

Rural Entrepreneurship in Zimbabwe: Is it feasible?

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1.0 Introduction.

Zimbabwe urgently needs a new trajectory towards its economic recovery agenda. The Census Report ¹ has determined that out of the nearly 14 million Zimbabweans, 70% are resident in rural areas. It would be fool hardy for any social and economic paradigm not to consider the inclusion of rural dwellers in planned economic development programs.

In the majority, rural villagers have acquired at least seven years of primary education, thus they can read and write and speak Basic English which, as we know is the official language in Zimbabwe as well as the business language. As such from a human capital perspective one would conclude that Zimbabwe has the potential to have thriving businesses conducted with and by rural entrepreneurs. The immense social accumulation of knowledge that has been embedded in the socio-economic eco-system and productive structures of the economy points to the potential Zimbabwe has in transforming its economy through rural entrepreneurship, which is agriculture driven, notwithstanding the potential from other sectors, especially the tourism sector, which accounts for 10% towards GDP. There is growing evidence that an increase in productivity within the agricultural sector induced by a government investment program provokes diversified demand and consumption of food, thereby leading to the development of appropriate domestic production capacity. Up scaling subsistence farming to commercial farming should be easy provided all is equal; that is the required inputs should be readily available. This has become critical if Zimbabwe is to realize the much needed revenue to finance the \$4 billion debt plaguing the implementation of the recently published Zim-Asset. The economic blue print predicts a 9% GDP growth by 2018. As you know the World Bank projection for 2014 is only 2.4%.

Historically, men left the village to go to urban centers to work, while women and children were left in the village irking a subsistence life style. Remittances from the urban centres took care of all the monetary domestic requirements including payment of school fees. Rural women did not consider themselves as pillars for economic development, never

¹ Zimbabwe Census 2012

mind being engaged in business. They were pre-occupied with child care and undertook all domestic chores under very harsh conditions. This resulted in the gender movement coining the phrase," rural woman: the beast of burden" during the mid 90's.

Time has come for a people centered development approach which challenges each and every Zimbabwean to contribute towards economic recovery. This includes the estimated 9 million rural dwellers, who are currently outside the mainstream of the Zimbabwean economy.

2.0 About Kunzwana Women's Association and Rural Entrepreneurship

Kunzwana Women's Association was established in 1995 in order to economically empower unemployed women and youth's resident in farming areas, resettlement areas and nearby villages, through the provision of practical skills training, information sharing and linking them to sustainable markets. Kunzwana has registered up to 5,000 members who have found themselves in new environments and are having to start their own enterprises using the basic skills acquired from Kunzwana's training programmes. A team of Field Officers and Resource Persons provide door to door skills training to women and youths, in crafts of their own choice. Over the past three years Kunzwana has nurtured more than 2,000 members who are rural dwellers to become small scale entrepreneurs with a view to ensure food security, address poverty reduction and create employment. Members are organised in networks of up to 30 and are led by an Area Leader who coordinates Kunzwana activities at Ward level. Kunzwana has developed programmes in 213 villages throughout Zimbabwe.

Kunzwana has worked with women who had no capital nor knowledge and skills to participate in the Zimbabwean economy. Several of them were destitute or been ostracised because they had HIV and AIDs or found themselves in extreme vulnerability in their communities. The training and skills programme offered by Kunzwana is tailored to meet the needs of the semi illiterate and is blended with a manageable mix of theory and practice. Business Essentials, standardization and value addition is also incorporated in the training. In addition, where possible Start Up kits are provided and/ or small loans.

We have tracked the profitability beyond just revenue in determining sustainability of the projects. One is trained in their skills of choice for nine months, with intensive relevant field trainings. We have noted that lives have transformed once rural women have acquired practical skills. Women have become occupied beyond subsistence lifestyles, and are beginning to be employers in their own right. Women have secured contracts to supply organically cultivated vegetables to big corporations such as Favco. Women have exported their products to overseas markets, after Kunzwana has provided them with basic training in modern designs and styles. Kunzwana members have participated during HIFA here at home; they were invited to exhibit during the UNWTO Assembly held in Victoria Falls in August last year. Kunzwana members are regulars at the Zimbabwe Market Fair where they interact and market their goods to sophisticated urban based markets. The lessons drawn from the Zimbabwe Market Fair are that rural women and youths can produce world class products that are competitive. The Market Fair makes up to \$7,000 in revenue over a three day period, with the least amount of money made by a rural business person being \$150. As such Kunzwana has become a trusted partner.

