

GRAIN SUBSECTOR POLICY OPTIONS TO MITIGATE THE IMPACTS OF COVID-19 ON ZIMBABWE'S AGRICULTURE AND FOOD SYSTEMS



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Executive Summary

COVID-19 poses a potential risk of a looming food crisis in Zimbabwe, unless measures are taken to keep food supply chains alive to alleviate the pandemic's repercussions. Performance in the grain sector has been following a downward trend prior to the pandemic; therefore the advent of COVID-19 will further disrupt Zimbabwe's food systems including the grain sub-sector, an important sector in Zimbabwe. Income sources and livelihoods of over 13 million Zimbabweans will be adversely affected as the business landscape for consumers, producers, foreign markets, financial sector, government, processors and traders involved in grain supply chain adjust to COVID-19 pandemic and associated management strategies. Grains are basic food in Zimbabwe; adequate quantities are needed at all times to ensure normal human life. A threat to the availability and access to adequate grain is thus a national security threat. Government and stakeholders in the agricultural sector are considering appropriate policy roadmap to deal with the adverse effects of COVID-19. This study is a quick analysis which seeks to explore the potential impacts of COVID-19 vis-a-vis Zimbabwe's food systems and to provide recommendable policies to alleviate the impacts. The nature of the pandemic affects the willingness and ability of human as workers and entrepreneurs in grain production and marketing. While strategies employed to contain the virus poses restrictions to movements of humans, goods, services and creates additional costs in grain production and marketing. Smallholder agriculture dominates grain production and is labour intensive. Thus 2019/20 harvesting and marketing operations will be carried out under labour shortages resulting in the following outcomes; delays in harvesting the established crops due to labour and capital shortages, in-field losses due to delays in processes causing, spillage, shattering, pests and diseases attack. COVID-19 will also result in; increased cost of production and marketing, supply chain holdup, erosion of agricultural asset base, limited supports services and a fall in demand for grain. In order to ensure limited disruptions in agriculture and food systems as a result of COVID-19, there is a need to put in place policies and strategies to mitigate the negative impacts of the pandemic on grain supply and demand. Robust strategies are needed to build resilience in the short, medium and long term to ensure that agriculture food supply systems remain standing despite the shock and disturbances. The current agricultural marketing season of 2019/2020 has to be carried out in conformity with Public Health COVID-19 Prevention, Containment and Treatment guidelines. The following are proposed options for grain market and distribution channels realignment this season in light of COVID-19.

- i. Awareness campaign to educate the farmers, traders, transporters, processors and public services about COVID-19.
- ii. Mandatory public health safety measures at depots, agribusinesses and marketing points
- iii. Pre-booked A2 farmers' deliveries to depots

- iv. Decentralization of urban open markets
- v. Localizing rural marketing points and develop market schedules for smallholder farmers
- vi. Local aggregation of contracted crop for smallholder farmers

Other policy considerations will be needed over and above the realignment of the current marketing season in the short term to cushion institutions, processors, farmers and consumers who are affected by the pandemic.

Hence proposed short term policy options are listed below-:

- i. Productive sector loans and grants for processors to protect them from additional costs associated with COVID-19.
- ii. Tax relief for workers in essential agribusiness
- iii. Priority for grain movement across the borders
- iv. Farm support grants and loans
- v. Lifting the ban on traditional breweries
- vi. Consumer support policies (Consumer protection through food subsidies and cash grants)
- vii. Institutional support for AMA to adequately carry out its mandate.

In the medium to long term, the following policies are recommended-:

- i. Investing in local market infrastructure
- ii. Investing in ICT technology
- iii. Strategic grain reserve maintained
- iv. Recovery of grain production for import substitution
- v. Agriculture mechanization
- vi. Insurance against COVID-19.

Private actors prefer to invest their money where there are prospects for a high return. Given the adverse effects of COVID-19, government should consider the following options to keep private actors in business-:

- Provision of **special productive sector loans at lower interest rates and grants** targeting most essential actors such as commercial grain farmers, millers, bakers, breweries and animal feed manufacturers. Agro-

bills to attract idle funds in non-essential services and finance productive sectors (commercial grain farmers, millers, bakers, breweries and animal feed manufacturers) through soft loans.

- **Tax exemptions for workers in grain processing sector** to incentivize them to work. Full or partial PAYE exemptions for workers in grain productive sectors such as farms, milling companies, bakeries, breweries and animal feed manufacturing to give them incentives to work during COVID-19 pandemic.
- **Value chain financing for maize processors** (millers, bakers, breweries and animal feed manufacturers) through GMB.

