fast track land reform*. This group of farmers is still in its infancy. It has gained access to land. It has not effectively started to grow any cane sugar. It does not have any milling agreement with the cane processors.

A Pioneer's Tale

In this section I take the case of one of the three pioneering experimental planters of the 1950s who have withstood the vicissitudes of time to shed light on the nature of contract sugar schemes in the Lowveld. Peter Hingeston is a second generation of cane planters. His father came to the Lowveld in 1955. He was one of the three pilot farmers offered farms by Triangle Limited under a scheme to experiment with contract sugar production. The total size of the Hingeston farm is 200 hectares of which 155 hectares is under cane.[16] This is the average size of farms owned by white contract farmers in the area. African contract farmers at Mpapa and Chipiwa schemes have farm sizes ranging from 10 hectares to 30 hectares. Another scheme provided African contract farmers with an average of 90 hectares of land for cane production. At the moment I do not have data on the farm size of the beneficiaries of the *fast track land reform program.*

There are a number of factors that affect sugar production under contract. First, are the demands of the economies of scale in cane production such as the spread of fixed costs- e.g. managerial tasks, bulk purchase of inputs and labor specialization. In this respect large farms produce sugar cane at a lower cost than smaller farms. Jackson and Cheater note that sugar from Triangle

[15] Jackson and Cheater "Contract farming in Zimbabwe" p. 152.

[16] Part of the estate is set aside for production of palm nurseries, roads, houses and other infrastructure.

Limited and Hippo Valley can compete without loss on the international market with high-volume and low-cost producers such as Australia, Brazil and South Africa due to the highly centralized system of resources (e.g. water, transport and fertilizer) control and utilization.[17] There is a close relationship between farm size and output per acre with the output –input ratio increasing as the farm size increases, reaching an optimum level and then starting to decline as the farms size increases to reach the dis-economies of scale level. There is also a link between the costs of production and the distance from the mill and, as the distance between the farm and the mill increases, the costs of transporting cane also increases. Clearly, it is less economic to produce sugar on a smaller farm situated at a greater distance from the mill than producing on a bigger farm situated at a close proximity to the mill.

Another key factor for producing sugar under contract is the need for a milling contract. For instance, The first milling agreement between the Hingeston farm and Triangle Limited was signed in 1955. The Hingeston quota is 20000 tons of cane. The cane quota varies from one farmer to another depending on the amount of cane a farmer is capable and willing to produce. The agreed quota may be adjusted upward or down ward depending on the actual yield during the harvest season. Cases where harvested cane is not milled and is carried over to the following season are exceptional. Under the agreement the farmer is not allowed to sell cane to any other buyer or miller. The grower is not allowed to sell cane, for instance, on the roadside. These conditions safeguard the interests of both the grower and the miller. The conditions protect the sources of cane supply to the miller. This is crucial for the miller to maintain optimum supply of cane for the efficient running of the mill. The grower is assured of a market for cane. There are only two millers who do not compete for cane from private planters. This is unlike the case of tea, where small growers do have the latitude to sell to different companies. The trade-off is that there are cases when tea perishes due to a lack of market.[18]

Furthermore, the grower is not allowed to plough out cane for another crop without the consent of the miller. This condition protects the supply base of the millers while reallocating production risk from the processor to the grower. The growers rely on one crop whose price and demand structure they cannot control at both the international and local levels. At the local market for instance, the price of sugar has not increased in the last eighteen months to match the rate of inflation and the increase in the cost of production. To guard against the vagaries of the market, some cane growers have diversified their business enterprises by growing a variety of other crops to protect themselves against the risks of a mono-cultural crop. Sugar planters also grow citrus fruit, palm nurseries, and are involved in cattle and game ranching enterprises. Interviewees also informed me that in seasons when profits are high some farmers have invested in real estate in the major urban and tourist centers.

Another key condition of the agreement is that the private grower harvests his cane at the same time with the estate. Cane harvest season is normally during the dry months from May to October before the onset of the rain season. During this period cane yields the highest sugar content. The private grower is required to update the company every three months to determine the cane yields and enable adjustments to be made on the cane quota. Given the systematic

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[17] Jackson and Cheater, "Contract farming in Zimbabwe."

[18] See Mtisi's paper.

scheduling of cane deliveries to the mill, cane growers are generally satisfied with the way the system is operating.

