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“A FRACTIOUS LOT”: FARMER AND ARDA RELATIONS IN THE RUSITU DAIRY FARMING CONTRACT SCHEME IN ZIMBABWE, FROM c.1985 TO 1997

ABSTRACT

Globally, smallholder contract farming has been regarded as one of the key pathways to sustainable rural livelihoods. Several less developed countries have adopted and implemented with varying outcomes smallholder contract farming as a double-barreled initiative – to enhance both rural livelihoods and agricultural transformation. Using the example of ARDA Rusitu Small Scale Dairy Settlement Scheme in Zimbabwe’s Chipinge District, this paper seeks to examine the nature and development of smallholder contract farming projects in post-colonial Zimbabwe between 1985 and 1997. This study was prompted by the need to rethink the role and management of smallholder contract farming projects in poverty reduction. In collecting research data, the study makes use of interviews, personal observations and project reports. For Zimbabwe, smallholder contract farmers over the post-colonial period retained unresolved tensions. While at its inception the ARDA Rusitu Small Scale Dairy Settlement Scheme beamed with great potential to alleviate poverty and cater for household food insecurity, the euphoria was short-lived and did not provide the anticipated solid ground for sustainable rural livelihoods. The scheme was haunted by a multiplicity of problems including malfeasance and poor management right from its inception in 1985. The agrarian contracts formulation process was fraught with a number of problems which threatened the sustainability of the project.

Keywords: *Contract farming, Management, Rural development, Poverty, Smallholder, Dairy Farming.*

1. INTRODUCTION

Contract farming plays a significant role in the economies of less developed countries (LDCs), both in terms of domestic food provision and in generating incomes for low-income families.¹ By definition, contract farming refers to the agricultural production carried out in accordance with an agreement entered into between a farmer and a buyer, which places certain conditions on the production and marketing of commodities involved.² The nature of contractual farming agreements between farmers and buyers is immensely diverse and cannot be generalised. The most common forms of contractual agreements are verbal contracts, commonly known as “gentleman’s agreements”, Memoranda of Agreement, also known as “soft contracts”, registration type contracts as well as written contracts with varying degrees of detail. These agreements can be brokered between either an individual farmer or a group of smallholders, including cooperatives, and some other entity, usually well-endowed in terms of capital.

There are several factors that influence both smallholder producers and buyers to consider entering into contractual farming arrangements.³ For the buyers, contractual farming arrangements are a gateway to increasing their access to produce and controlling the production cycle through incorporating independent producers as contract farmers. As a result of this type of incorporation, even though the individual contract farmer may hold title to a piece of land, in practice, seldom do they own the produce from that land.⁴ Conversely, from the perspectives of smallholder producers, contract farming offers a guaranteed market and softens the material and financial burden on the farmers to source and access key agricultural inputs such as fertilisers, pesticides, and ploughs, among others.⁵ The foundation of such an arrangement is a commitment on the part of the individual farmer to produce specific commodities in quantities and at quality standards desired and determined by the concerned buyer. Nonetheless, it is fundamentally a partnership between two unequal parties; that is, the powerful buyer on the one hand and the economically weaker farmer on the other hand.

1 NW Minot, “Contract farming and its effects on small farmers in less developed countries”. Working paper, Department of Agricultural Economics, East Lansing, Michigan State University, 1986, p.11.

2 Minot, “Contract farming and its effects on small farmers”

3 JP Mtisi, “Green harvest: The out-grower tea leaf collection system in the Honde valley, Zimbabwe”. In: M Roth and F Gonese (eds.), *Delivering land and securing rural livelihoods: Post- independence land reform and resettlement in Zimbabwe* (Madison: University of Wisconsin, 2003), p.45.

4 Mtisi, “Green harvest”, p.45.

5 Mtisi, “Green harvest”, p.47.

Contract farming has been in existence for quite a long time as a key mechanism to re-orient cash crop/livestock production for both large and small-scale farmers in different parts of the world. The farming system dates back to the ancient Greece era, wherein farmers were obliged to pay certain percentages of their produce as debts, tithes and rents.⁶ The farming practice was famously known as *hektemoroi* or "sixth partners" in ancient Greece.⁷ Erkan Rehber observed that China also had some form of sharecropping synonymous with contract farming as far back as the first century.⁸ In the United States of America (USA), contract farming became a common practice in the 19th Century when it was adopted in the production of sugar beets. There is also evidence that contract farming was practised in the food and fibre industries in the US between 1930 and 1950, and it expanded to the fruit and vegetable canning sectors of Australia, Britain, Canada, Holland and France.⁹ Studies have also shown that by the late 1950s, Mexico was already supplying the American markets with fruits and vegetables from contract farming.¹⁰ Johann Kirstein and Kurt Sartorius noted the introduction of contract farming in Africa's horticultural canning sector during the period 1930-50, and it was extended to other farming sectors in the period 1975-85, with more than 70 farming schemes operating in 18 countries in 1985.¹¹ In the African context, contract farming is widely viewed as a mechanism to alleviate poverty, owing to its potential to raise the incomes of the rural poor.

In post-colonial Zimbabwe, smallholder contract farming surfaced in the 1980s. Upon attaining independence in 1980, Zimbabwe inherited a dual economy characterised by a skewed landownership regime, with white minority control over the land. For a decade following independence, the Government of Zimbabwe (GOZ) made significant headway in redistributing land to the black majority population through state-led land reform and resettlement. It was also at this point that the GOZ made a significant contribution in encouraging smallholder contract farming. The major aim was to reduce the acute dualism of peasant and commercial agriculture, which was both glaring and emotive at the time.¹² According to Jeffrey C Jackson and

6 C Eaton and AW Shepherd, *Contract farming: Partnership for growth* (Rome: FAO Agricultural Services, Bulletin 145, 2001), p. 24.