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1. Introduction

The advent of COVID -19 will further disrupt Zimbabwe's food systems including the grain sub-sector, an important sector in Zimbabwe. Over the past years, performance in grains production has been deteriorating owing to a number of challenges relating to unfavourable rainfall patterns and general macro-economic instability characterized by shortage of foreign currency, inflation and lack of capital among others. As a result, the country's food position has been severe and heavily dependent on imports. Harvesting and marketing of grains in the current 2019/2020 agricultural season will be further disturbed by additional challenges associated with the virus. The pandemic causes panic, fear, anxiety and discomfort in people affecting their engagement in economic activities as workers and entrepreneurs. Lockdown, maintaining social distances, isolation and quarantine poses restrictions to movements of humans, goods and services which are essential in grain production and marketing. The need to strengthen hygiene and sanitation implies added costs to production and marketing of crops. Facilitation by farmer representative organizations, extension workers and market regulatory authorities will also be disrupted. Movement restrictions will slow down logistics in grain movement within and from outside the country causing food supply chain holdups. Consumer incomes will fall due to restrictions in non-essential services and fall in remittances; thereby reducing demand for consumer goods including basic commodities as poverty levels will increase. Coping strategies will involve selling assets which will further constrain the farmers' ability to produce food in the future. The direct and indirect effect of the pandemic on human will have far reaching impacts on grain producers and consumers. Given the strategic role of grains in food and feed industry in Zimbabwe, disruptions in the grain sector will affect government and the nation at large. There is a potential risk of a looming food crisis in Zimbabwe, unless measures are taken to keep food supply chains alive to alleviate the pandemic's repercussions.

Cereals (maize, wheat, sorghum and millet) and legumes (soya beans, groundnuts, cowpeas and sugar beans) are the main grain crops in the country contributing towards the food and feed demands. Intensive livestock production (poultry, beef, dairy, pigs etc.) depends on feed manufactured from maize (energy source), soya beans (protein source) and wheat bran (fiber). Grains are thus strategic for the success of agriculture and food systems by providing; staple food for over thirteen million people, raw material in breweries, animal feed manufacturing and contributing to attainment of agriculture sector objectives of foods security, industrial development and export. This year, the government through the ministry of agriculture has embarked on a recovery path, putting in place solid interventions to strengthen extension, contract farming, capital development, irrigation, and mechanization and telecommunication infrastructure to improve performance of agriculture towards attainment of Vision 2030. The

emergence of the pandemic and associated consequences poses a serious threat to the attainment of the 2030 goals without corrective measures being taken to build resilience in the system.

It is therefore critical that the country has a clear policy and strategy to deal with the challenge of food supply and demand in the economy as a result of COVID-19. The 2019/2020 agricultural marketing season normally commences on 01 April 2020 and it is important that government is provided with policy options for consideration to safeguard the current marketing season. Therefore, the study is a quick analysis which seeks to explore the potential impacts of COVID-19 vis-a-vis Zimbabwe's food systems and to provide recommendable policies to alleviate the impacts. Specifically, the study will assess; (1) the current grain marketing channels in Zimbabwe and their limitations (2) the impacts of COVID-19 on food production and marketing and (3) innovative policy options to mitigate the negative effects of COVID-19 in the short term, medium and long term on food production, markets and trade. This assessment is therefore essential for it will actually provide confirmation pertaining to policy formulation to mitigate the impact of COVID-19 on the grain sector. Thus ensuring the agriculture sector objectives are achieved despite the pandemic.

1.1 Study approach

In order to achieve the aforementioned targets within the set time limits, the study involved the following;

- Reviewed literature on the state of grain production and marketing in Zimbabwe and the impacts of human disease pandemic on agriculture.
- Consulted few key informants through phone calls to gain insights into impact of COVID-19 on grain marketing and proposals for mitigation.
- Assessed the impacts of COVID-19 on grain production and marketing, proposed options to mitigate the impacts and models to mobilize resources for grain procurement by public and private sectors.

