IOSR Journal Of Humanities And Social Science (IOSR-JHSS)
Volume 27, Issue 11, Series 6 (November, 2022) 23-27
e-ISSN: 2279-0837, p-ISSN: 2279-0845.
www.iosrjournals.org

The Evolution of the Zimbabwe Coffee Sector: A Critical Analysis

Midway Bhunu* and Philemon Kwaramba**
**Chinhoyi University of Technology, Graduate Student*
*** Development Economist*

ABSTRACT
This paper critically analysed the evolution of the Zimbabwe coffee sub sector in the broader context of agricultural entrepreneurship from pre independence to current year 2022. This was motivated by the fact that coffee is an export crop that is also of great economic significance to the economy of Zimbabwe. The industry has evolved from being fully commercialised in the 1960s the period which coffee was introduced in the country to a recovery mode after having passed through some near collapse due to over two decades of economic challenges. Coffee was an economically important cash crop of Zimbabwe contributing over 2.5% to the Gross Domestic Product (GDP) of the country. More than 95% of aggregate annual production was exported to America, Europe and Asia. The commercial producers had direct links with the markets and they processed coffee on their farmers (both primary and secondary processing). The coffee industry employed over 20,000 people across the value chain.Coffee production steadily declined since the 1980s due to a number of factors including natural ones like drought and economic ones like inflation , high cost of production and decline in world coffee prices.At independence in 1980, Zimbabwe produced about 6,000 MT of coffee. Production nearly doubled at about 12,000 MT in 1985, before experiencing a large drop to 3,500 MT in 1986. A year later, coffee production would rebound, reaching an all-time high of 14,600 MT in 1989. Since the downward spiral in production from 1991, the coffee sub-sector in Zimbabwe has not been the same.The sector has virtually collapsed with production reaching an all-time low of 208 MT in 2010. Several large commercial farmers and small scale farmers exited the sector leaving only two active large-scale producers (Crake Valley Farm PLC and Tanganda Tea Estates) on 300 hectares, and 392 smallholders on 79 hectares. For the remaining coffee farmers, coffee is still a crop of choice with huge potential. Since 2017, the sector has seen an influx of private investors who are willing and able to revive production. The Nestle Nespresso S.A, a Switzerland based coffee roasting company partnered with an international non-profit making organization Techno Serve to revive the coffee sector. This has seen many farmers who had left coffee production coming back to coffee after in pursuit of the higher prices Nespresso is paying for premium quality coffee.
Theories: Resource-based and Economic-inspired Entrepreneurship

---
Date of Submission: 06-11-2022 Date of Acceptance: 20-11-2022

I. Introduction

Coffee as a noun refers to a beverage served on breakfast, after lunch or after dinner. Mlandu (2017) suggests that, many people cannot survive without a cup of coffee in the morning. Let us hope it is not the negative side of addiction. Coffee is the second-most traded commodity after petroleum in the world. Coffee is a commercial export crop mainly produced in developing world.

Smith (1985) locates documented history of coffee in Zimbabwe, to 1853 when Chief Sekeletu, gave David Livingstone coffee beans to promote trade and commerce. Then those who followed Livingstone's discoveries expanded locations for coffee plantations in Zimbabwe. The crop used to be grown by big commercial farmers since its introduction for commercial purposes in the country around 1960 in Chipinge district until late 1990s into 2000. Smallholder farmers were not considered as a coffee growing statistic then. Coffee was introduced around 1982 in Honde Valley. Overall, the coffee sector of Zimbabwe has evolved from being much commercialised to subsistence and now almost heading back to commercialised production.

The Coffee Market Value Chain

The main actors in the coffee value chain are fertilizer, agrochemical and equipment suppliers; large coffee estates and smallholder coffee farmers (average smallholder coffee holding are less than a quarter hectare); buyers cum processors – Zimbabwe Coffee Mill (ZCM) and Grain Marketing Board (GMB) including

local roasters; and, local retailers, importer agents and importers. Farmers sell directly to ZCM, GMB or importers. Primary processing (pulping and washing) is done at the farm level.

The actors shown in Figure 1 are affected differently by the internal and external evolutions that occur in the sub sector. The key drivers of the sub sector are the government policies. These can either kill or bring to life the coffee industry.