Under the terms of the milling agreement the cane processor is under obligation to mill all the cane from the grower. This condition protects the grower by providing a guarantee for the processing of the cane. The grower pays a fee of 27% of the sugar yield from his cane for the processing of cane. The grower is therefore entitled to 73% of the sugar yield from his cane. The division of the proceeds is one of the most important aspects of the sugar contract. A national committee is set for the sugar industry to examine the Division of Proceeds. It oversees negotiations between the millers and the cane planters every four to five years. During the deliberations changes may be made to the fee structure. It is however understood that no changes are made to the fee structure by more than a percentage point either way. Taking a sample from the bundle belonging to an individual farmer and then measuring the sugar content determines the sugar yield from the cane. Another method is to separate cane belonging to a particular grower from the rest of the cane, put lime and then mill it. After the milling process samples are taken to determine the sugar levels of the cane. The milling, sampling and determination of sugar content is done by representatives of both the growers and the millers to maintain transparency. All the farmers I interviewed expressed satisfaction with the process. However, some officials from the miller group stated that the percentage for the distribution of the proceeds needed to be revised given the increased costs of operation given inflation and othe economic conditions prevailing in the country.

Sugar production and the land equation:

Addressing the forty-eighth ordinary session of the ruling ZANU PF party in September 2001, Robert Mugabe declared "the *Fast Track Land Reform* means…an economic correlative of the liberation struggle and *we refuse to negotiate its legitimacy or even its parameters.*"[19] In a less combative mood Mugabe explicitly stated that;

> Land comes from the white-dominated commercial sector where a disproportionate amount of prime land continues to be unfairly held for speculative purposes. The end result should be a one-farmer one-farm outcome in a de-racialised commercial agricultural sector. This translates into a representative release of land to the small-scale peasant agricultural sector to remove the current pressures of congestion in communal areas. We protect agro-industrial concerns while encouraging those who dominate that sector to begin addressing the question of indigenous participation so we remove permanently the anomaly of racial enclaves in or economy.[20]

In the past two and a half years the land issue in Zimbabwe has been one of the most contentiou issues in the country. The critical importance of land to Zimbabwe must be emphasized. Land i central to the economic, social, political and spiritual welfare of the people. The contests ove land go way back in time. The historical injustices of British colonialism are the roots of racia

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[19] Robert Gabriel Mugabe, Inside the Third Chimurenga: Our land is Our Prosperity, (Harare, Department of Information and Publicity, Office of the President and Cabinet, 2001)

[20] Mugabe, Inside the Third Chimurenga, p 96

imbalances over land ownership and usage patterns. In addition, the lip service attitude[21] to land reform in the immediate post independence period was a lost opportunity to tackle the issue. On the need for land reform in Zimbabwe, one farmer said "land is a straight forward equation but it must be done correctly."[22] To drive home his point he gave me a copy of a statement by Abraham Lincoln which succinctly reflect on the issues in Zimbabwe at the moment. Lincoln wrote:

> You cannot strengthen the weak by weakening the strong.
> You cannot help the small man by tearing down the big ones.
> You cannot help the poor by destroying the rich.
> You cannot further the brotherhood of men by inciting class hatred
> You cannot help men permanently by doing for them what they could and should for themselves.

One African farm manager on a white owned contract sugar-producing farm stated that the land reform was too late and too slow. He criticized the manner in which people were being moved around from one place to the other. He was worried by the fact that some new settlers had occupied farms owned by churches, the government and fellow African farmers. In addition, serious dislocation resulted from the forced removal of some of these settlers from these farms. He stated that he would be happier if the land reform program officials had consulted with technically minded people on the ground to ascertain the agro-ecological environment such as rainfall patterns, soil types and corresponding cropping patterns before resettling people. In the Lowveld, under the *fast track land reform* program some sugar farms, cattle and game ranches have been invaded and confiscated. The farm manager underscored the critical need for training programs and, the provision of capital and other resources to equip new settlers for meaningful production.

The GoZ has declared that it will give compensation to farmers for improvement on the land but will not compensate for the land per se. A survey of the cane producing farms shed light on the capital-intensive nature of contract sugar production in the country. It also raises pertinent questions concerning the nature of future contract farming in the country given the lack of capital for farm development. Sugar cane is a perennial crop requiring 160 to 220 cm of water per annum. The Lowveld receives, on average, just around 45 cm of rainfall per annum. To this end, irrigation is the lifeblood of sugar production in the region. Since the 1960s major dams have been constructed by the state, including Lake Kyle, Bangala Dam and Marinjerinje Dam. Today these dams are owned by the State and managed by the Zimbabwe National Water Authority (ZINWA). Under the user-pays principle water is a commodity. Farmers have entered into contracts with ZINWA for the supply and use of water. Another system of water supply to the farmers involves the central estates (i.e. Triangle Limited and or HippoValley) acquiring water in bulk from ZINWA and then redistributing it to the farmers for a fee. This is particularly

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[21] The unwillingness of the white farmers to give up part of the land, the class nature and elitist approach by the government, donor fatigue and lack of a strong civil society to push for land reform harbored a time-bomb over the land issue in the country.

[22] Interview with informant.

useful to the small-scale planters where economies of scale are not possible with an individual farmer on his own.