2.0 The State of Grain Production and Marketing in Zimbabwe

Zimbabwe requires about 2.1 million metric tonnes of cereals (maize, sorghum, millet and wheat) and 0.6 million metric tonnes of legumes annually for food and feed production. These requirements are met through local production and imports. Maize, small grains and legumes occupy about 55%, 19% and 14% of cropped area annually respectively. Only 12% of the annual cropped area is used for other cash crops which include cotton, tobacco and sugarcane in order of increasing area allocated annually (Table 1). Smallholder farmers (communal, old resettlement areas and A1; small-medium scale commercial) dominate grain production in maize, sorghum, millets, sugar beans, groundnuts, cowpeas and Bambara nut. Soya beans and wheat production is dominated by medium to large scale farmers (A2). The dominance of labour intense and resource constrained smallholder farmers in production implies that COVID-19 will adversely impact on grain sector through its effects on labour and capital.

Table 1: Grain production and requirements in 2019.

Grain crop	Area (ha)	Percentage	Annual requirements	Production	Deficit
Maize	1549324	55%	1 735 145	1 836 145	101 000
Sorghum	305865	11%			
Pearl millet	166429	6%			
Finger millet	34353	1%			
Wheat	34686	1%	400,000	150,000	350,000
Soyabean	33599	1%	200,000	50,000	150,000
Groundnut	208229	7%	101 217	127 202	25 985
Bambara nut	87938	3%	130 136	47 594	-82 542
Cowpeas	60799	2%	86 757	16 380	-70 377
Sugar bean	22997	1%	101 217	21 320	-79 897
Other crops	368443	12%	-	-	-
Total	2837976	100%	-	-	-

Source: Crop and livestock assessment report, 2018.

Due to the strategic role of grains in food and feed manufacturing, the subsector has been a target for production and marketing policies aimed to safeguard the agricultural sector objectives. Since 2016/17 season, the Command agriculture programme was initiated with the aim to raise local production. Currently an

agriculture recovery plan is underway with various interventions to boost production of maize, soya beans and wheat and ensure that the country is food secure, self-sufficient and generate more export revenue through agriculture. At the inception of each marketing season, government announces a minimum price for strategic grains to incentivize farmers. The strategic grain reserves policy is also upheld through GMB to ensure that the country has adequate supplies in light of shocks and disturbances in Zimbabwe. Grain crops funded under Command agriculture are sold to GMB at the minimum guaranteed price announced each year. However, given maize shortages in the market in the current and past season, a Statutory Instrument 145 of 2019 [CAP 18:14], Grain Marketing (Control of Sale of Maize) Regulations 2019 was announced. Accordingly, maize becomes a controlled product in terms of Section 29 of the Grain Marketing Act. It is therefore stipulated that there is, no person or statutory body or company or entity who should be in a position to sell or otherwise dispose any maize except to a contractor or to GMB. Hence only contractors and producers will have an exclusive mandate to do so.

2.1 Grain Production Trend

Figure 1 below shows production trends for maize, sorghum, wheat and soya beans in Zimbabwe over the years. A downward trend has been illustrated indicating that COVID-19 will further worsen grain production in the country. The country is already in deficit production (Table 1) and given the basic nature of grains, imports will be needed, however with restrictions imposed to contain the virus, lead time in importation of grain will be longer than before causing slowdown in supply chains. Zambia, South Africa and Tanzania have been major sources of grain imports for the country over the past years and these countries are also affected by COVID-19.