Kunzwana's experience over the years makes it possible for us to conclude that Zimbabwean economy can recover if the rural dweller is seriously considered as a player. Indeed they face numerous challenges which they have had to overcome. For purposes of taking Kunzwana members forward I will highlight some impediments facing our rural entrepreneurs.

3.0 What is needed?

a) Infrastructure

What is ideal is to have a robust infrastructure network with emphasis on power, road and rail network fully functioning, so as to transport food and goods to deficit areas. This is the responsibility of government which the Zim-Asset² has asserted itself to fulfilling. Hopefully the rural integrated plan model developed in the 80's which intended to create "new

²Zim-Asset 2013

towns" and redress the rural-urban imbalances will be revisited, as we implement the Zim-Asset.

b) Supportive administrative local system

There isn't sufficient clarity on the local structures. Who does what? As you know the District Administrator represents Government in the District, reporting to the Provincial Administrator who in turn reports to the Permanent Secretary of the Ministry of Local Government. The structure includes the position of a Chief Executive Officer who administers Council programs on a day to day basis. The Councillor is not in the administration of the council as that is a political position. However the Councillors are also implementing development activities. The Chief is a traditional leader who is respected by all the ranks including the Minister. He has permission to take issues by himself to the Minister or President but in normal circumstances he reports to the C.E.O. The chief basically deals with cultural issues and he leads the village heads and headmen and contributes to the development agenda. This complexity of local power sharing needs to be understood.

Unfortunately it has been difficult to obtain accurate timely data from these local structures to determine with reasonable accuracy the potential for rural economic development. Data we have used in this presentation is drawn from Kunzwana projects. Rural development has depended on Central Government since our Constitution does not include devolution of power to provinces. Having said that, the Census Report 2012, informs of populations at District level. For example Murehwa District has more than 6,000 inhabitants. The demographic pattern is as follows;

Men	Women	Children over the age of 18
48%	52%	65%

c) Cash mobility from Urban Centers to rural areas

Niche production and supply of fresh fruit and vegetables daily to high end markets has the potential of increasing not only market share but regular earnings for the rural dwellers. A forward looking banking sector which services the growing market, with appropriate products such as micro-credit, savings and lending schemes compliments the strides that the rural folk are making. Eco-cash has already made inroads and seem to be monopolizing this sector. Recently tele-cash has followed suit. These are traditionally mobile service providers who have diversity where the banking sector should have pioneered. Instead the banking sector is folding, while innovative players are mindful of the rural needs. The Postal Savings Bank (POSB) and the Small Enterprises Development Corporation (SEDCO) have been overtaken by technology.

d) Micro franchising

Recently at a Council meeting in Mupfure, the issue of Micro-franchising was tabled. This is because a dairy products producing company which is competing favorably locally has motivated, trained and supported 30 rural women, who are members of Kunzwana into dairy farming as part of its social responsibility. The company in turn collects milk from the women; have the milk laboratory tested before producing yoghurt and other dairy products we see in our supermarkets. The Micro franchising idea should be promoted and expanded to allow industry to utilise the potential among villagers. Companies such as Irvines and those involved fruit and vegetable canning.