A contract farmer with 150 hectares of cane uses on average about 3000 mega litres of water per annum for irrigation. Canals have also been built to move water from the major dams to the cane fields in the region. Farmers have designed irrigation techniques to cater for the needs of the sugar crop. For instance, at the Hingeston farm, three methods of irrigation are used. First, there is the age-old flood irrigation system that irrigates around 72% of the farm. Flood irrigation can be divided into two systems: straight flood and pump flood. The straight flood system and the pump flood system from the night storage dams account for 48% and 22% respectively of the flood system. The remaining 28% of water is supplied via the ultra modern center-pivot system of overhead irrigation. The development of such irrigation systems is capital-intensive. At the Stonehedge farm, there are around 10km of canals, one center-pivot system, twelve night water storage dams, ten boreholes and pumps.

Other developments on the farm include four farm-houses, one cottage and a compound for 120 workers. The houses and the farm compound have running water and are fully electified. In addition, there are 15km of road, a fully equipped workshop, a well-developed plant nursery and butchery. We can also add that there is 155 hectares of sugar cane at different levels of growth. Peter Hingeston estimated in May 2002 that the cost of improvement on the farm was 400 million Zimbabwe dollars. If the assumption is that the government is willing and capable of paying compensation for the improvement on the land, most farmers stated that it would be more economic in the long run to invest such money into new ventures and opening up more land for commercial production.

Conclusion

In this section I will not attempt to come up with the final word on contract sugar farming and land reform in Zimbabwe. On the contrary, I give raw data and views I gathered from farmers on the possibilities of new kinds of agrarian relations that would accommodate the land hungry, redress historical injustices and enhance production and development of the sugar industry. There are a number of options that I gathered from the farmers and I have tried to critique these options. Nonetheless, I believe that these options still need to be debated and more research is still needed to ascertain the viability of these suggestions before one comes up with a blueprint.

Option One: The Frontier Option

The suggestion here is that with the development of new sources of water supplies it is possible to open up new land for commercial cane production. The development of new sources of water could lead to a combined development strategy where a private company and/ or a government agency establishes and runs a mill for cane processing. The company/ agency would also own land adjacent to the mill where it grows cane. The scenario would almost be similar to the one currently operating between Triangle Limited and Hippo Valley and the contract cane producers respectively. An alternative model would involve a company/ agency owning and running a processing mill without necessarily producing any cane. Under such circumstances, the mill would be supplied solely by private (both large-scale and small-scale producers) cane growers. The Amatikulu Mill in South Africa is an example of a mill owned and operated by Tongaat-Hullet, a multinational corporation, which does not grow any cane. The mill relies solely on small-scale and large-scale contract growers who provide 32% and 68% of the cane supply respectively.[23]

The farmers I interviewed gave examples of key water development projects that could potentially change the matrix of contract production and land reform in the country. One of the key development projects is the Tokwe- Murkosi Dam Project. I visited the dam site sometime in July 2002. I was informed that at the completion of the project the dam will have the potential size of one and a half the size of Lake Kyle. One farmer estimated that the project could open up more than 40 000 hectares of land to commercial irrigation agriculture. Another major dam scheme on the drawing board is the Lundi-Tengwe Dam Project. Although no work has started on this proposed scheme, it is estimated that the water storage capacity of the dam is three times the size of Lake Kyle. It is envisaged that with the development of new sources of water supplies, new land frontiers of cane production could be developed.

The frontier option has certain key advantages. Farmers felt that the proposed dam projects could transform the whole structure of production in the Lowveld. Dams would provide new sources of water for commercial irrigation. The government through ZINWA would run and manage these dam-projects as is the norm in the country. The new frontier would open up new land for commercial irrigation-based production. With the availability of water for irrigation communal dryland farming and extensive cattle ranching would be transformed into intensive commercial producers of cane and other crops. Various schemes such as intensive small-scale, large-scale private and state – run parastatal estates could be established depending on the development path envisaged by the stakeholders. Here the new schemes would augment and diversify production that is already in place.

From a political economy point of view, a critical advantage of the proposed scheme is that it does not create tension and conflict with existing producers. On the contrary, it potentially builds upon the experience of existing stakeholders. The option makes logistics easier. For instance, the planning and development of infrastructure such as the water supplies system, roads and communications network, environmental impact assessment systems, and land preparation among others would relatively be more straightforward compared to the gratuitous *fast track land reform*. In addition, the options will require minimal compensation for the current land users both communal and cattle ranchers whose land will be used for irrigation. Some of the existing land users will be incorporated into commercial cane production.