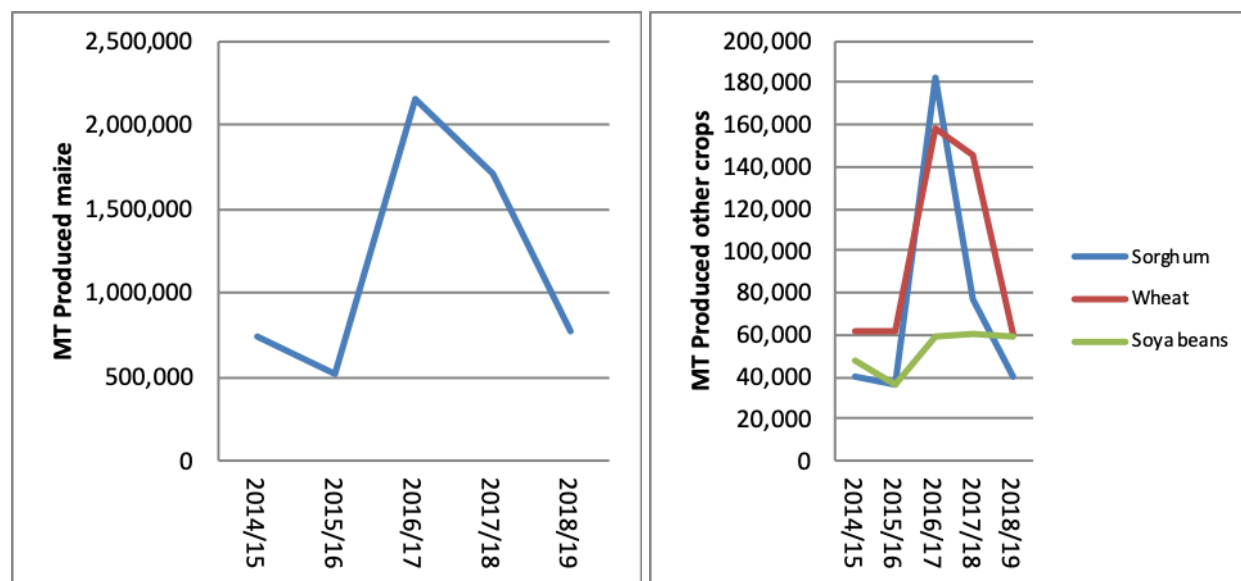


Figure 1: Grain Production Trends

2.2 Marketing Channels for Grain in Zimbabwe.

Grain marketing channels in Zimbabwe are derived from the structure and organization of supply and demand as well as the guiding policies and regulations. Market channels include local (households), schools, restaurants, hospitals, urban open markets, GMB-strategic grain reserve and agro processing industries (milling companies, breweries, animal feed manufacturing). Traders and middle men are common in linking farmers and consumers of grain crops. Table 2 below summarizes the marketing channels for grains in the country. For maize, sorghum, millet and sugar beans, the main distribution channel involves farmer to households as most farmers retain a significant share of their production for own consumption and sell part of excess production into local markets. Under the current regulations, GMB is the only trader which procures maize for the country. Wheat and soya bean are sold directly to millers from farmers or through contractors and formal and informal traders. COVID-19 is expected to have minimal disruption on local channels as food trade is considered essential and local markets are decentralized. Local trade can even happen after the COVID-19 outbreak as deficit producing households wait to exhaust own production before sourcing from local farmers. A drastic fall in demand for grain by schools and restaurants is expected following shutdown. Cross border trade and deliveries direct to processor or through traders/contractors from local farmers will need remodelling to avoid congestion and ensure health and hygiene practices are strengthened.

2.3 Limitations in Grain Marketing Channels in Zimbabwe.

Smallholder subsistence oriented production systems pose challenges of low marketable surplus. With small volumes of sales per farmer, the bargaining power is weak and producers are often price takers limiting their markets to local markets that offer lower prices. Furthermore, information asymmetry, transportation challenges and limited cognitive capacity entail high transactions costs on the part of farmers. The non-asset specific nature of grain means it could be deployed to multitudes of uses. This poses challenges in contract farming as side marketing is high limiting contract farming in grain sector. Because of limited resources such as warehousing facilities and the need for income immediately after harvesting, farmers do not have capacity to hold their stock and sell when prices are favourable. With COVID-19 restrictions, market organization and coordination is going to be more difficult than before. AMA is mandated with the overall regulation of the production, marketing and processing of agricultural products in Zimbabwe. The institution is however thin on the ground and does not have the capacity to adequately regulate marketing. Some actors do not comply with registration requirements, there are several exchange malpractices happening on the ground in violation of the law and middle men engage in lots of exploitative behaviour to the detriment of producers and consumers in the supply chain. Farmer representative organizations who should also facilitate in organizing markets are fragmented and most farmers are in the process not registered further incapacitating the ability of institutions to facilitate market exchange.

3.0. Impacts of COVID-19 on Food Production

Harvesting under smallholder farming requires more labour than other inputs. COVID-19 prevention and containment strategies will limit the available labour as well as the effectiveness of labour force at work. Farmers particularly resource poor smallholder farmers will find it difficult to adhere to public health and safety measures further creating disincentives for workers to work. Low income levels at farms means that most workers and farmers are not insured. Thus the 2019/20 harvesting operations will be carried out under labour shortages. Financial institutions are also constrained during lockdown; the minimal number of staff needed to deal with critical services may not adequately attend to farmer applications for loans to finance operating costs at harvesting. This will further limit the ability of farmers to attract workers and carry out operations on time. Extension services by both public and private actors will be on slow down with restrictions on movement of people caused by COVID-19. Therefore we envisage resource constrained harvesting of agricultural products that will result in the following outcomes:-

- Delays in harvesting the established crops due to labour and capital shortages

- In-field losses due to delays in processes causing, spillage, shattering, pests and diseases attack.
- High costs of harvesting associated with scarce labour and capital.
- High cost of post-harvest handling associated with delays in operations and inventory holding as the market slows down.