e) Tax incentives for rural enterprises

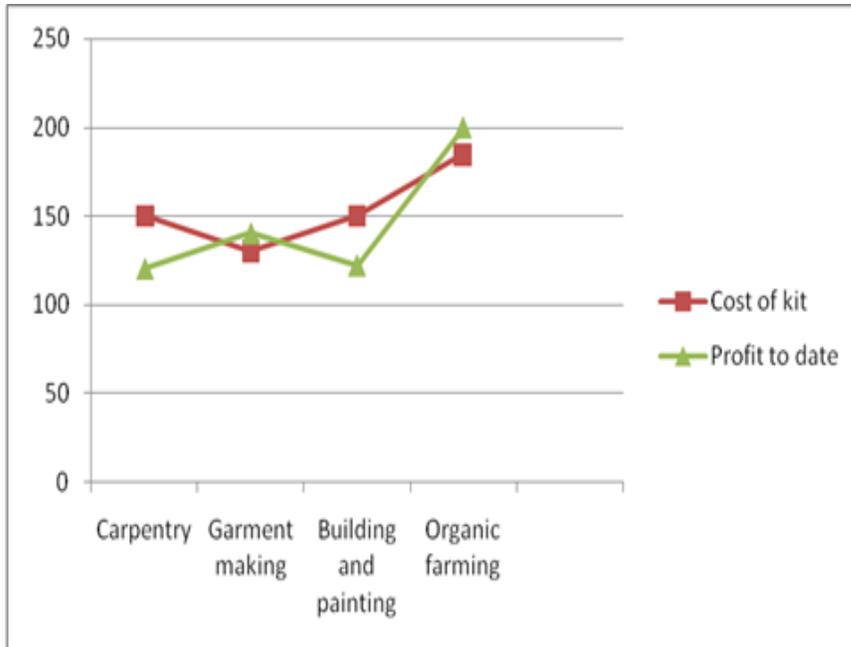
In 1989 the Government published tax incentives for businesses located in rural areas. Approved manufacturing companies in rural areas were provided with 22.5% tax relief on taxable income for a period of five years. Furthermore there was a refund of import tax on the importation of new equipment and goods of a capital nature. Under the present circumstances business structures tend to be concentrated in urban centers because they require a diversified infrastructure to conduct business. However the situation at present is that Zimra taxation threshold is \$250 per transaction. This means a sizeable number of the Small to Medium Enterprises should be paying tax and registered

for VAT. In April 2014, the Zimbabwe Stock Exchange will be introducing a special scheme to have SMEs listed on a separate listing. This will increase capital inflows through the sale of shares.

a) **Harnessing energy among the rural youth**

There is need to review school curriculum to include modules on the Overview of rural structures and aspects of local government that the youth interact with for services, such as obtaining various permits and licenses. The youth will need a sense of Community ownership and responsibility so that they do not look to urban centers for their sustenance. It is important to look into the needs of the youths as part of Land Distribution Programmes. The idea of constructing factory shells so that they undertake small scale business, demonstrate their creativity and innovativeness in finding business solutions designed for the rural areas is paramount. Solar powered and or the use of generators for effective use of Start Up machinery should be a priority for every Council in Zimbabwe. These are cost effective, quick and easy to install. Kunzwana Women's Association has in the past three years been supplying low level machinery to women and girls. The table below shows the cost benefit analysis of such programmes

Table 1



b) Decentralized service delivery

The Zimbabwe Election Commission is sufficiently decentralized; yet other services such as the Registrar General's office for Ids, passports, birth, death certificates and other important documents required every Zimbabwean are not. These inconveniences make it difficult for business persons to lead a full life while operating in remote areas.

c) Re-location of former farm workers

The new farmer has not absorbed all the former farm workers who are estimated to be approximately 20,000. They possess skills that if properly re-settled they can start their own enterprises and forge a link between the previous institutional knowledge and that of the new farmer. Recently several of them took to the tobacco floors with their own bales of tobacco. One has the impression that cash crops in rural areas require adequate attention, with technical back up, vital information on climate changes, pricing and market days, should be provided in a timely manner.

d) Access to Markets

Value Addition and sufficient participation in the Value Chain will increase access to markets. This is also noted in the Zim-Asset document. Urban based Zimbabweans have shown strong preferences to eat healthy foods that are organically produced, coupled with the fact that most Zimbabweans include indigenous foods in their diet at least once a week. This is a niche market with a huge growth potential not just for the locals but also for export. The estimated 4 million Zimbabweans in the Diaspora are looking for indigenous foods and artifacts which are produced and manufactured in rural areas.

4.0 Conclusion

My considered conclusion is that if the Zimbabwean economy is to grow and sustain the nation, a critical examination of how to mechanize and move to full scale production in rural areas is urgently needed. The conventional economic strategies of centralizing production, manufacturing and manpower will not stimulate the economy to desired levels. The large complex and the dependence on imports with sophisticated technologies beyond reach of the rural person will place the country in a cul de sac. It is no longer business as usual. Rural dwellers especially women need to live a life and not just to survive. Given the strength the country has in agriculture and to the extent that agriculture forms the main stay of rural dwellers, the income linkages between rural manufacturing and smallholder agriculture form the basis for growth in rural entrepreneurship.

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