Nonetheless, the viability and success of the option rests on certain confounding factors and challenges, inter alia: First, there is need to develop a plan for agrarian change and transformation. A plan of transformation as a developmental process. A blueprint which clearly spells out the background and need for land and agrarian reform, goals, objectives, methodology, work-plan, time-frame of activities, and expected outputs and results of the process. Such a plan needs to consult a wide range of stakeholders, and consider and cater for a multiplicity of interests. Secondly, the development of new dams, setting up infrastructure and production of cane sugar is capital intensive. The availability and capacity to raise capital at both the local and international levels are necessary pre-conditions for the take-off the project. When I visited the Tokwe-Murkosi dam site I found that the project was moving at a snail's pace due to limited

[23] The South African Sugar Journal, Volume 86, Number 3, April 2002.

finance. Thirdly, Zimbabwe needs to repair its damaged image at the local and international levels. It needs to re-build and re-assure the confidence and security of investors and producers. Finally, the frontier option has diminishing returns in the long run. There is a limit to which frontier land is available.

Option Two: Establishment of intensive small-scale producers in existing localities
Some farmers suggested that a sizeable portion of land from existing large-scale estates such as Triangle Limited, Hippo Valley, Mkwasine or any other estate could be taken to establish small-scale cane schemes in line with the Chipiwa and the Mpapa schemes. I have not yet carried out a detailed survey of the schemes at Chipiwa and Mpapa to come up with a detailed critique of the schemes. I hope I will be able to do that in the next phase of the project. Nonetheless, the comments I have here came from farmers that I interviewed.

The main advantage envisaged under the proposed scheme was that new settlers would be situated in one localized area that would make the administration of the scheme and the provision of necessary logistics relatively easier. Nonetheless, the option faced a number of critical challenges: First, from an economic point of view, the option does not necessarily open up new land to production. The assumption here is that the existing estates are utilizing their land to best possible advantage. There is need to investigate this assumption. Secondly, the scheme may reduce productivity from the land, in the short run, due to the disruption to the economies of scale, and the time taken to set up the logistics of production such as the demands that the government pay for the improvement on the land. Thirdly, the scheme may lead to silent and or open conflict with existing users and owners of land.[24] The need to build relations of trust and respect among the old and new settlers has to be emphasized, given for instance that cane growers need millers for the processing of their products. Some farmers noted that, frankly, the millers do not necessarily need the cane input from the new settlers. Furthermore, conflict (silent or otherwise) among the growers and millers, would not help rebuild the confidence among producers and the image of the country at the international level. Finally, it is possible that some farmers proposed such a scheme to protect their own interests and farms.

Option Three: Establish contract schemes between existing farmers and new settlers
The suggestion that some farmers put forward here, is for the establishment of collective projects among the existing farmers and new settlers under some kind of contract. Under the contractual agreement the original farmer would run and manage the project, sharing knowledge and experience with the new settlers. All the farmers would have sectional title deeds and share the costs and benefits from the enterprise.

There are certain advantages of the scheme. First, it accommodates both original farmers and new settlers. In addition, under agreeable contractual measures, logistics would be relatively easier and economies of scale would be maintained. Furthermore, new settlers learn tricks of cane production from experienced farmers. However, there are certain challenges to the option. Foremost, is the need to build confidence between established farmers and new settlers and to establish a selection criterion for new settlers. Another key issue is the payment of compensation

[24] It was reported in The Zimbabwe Independent of the week 11 – 17 October 2002, that the government evicted Mauritian sugar farmers, a move that was souring relations between the country and its regional neighbors.

to farmers whose land will be granted to new settlers. Another issue is the need to renegotiate milling agreements and water procurement agreements. Some farmers felt that the scheme may further complicate the division of proceeds procedure. Currently there exists a complex system between cane growers and millers. The scheme will add a complicated dimension between the original farmer and the new settlers. The process may enhance the chances of conflict. Finally, there is also the possibility, under free market conditions, that the schemes would revert back to the old system after the original farmer buys out the new settlers.

Summation:
I will not attempt to come up with a final word on the issue of contract sugar farming and land reform in the country. Nonetheless, certain cross cutting issues do emerge. First, contract sugar farming as it existed (and still exists) perpetuated the historical imbalances over the ownership of means of production (chiefly land) on racial basis. Secondly, contract sugar farming is a technically sound and harmonious way of economic production that contributes significantly to the national cake. A third observation is that the small scale contract schemes (Chipiwa and Mpapa) were a good start in addressing the historical imbalances over the ownership of the means of production. Nonetheless, these schemes were inadequate as a solution. The fourth observation is that land reform in Zimbabwe is necessary and long overdue. The parameters of such a land reform program must be multi-dimensional. Finally, the options suggested by farmers as a way forward need to be seriously considered before one takes a position. My preliminary review of the options reveals certain key problems with options two and three. The suggestions seem to reveal the class nature of the farmers. I am persuaded to go along with the first option of opening resources for commercial production. However, there are key confounding factors limiting this option, chiefly the lack of resources. On the whole a combination of the above options may be more practical, but as of now the situation is in a limbo.

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