4.0 Impacts of COVID-19 on distribution and marketing

Four grain channels could be demarcated as in Table 2 namely (1) direct channel from farm to households, (2) from farm to processor then consumers through wholesale and retail outlets, (3) from farm to informal traders then open urban markets and (4) finally from farm to formal/informal traders to processor and then consumers through wholesale and retail outlets. These marketing channels are going to be severely affected by the COVID-19 pandemic as supply and demand realigns to the new environment. Restriction of human movement, closure of institutions such as schools, loss of wage and remittances incomes and decreasing savings will all result in demand and supply adjustments.

For Mbare musika and other open markets, the number of people visiting the market will fall due to; fear of contracting the virus and the need to maintain social distances. Lockdown has also shut down non essential businesses such as trade in non food items, restaurants outlets and hospitality industry. This will mean a significant fall of business as small volumes buyers such as households are the main actors now. Urban consumers while facing uncertain future about their employment and health status are quick to make adjustments downward to create savings for the future. Shortages associated with supply chain slow down, plus artificial shortages created by speculative hoarding of traders in this environment of panic are bound to cause an increase in prices beyond the reach of most income constrained consumers. The demand in urban and rural open markets is thus expected to fall.

Institutions of learning and resort centres are closed during shutdown, food outlets are mostly on slow home delivery business. There is going to be a drastic drop of demand for grains leaving traders and farmers to hunt for alternative markets or to suspend selling until alternative markets emerge. Formal processors such as GMB, National foods, Profeed, Blue ribbons, bakers usually process and supply urban formal markets, hotels and hospitals among others. Supply chain holdups associated with disruptions on farms and delay in movement of products from outside the borders is likely going to cause slow down in business. Availability of lines of credit to finance operations may also be limited as banks operate on limited staff and consumers eroded most of their

savings hoarding food before and during lockdown for the unforeseen future. The business of millers and processing companies are bound to slow down due to challenges of supply. In the short term of lockdown, there will be stock outs but however with further erosion of incomes demand will become uncertain.

Breweries such Delta, Ingwebu, Pungwe and Simba were initially not listed as essential services but later on released. However, the shutdown has closed bottlestores and beer drinking outlets which is likely going to cause a fall in demand for beer. Most consumers enjoy drinking in public places socializing with others and this is prohibited under lockdown. Even if people are allowed to buy from supermarkets and consume at home, demand is likely going to be low given prohibition of social gatherings and the slow pace at which services are offered at supermarkets as strict guidelines to observe social distances are adhered to.

In terms of informal traditional brews, they are currently shutdown because of the prohibition of social gatherings. This seriously hampers potential for value addition and beneficiation of locally produced grain which was a major source of livelihoods for rural people particularly women.

In summary, grain marketing will be affected in the following ways-:

1. Low demand for farm products and a fall in price in real terms.
2. Opportunistic traders who take advantage of panic and instability in the market.
3. Food supply chains slowdowns (logistics bottlenecks) and shortages.
4. Lack of market information systems as key service provision is disrupted.

Table 2: Grain distribution channels and impact of COVID-19 in Zimbabwe.

Marketing channel	Type of farmers	Target buyers	Impact of COVID-19 on distribution channel
Channel 1: Direct marketing channel (farmer to consumer or farmer to processor)	Smallholder farmers – farmer to consumer.	Local households, Schools, Hospitals, Local restaurants	No demand from closed schools and restaurants
	Medium to large scale farmers –processor-independent and contracted farmers	GMB, National foods, Blue ribbons, Breweries – Chibuku, Ingwebu, Pungwe, Simba, Delta, Bakers (lobels, etc)	Reduced demand from brewing industry as beer halls are closed and non essential public gatherings banned. Slow down in deliveries, supply chain slow down. High demand for basic mealie meal immediate to lockdown and reduced demand with prolonged lockdown
Channel 2: Small informal traders to urban open markets	Smallholder farmers in remote locations	Mbare musika Other urban open markets	Movement restrictions affects supply Hoarding for speculative purposes Overcharging
Channel 3: Formal traders-Processors-wholesale to retail markets	Medium to large scale farmers mainly in maize, small grains and soya beans.	GMB National foods Blue ribbons Breweries – Chibuku, Ingwebu, Pungwe, Simba, Bakers (lobels, etc)	Reduced demand from brewing industry as beer halls are closed and non essential public gatherings banned. Slow down in deliveries, supply chain slow down. High demand for basic mealie meal immediate to lockdown and reduced demand with prolonged lockdown
	Smallholder farmers under contract farming		