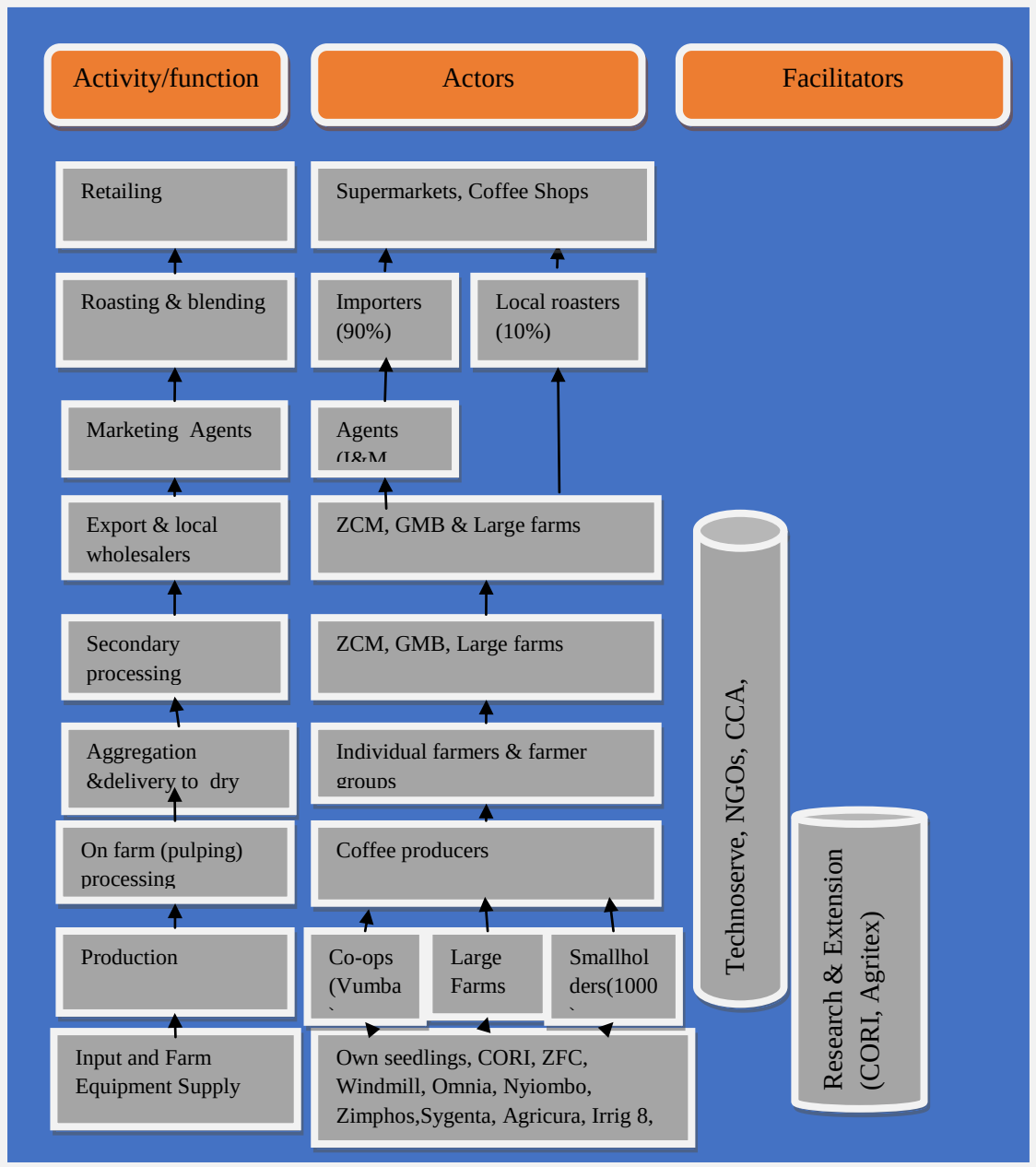


Figure 1 Zimbabwe Coffee Formal Market Value Chain

The Evolutionary Dimensions of the coffee sub-sector Pre-Independence (up to 1979)