Channel 4: Informal traders- Processors- wholesale to retail markets	Smallholder farmers	National foods Blue ribbons Breweries – Chibuku, Ingwebu, Pungwe, Simba, Delta Bakers (lobels, etc)	Reduced demand from brewing industry as beer halls are closed and non essential public gatherings banned. Slow down in deliveries, supply chain slow down. High demand for basic mealie meal immediate to lockdown and reduced demand with prolonged lockdown
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*Trades and processors apply in other commodities except for maize.

5.0 Policy options to mitigate the negative impacts of COVID-19.

In order to ensure limited disruptions in agriculture and food systems as a result of COVID-19, there is a need to put in place policies and strategies to mitigate the negative impacts of the pandemic on grain supply and demand. Robust strategies are needed to build resilience in the short, medium and long term to ensure that agriculture food supply systems remain standing despite the shock and disturbances. Proposed policies and strategies are informed by how the system can correct the emerging challenges on different actors such as farmers, processors, consumers and public institutions within the limits of resources available.

5.1 Short term innovative policy options to mitigate the negative effects of COVID 19 on food production, markets and trade

Short term policies target immediate action plans to get markets working under prevailing circumstances. In accordance with the Agricultural Marketing Authority Act Chapter 18:24, AMA, has the mandate to organize, coordinate and regulate marketing of agricultural commodities in Zimbabwe and thus is the focal institution to champion change that is required to get markets working under COVID-19. There is a strong need to strengthen awareness campaigns, coordination, health and safety as well as consumer and producer protection strategies to maintain agriculture and food systems. Below are proposed short term policy options for grain production and marketing under COVID-19.

- **Awareness campaign to educate the agricultural community about COVID-19 and alignment strategies.** Lack of compliance to guiding principles and frameworks is usually attributable to lack of awareness and understanding. Farmers and various actors in the food supply system need to be educated about COVID-19, its implications on agriculture, strategies to contain the pandemic and how agribusiness has been redesigned to align with public health and safety under COVID-19. Education should involve local authorities such as head-mans, lead farmers, extension workers and chiefs. Local authorities should be entrusted with enforcement of preventative measures in the same way that they deal with other customs and traditions. AMA should form a task team with farmer representatives, extension workers, health officials and local government starting at national and spreading out to provinces and districts where grain marketing will be happening. This will ensure awareness and appreciation that will go a long way towards compliance. The AMA should seek collaboration with ministry of health and local government to develop material for awareness campaign to be extended to stakeholder through radio, television and pamphlets.

There is a need to leverage on the public and private extension services on the ground to raise awareness through training the value chain actors.

- **Mandatory public health safety measures at business:** There is need to uphold recommended standards for public health and safety within the working environment where agricultural activities are happening. In most rural areas particularly resettlement farms, basic ablution facilities do not exist, water is a problem and now that the season is approaching marketing, farmers have invested all their saving into farming and they can barely finance material required to protect themselves. Government and private actors should also provide PPE to public and private workers and hygiene and sanitation resources such as sanitizers, water, clean ablution facilities among others at market places and business offices to ensure that the environment is conducive enough for working.
- **Consumer protection through food subsidies and cash grants:** There is an impending threat on demand for food and feed as a result of the pandemic as earlier alluded. To stimulate demand in markets there is need to avail cash grants and food subsidies to vulnerable rural communities. The government has already started mealie meal subsidies and cash grants disbursement and this is a policy initiative that should be upheld to protect markets. Effective targeting of vulnerable households is key for the sustainability of the subsidy and cash transfer systems. This requires a clean and complete database of vulnerable households to ensure that only the most vulnerable are eligible to benefit instead of current system where the subsidy is availed to everyone willing resulting in heavy burden on the treasury. The Ministry of Public Service, Labour and Social Welfare currently should therefore, speed up the cleaning and consolidation of database of vulnerable households and put in place a grant management system.
- **Productive sector loans and grants for processors to ensure continuity of supply chains:** Millers, bakers, breweries and animal feed manufacturers are strategic in maintaining food supply chains during COVID 19. For them to remain active while adhering to prescriptions for public health, they will need financial support. Special productive sector loans and grants targeted at strategic actors will cushion grain processing business.
- **Tax relief for workers in essential agribusiness:** In line with the need to create incentives for business continuity, tax relief pegged at an appropriate level that can be managed by the fiscus will go a long way towards incentivising workers in strategic grain processing entities and sustaining business operations.
- **Priority for grain movement across the borders;** Besides COVID-19 challenges, local agribusiness was confronted with limited grain supplies from local production as the 2019/20 season has been unfavourable. The country will need grain imports to bridge the gap between production and demand. With restrictions

on movement, grain movement will need to be prioritized among other essential services to avoid shortages. A quick gap analysis by the ministry of agriculture is needed using statistics at hand to inform the quantities of grain required and imports scheduled accordingly to avoid shortages.

- **Farm support grants and loans.** In the same way that processors will need support, farmers also need special support facilities to sustain business during COVID-19. The grants and loans should target farms who have been producing marketable surplus in AMA data base with records of sales to GMB and processing companies. This is essential support for commercial farmers providing them with liquidity to accommodate added harvesting and marketing costs resulting from COVID-19 pandemic. Administratively this can be included as a proportion of grain sales in the current season.
- **Lifting the ban on traditional breweries:** To enhance demand for grains within the local market, traditional breweries should be allowed to operate. Social gathering to drink should be avoided and distribution of traditional brew carried out with strict maintenance of social distancing in the same way food is being procured from retail outlets in the country. Local authorities will play critical role in enforcing this.
- **Strengthen AMA capacity to organize markets:** The need for stronger coordination, organization and regulations can-not be underplayed especially when markets have to happen under a pandemic. This is when AMA will be needed to play its critical role in accordance with Agricultural Marketing Authority Act Chapter 18:24 to ensure order and containment of the virus during marketing. The pandemic presents an opportunity for stakeholders to appreciate more, the role of AMA and ensure cooperation and compliance in the future. Human and material resources are needed to support AMA to adequately carry out its mandate.

5.2 Medium to long term innovative policy options to mitigate the negative effects of COVID 19 on food production, markets and trade

In the medium to long term, strategies should focus on establishing permanent adjustment mechanisms that allow the food supply systems to be resilient in the future. These will include market re-organization to integrate health and hygienic practices, capacitating marketing institutions for effective service delivery, adoption of technology especially ICT for information management systems, strategic grain reserve, mechanization of agriculture systems to reduce labour demands and risk transfers through insurance markets.

- **Investing in market infrastructure:** In the long term, the country will need to invest in establishing appropriate market infrastructure at household, local, regional and national levels. Warehouses and storage facilities are needed at farm, community and provincial levels together with health and sanitation facilities.
- **Capacitating AMA to coordinate and organise markets:** AMA will require adequate human and material resources to carry out its mandate. All services that fall within the mandate of AMA such as:- registration and licensing of actors in the grain sector, sales supervision, grain information management systems, enforcement and others necessary to ensure orderly marketing need to be carried out effectively would require human and material resources that stretch up to grassroots where marketing and production happen. Potential synergies with farmer representative organizations and AGRITEX should also be cemented in managing agricultural markets.
- **Investing in ICT technology** -: Embracing ICT technology is essential in ensuring efficient and effective coordination and communication in food systems. With ICT, Information flows easily, actors can be well coordinated and costs saved in food supply systems. ICT infrastructure and necessary hardware are needed in farming communities.
- **Strategic grain reserve:** Government will need strategic grain reserves to cushion the country from supply chain disruptions caused by shocks and disturbances such as COVID 19. In this regard, role of the Grain Marketing Board has to be maintained and enhanced.
- **Recovery of grain production for import substitution:** Interventions such as those in maize, wheat and soya recovery plan should be maintained and extended to other grain crops to ensure that the country's agro-processing sector depends on local raw materials.
- **Agriculture mechanization:** The country needs to embrace labour saving technologies through mechanization of agriculture.
- **Insurance:** Businesses and workers will need to be cushioned against pandemic such as COVID-19.

5.4 Proposals to realign grain marketing and trade in Zimbabwe in light of COVID-19.

In the current marketing season 2019/20, agricultural marketing has to be carried out in conformity with Public Health COVID-19 Prevention, Containment and Treatment guidelines. This will help to ensure that the disease is contained while food supply systems are maintained. Agriculture and food supply systems have been listed as essential services, this means that even under lockdown, grain marketing will continue but, however, in strict observance of prevailing public health guidelines. Besides awareness campaign to educate the agricultural community about COVID-19 and mandatory public health safety measures at business centres as stated in section

5.1 which are pre-requisites for market in the current season, the following are proposed other options for grain market and distribution channels organization in light of COVID-19.