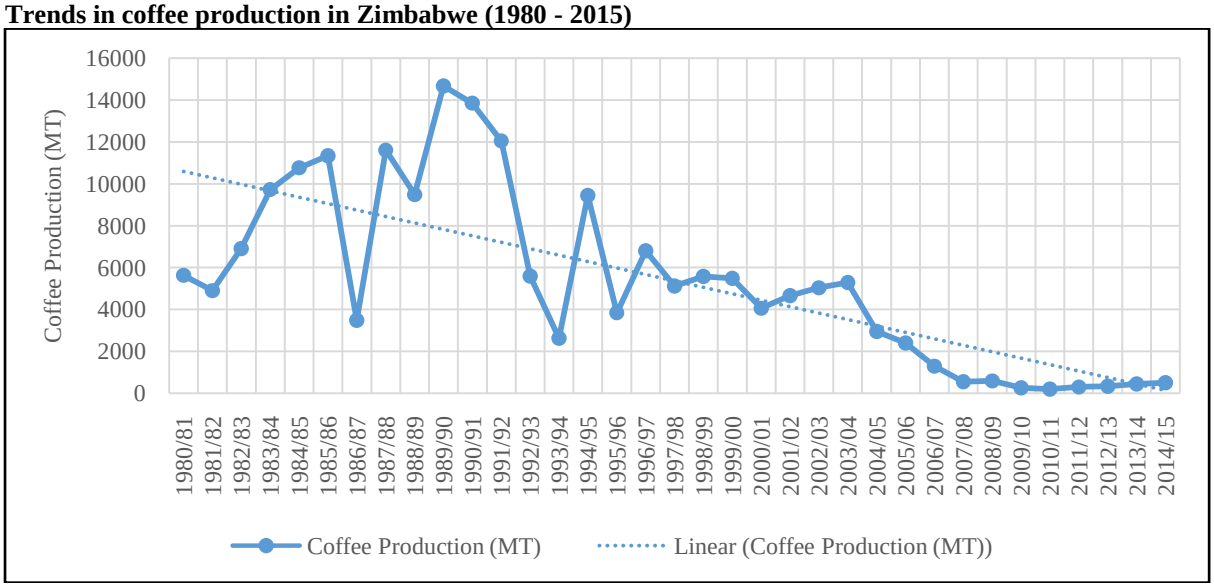
Coffee was introduced for commercial purposed in Zimbabwe around 1960 in Chipinge district of Manicaland. The sector grew steadily and it was dominated by large commercial producers. Smallholder farmers were not part of the value chain until 1982 when it was introduced in Honde Valley, Mutasa district. The farmers who were released from safe keeping areas during the war received training from government and learnt that coffee was the most suitable crop for Honde Valley among other plantation crops like tea and bananas. Already there were big commercial tea estates such as Katiyo, Eastern Highlands and Aberfoyle estates now part of the Eastern Highlands (Mtisi, 2002).

Coffee was an economically important cash crop of Zimbabwe contributing over 2.5% to the Gross Domestic Product of the country. More than 95% of aggregate annual production was exported to America,

Europe and Asia. The commercial producers had direct links with the markets. They processed coffee on their farmers (both primary and secondary processing). The coffee industry employed over 20,000 people across the value chain. Many families in Manicaland hand their livelihoods anchored on coffee (Kutshwayo, 2018, personal communication, 14 July 2018).

3.1 First Decade of Independence (1980-1990)

Trends in coffee production in Zimbabwe (1980 - 2015)



Source: MLARR, Draft Coffee Strategy

Taringana (2018) notes that production of commercial coffee continued to expand post 1980 and coffee developed into a fifth most important crop in Zimbabwe. According to the Zimbabwe Coffee Mill (ZCM) 2016, Zimbabwe earned a reputation of producing high quality Arabica coffee that competed perfectly with coffee from big producers like Brazil, Columbia, Uganda and Kenya (Zimbabwe Coffee Mill, 2006).

The issue of the land reform was a hot one in the Zimbabwean politics in the late 1980s after having been quiet for nearly 8 years after independence (Palmer, 1990). Land is a key factor of production. Land policies are key drivers of agricultural production. When land policy is good and consistent in favour of production, farmers make long-term investments on their farms. The first decade of independence did not affect coffee production much.

Although coffee production has been volatile in the country since independence, it has steadily declined since the 1980s (Figure 1). At independence in 1980, Zimbabwe produced about 6,000 MT of coffee. Production nearly doubled at about 12,000 MT in 1985, before experiencing a large drop to 3,500 MT in 1986. A year later, coffee production would rebound, reaching an all-time high of 14,600 MT in 1989. Since the downward spiral in production from 1991, the coffee sub-sector in Zimbabwe has not been the same.

The sector has virtually collapsed with production reaching an all-time low of 208 MT in 2010. Several large commercial farmers and small-scale farmers exited the sector leaving only two active large-scale producers (Crake Valley Farm PLC and Tanganda Tea Estates) on 300 hectares, and 392 smallholders on 79 hectares. For the remaining coffee farmers, coffee is still a crop of choice with huge potential. The 2016/2017 prices averaging US$6/kg make coffee one of the most lucrative crops (ZCM, 2016).