- **Pre-booked A2 farmers deliveries to depots.** Medium-large scale farmers (A2) are few in numbers and deliver large volumes of produce per farmer at a time. This group of farmers can deliver directly to processors/buyer/contractor through pre-booked arrangement to ensure reasonable numbers are attended to at a time avoiding congestion. Buyers at depots will be required to use minimal possible skeletal staff to facilitate deliveries.
- **Decentralization of urban open markets:** Decentralization of urban open markets such as Mbare will prevent congestion and curb the spread of the disease. New marketing posts should target strategic locations in urban areas such as Chitungwiza, Norton, Harare west, Harare east, Harare south and the northern suburbs to confirm human movements within their respective locations as they look for food.
- **Localizing rural marketing points and develop market schedules for smallholder farmers:** For smallholder farmers, AMA should ensure the marketing system is organised and scheduled in a way that reduces congestion at buying points. This will require designating marketing points close to farming communities at approximately 10-15km radius using existing structures such as churches, schools or traditional meeting places. There is a need to schedule and stagger farmer deliveries to ensure that reasonable numbers of farmers can be attended without crowding marketing places. Provincial and district coordinating committees should be formed consisting AMA, extension workers, local government, traditional and political leaderships (councilor, chiefs and headmen) to facilitate organization of farmers.
- **Local aggregation of contracted crop for smallholder farmers:** For smallholder farmers, instead of each individual farmer delivering to the contractors as proposed for A2, they should deliver at designated local marketing points with arrangements made for contracted farmers and their contractors to meet at scheduled days. For each designated marketing point, days for delivery of contracted crop should be scheduled and communications made through extension staff. Each schedule to include a manageable number of farmers to ensure that social distancing is maintained.

6.0 Proposed Incentives for Private Sector Participation and Financing in Agriculture Food Systems.

COVID -19 will create uncertainties in labour, capital and markets for producers this season in a way that may affect their decisions to invest in the grain sector. There are multitude of hassles associated with; procurement of PPE, hygiene and sanitation, mobilizing finance, human resources, transportation and other requisite materials needed in doing their business. Market uncertainties associated with demand for products are envisaged as consumers are disturbed. Private actors prefer to invest their money where there are prospects for a high return. Government should consider the following options to keep private actors in business-:

- Provide special productive sector loans at lower interest rates and grants targeting most essential actors such as commercial grain farmers, millers, bakers, breweries and animal feed manufacturers.
- Tax exemptions for workers in grain processing sector to incentivise them to work. Full or partial PAYE exemptions for workers in grain productive sectors such as farms, milling companies, bakeries, breweries and animal feed manufacturing to give them incentives to work during COVID-19 pandemic.
- Government should continue to avail cash grants and consumer subsidies to maintain demand for basic commodities from grain sector such as mealie meal and bread.

6.1 Grain procurement financing options/models which attract both public and private sector investments in the grains subsector.

There are several financing options that can be considered by government to attract actors in the grain sector this season. In light of this, such options include grants, agro-bills, value chain financing, producer subsidies and tax exemptions which can be used to inject viable liquidity to operationalize businesses and improve profit prospects. COVID 19 will most likely create excess liquidity particularly in non-essential service sectors whose business lines are on shutdown. In this case, Government can mobilize finance for essential productive sectors such as processors, traders both private and public through selling agro-bills to attract these idle funds in non-essential services. For maize actors, government through GMB can allow processors to collect raw materials and make payment after sales to consumers thus allowing the value chain to finance itself. Producer subsidies on basic grain commodities such as mealie-meal and bread and tax exemptions will provide producers with added incomes that are directly linked to food commodities and attract them to produce more. Part of COVID-19 grants from internal and external sources could also be allocated to essential industries to promote food production. Given the situation in Zimbabwe where resources are limited particularly from the fiscus and COVID-19 donations amid multitude of

support services needed for producers and consumers, the following procurement models can be recommended in order to decrease preference:-

- Agro-bills to attract idle funds in non-essential services and finance productive sectors (commercial grain farmers, millers, bakers, breweries and animal feed manufacturers) through soft loans.
- Value chain financing of maize processors (millers, bakers, breweries and animal feed manufacturers) through GMB.
- Tax exemptions for workers in productive sector (commercial grain farmers, millers, bakers, breweries and animal feed manufacturers) to give workers incentives to work and save industries from increasing wages to attract workers under COVID-19 pandemic.