3.2 Post-Independence (1991-2008)

Production declined significantly from 12000 metric tons to about 2500 between 1991/92 and 199394 season. This was mainly due to the drought that hit the country in 1992. The whole agriculture sector was affected. Government spending shifted from supporting agriculture production and agricultural entrepreneurship to securing food for the nation.

The period of continued decline in coffee production coincides with the implementation of the fast-track land reform program in 2000 whose thrust was to redistribute land to indigenous Zimbabweans. The ensuing economic down turn further made it difficult for coffee farmers to access finance and market Zimbabwe coffee to overseas markets.

In part, the decline in coffee production is attributed to volatility in world coffee prices, high costs of production, the fast track land reform programme, which changed the production and support structures, and the policy landscape that mainly supported cereal production in the country.

The coffee market literally collapsed. Hundreds of large commercial coffee producers lost their land. The economy was characterized by hyperinflation. Season in and out, more farmers migrated to neighboring countries. The smallholder farmers who were the beneficiaries of the land reform did not have the prerequisite skills to continue growing coffee. They cut down coffee plantations. Production decline significantly to about 500 metric tons coming from only two commercial estates remaining in the country and a few smallholder farmers dotted around the Eastern Highland region.

Given the current socio-economic realities characterised by increasing pressure on land use and input allocation due to the proliferation of alternative and competing crops, farmers abandoned coffee plantations and in some instances uprooted coffee in preference for other crops such as macadamia nuts, avocado and bananas.

3.3 The period 2009 – 2017

The government introduced the multi-currency system. Inflation was curbed. Doing business became easy for all value chain actors. Entrepreneurs could get loans from the banks. Input prices become stable.

The stability in the economy excited various value chain players including private sector, the government and development partners. Development partners such as the UKAID and United Nations Agriculture Organization (FAO) mobilized resources to support smallholder coffee growers in Manicaland by improving access to seedlings and processing technologies.

These attracted giants the global coffee market such as Nestle Nespresso (Nespresso) who came in with a bigger concept of reviving the industry.

Nespresso through the Nespresso Zimbabwe Coffee Revival program supported training of farmers on coffee agronomy on the other hand providing a lucrative market paying premium prices for good quality coffee. This marked a rebound of the coffee sector. Many farmers who had moved out of coffee started to come back.

ZCM (2016) notes that there were only 300 active coffee farmers remaining before the coming in of Nespresso. Currently, there are over 1500 active farmers and production is slowly picking up by a margin of about 10% annually (ZCM, 2018).

How the Sector Survived

Several factors influenced the success of the coffee sector. First, Zimbabwe's coffee belt in the Eastern highlands of Manicaland – with its high mountains, high rainfall, good soils and cool climate – has the perfect growing conditions for the beans. Second, Zimbabwe also has state-of-the-art coffee mills in Mutare and Chipinge with a combined installed annual processing capacity of 50,000MT. Third, the sector had strong institutional support from the Coffee Growers Association led by large commercial coffee farmers and small-scale producers.

The association provided extension services, produced reference materials on coffee production and was instrumental in the creation of the Zimbabwe Coffee Mill (ZCM) to facilitate marketing. Lastly, despite a slump in the world farm gate prices in the early 2000s, coffee prices have been rising, fetching an average of US $ 0.78/kg in 2017 (Figure 3). This is higher than average prices for maize and horticulture products. In fact, local farm gate prices in Zimbabwe for the 2016/2017 season were as high as US $ 6/kg for green coffee. This is the price that Nespresso is paying for premium quality coffee.

The establishment of the Zimbabwe Coffee Mill in 1992 as a farmer owned agribusiness gave coffee producers an edge in controlling their aggregation and processing processes. This gave farmers, especially smallholder farmers confidence as they were facing challenges with selling their coffee only to the Grain Marketing Board. The Zimbabwe Coffee Mill acts as a one stop shop for farmers. They can access loans or inputs on credit through a stop order system through the mill.

Projections for the next 10 years

The industry is projected to grow on a steady rate to about 1000 metric tons of green coffee produced annually by both smallholder farmers and commercial farmers.

The major factor contributing to poor performance of the coffee value chain is low productivity which is driven by a number of factors including but not limited to; lack of commercial coffee farming skills, poor access to finance, poor access to quality seedlings, low investments in inputs and primary processing equipment, drought, lack of irrigation, poor prices on the local market due to low demand, high cost of inputs leading to overall high cost of production and little value addition. Coffee is currently sold as green and not roasted.

The coffee commodity association together with the Horticulture Development Council supported by the Ministry of Lands, Agriculture, Water and Rural Development projects an investment of over 2000 metric tons annually generating over USD10million per year. 1,300 smallholder farmers and 10 medium scale growers through a Hub and Spoke Model will produce this. The Hub and Spoke model involves a nucleus farm that is

linked to small or medium scales farmers who produce a commodity in a well-coordinated way for easy of aggregation. The hub farm provides inputs, credit, training and market to the spokes (the smallholder farmers).

Key Lessons Learned

✓ Government policies are key in driving agriculture entrepreneurship. The current mantra that the country is open for business has attracted investors in the agribusiness sector

✓ Investment incentives are key in attracting private sector investment

✓ Private sector led development models are sustainable. When farmers are successfully linked to a reliable off-take market they can produce more and good quality crop.

✓ Agriculture is exposed to vagaries of nature, as such businesses and producers must have means and ways to survive the harsh conditions that may negatively impact on their business

✓ Land is a prime drive of agriculture entrepreneurship. The land reform somehow disturbed coffee production

✓ A land reform program, if well-structured and supported can bring good results when the beneficiaries of the program fully utilise land

References

[1]. Brown, B. (2017): The history of coffee production in Honde Valley. A paper presented at a stakeholder meeting in Mutare, Zimbabwe. Unpublished

[2]. Grierson, J. (2017): History of Coffee part IV. Commercialization of coffee. Retrieved from www.streetdirectory.com/myrestaurants ://doi.org/10.5367/oa.2013.0118

[3]. Khutswayo, D. (2017). The Zimbabwe Coffee Sector Development Strategy. A presentation at the Zimbabwe National Coffee Working Group launch in Harare. Unpublished.

[4]. Mandirahwe, C.(2016). Impact of NGOs intervention on capacity building of small-scale farmers: Case of ward 5 Mutasa district. (Unpublished master's Thesis). Midlands State University.

[5]. Mlandu, O. (2017) Coffee traditions around the world. Getaway Magazine. https://www.getaway.co.za/food/coffee-from-around-the-world/

[6]. Nestle Nespresso SA (2017): The Coffee Revival Strategy. A presentation at a stakeholder meeting in Mutasa district. Unpublished.

[7]. Nicole, M. (2018). Zimbabwe Coffee. Rising from ashes. Perfect Daily Grind Ltd, United Kingdom

[8]. Nkandu, J. (2018). Why Coffee Farmers are poor –And how an innovative ownership model can help. Extracted from https://nextbillion.net

[9]. Nzarayebani, D. (2017). A review of training programs on horticulture in Zimbabwe.

[10]. Presentation during a Technoserve scoping study in Manicaland province. Unpublished

[11]. Smith R.F. (1985). A history of Coffee. In Clifford M.N.,Willson K.C 9eds) Coffee. Boston :Springer.

[12]. Taringana T (2018). Coffee production and the limits to development in developing countries. Journal of Sustainable Development in Africa 20(1).12-3

[13]. TechnoServe. (2014) Welfare Outcomes: Evidence from Durgapur Upazila of Rajshahi District, Journal of World Economic Research. 3(6), pp. 119-126. doi: 10.11648/j.jwer.20140306.16.

[14]. TechnoServe. (2015). The Coffee Initiative Final Report. Report produced under Bill and Melinda Gates Foundation funded Coffee Initiative. Washington, D.C.

[15]. Technoserve. (2017). TechnoServe's Gender Qualifications: Gender in Coffee. Washington, D.C: TechnoServe.

[16]. Woolverton A, Neven, D. (2014). Understanding smallholder farmer attitudes to commercialisation. Rome: United Nations Food and Agriculture Organisation.

[17]. World Bank (2007). Cultivating Knowledge and Skills to Grow African Agriculture: A Synthesis of an Institutional, Regional, and International Review, Report No 40997-AFR.Washington, DC

[18]. Zimbabwe Coffee Mill (ZCM); (2016). The Zimbabwe Coffee Sector – An Overview. A presentation done to key coffee stakeholders in Mutare. Unpublished.

[19]. Zimbabwe Coffee Mill: (2017) Export Sales Report for the period 2013-2016. Unpublished.

Midway Bhunu. "The Evolution of the Zimbabwe Coffee Sector: A Critical Analysis." *IOSR Journal of Humanities and Social Science (IOSR-JHSS)*, 27(11), 2022, pp. 23-27.