7 Eaton and Shepherd, *Contract farming*, p. 25.

8 E Rehber, *Contract farming: Theory and practice CFA* (Hyderabad: University Press, 2007), p. 16.

9 Minot, "Contract farming and its effects on small farmers", p. 14.

10 Eaton and Shepherd, *Contract farming*, p. 25.

11 J Kirstein and K Sartorius, "Linking agribusiness and small-scale farmers in developing countries: Is there a new role for contract farming?", *Development Southern Africa* 19 (4), 2002, pp. 503-530.

12 RA Clapp, "The moral economy of the contract". In: M Watts (ed.), *Living under contract: Contract farming and Agrarian transformation in Sub-Saharan Africa* (Wisconsin: University of Wisconsin Press, 1994).

Angela P Cheater, smallholder contract farming in Zimbabwe developed as one strategy for rural transformation that aimed at modernising the rural poor.¹³ This is a view shared by Michael J Watts, who sees smallholder contract farming as the latest instrument for the transformation of smallholders, creating a class of virtual “development peons”.¹⁴ Thus, smallholder contract farming in Zimbabwe was promoted as a “vital medicine” for the cure of agricultural ills in rural areas.

Based largely on interviews with smallholder farmers, participatory observations and project reports, this study seeks to gather insights into the development and operation of smallholder dairy contract farming projects, with particular attention to management. Management in dairy contract farming involves planning, organisation and coordination of production and marketing. This includes the identification of suitable land, viable dairy cows and committed farmers, the organisation of farmers into working groups, the supply of inputs, the transfer of technology and the provision of extension services. It also includes developing harmonious management-farmer relationships. The focus of this article is on the role of the planning, organisation and coordination of production and marketing components of smallholder dairy value chains in shaping management-farmer relationships in contract farming. The study attempts to comprehend these relationships in the context of the land resettlement programme in Zimbabwe. It examines the extent to which contract farming complemented the first phase of the land reform, and resettlement programme carried out in the 1980s, which tended to be mechanistic and state-driven. The material for this research comes from the ARDA Rusitu Small Scale Dairy Settlement Scheme located in the Chipinge District of Zimbabwe, covering the period from 1985 to 1997. The contract farming project was introduced in the study area in 1985, and it operated for 12 years before its demise in 1997. The changes that came with the collapse of the project do merit a separate study.

The major finding in the study is that while it had the potential to bring about some notable benefits to the concerned smallholder producers, the contract farming project, however, did not provide a solid ground for sustainable rural livelihoods in the study area. The farming system did not introduce meaningful opportunities for the dairy producers at Rusitu beyond enhancing their access to farming inputs. Farmers were introduced to an assured and yet exploitative market. The promises of stable and increased

13 A Cheater and J Jackson, “Contract farming in Zimbabwe: Case studies of sugar, tea and cotton”. In: M Watts (ed.), *Living under contract* (Wisconsin: University of Wisconsin Press, 1994), p. 31.

14 M Watts, “Land reform, growth and equity: Emerging evidence from Zimbabwe’s resettlement programme”, *Journal of Southern Africa Studies* 25 (2), 2001, pp. 173-181.

incomes associated with contract farming remained a pipe dream. In fact, contract farming had, to a large extent, negative consequences for the intended beneficiaries of the Rusitu Dairy Scheme. The Dairy Project was haunted by a multiplicity of problems, largely management ones, right from its inception in 1985. The agrarian contracts formulation process was fraught with a number of problems. As a result, the interface between Agricultural and Rural Development Authority (ARDA) management and farmers became a site of antagonism rather than cooperation. The tensions were so much so that ARDA was forced to prematurely hand over the management of the scheme to the farmers, which immediately heightened the threat to the sustainability of the project.

2. LITERATURE REVIEW

Some studies carried out on contract farming in Africa have concluded that contractual farming arrangements have contributed to the success of smallholder farming projects by improving farmers' incomes, though in the short term.¹⁵ These studies suggest that contract farming has provided the smallholders with the much-desired farming inputs on credit, technical/extension expertise, and often a definite price at the markets, thereby enabling the farmers to produce highly valued commodities which otherwise would not be possible.¹⁶ Dominic Glover and Lauren Ghees' study on the performance of different contract farming schemes in Southern and Eastern Africa in the early 1990s revealed that farmers were generally better off as a result of participating in contract farming, in spite of several social problems existing in the farming communities.¹⁷ In a review of seven case studies from different parts of Africa, Peter D Little and Michael Watts discovered that the income from contract farming rose from a moderate of 35-45 per cent to a high of 55-65 per cent proportion of participants.¹⁸ The two concluded that the farmers benefited from a rise in income despite the sharp disagreements that subsisted between them and the contracting companies over inputs allocation. In related comparative surveys carried out by Sonja Vermeulen and James Mayers in Africa, Latin America and South East Asia, contract farming had a positive impact on the income levels of smallholder farmers. The authors

15 J Bijiman, "Contract farming in developing countries: An overview", Working Paper, Wagenigen University, 2008, p. 28.

16 Bijiman, "Contract farming in developing countries", p. 28.

17 D Glover and L Ghee, *Contract farming in Sub-Saharan Africa: Three country case studies* (Kuala Lumpur: University of Malaysia, 1992).

18 PD Little and MJ Watts, *Living under contract: Contract farming and agrarian transformation in Sub-Saharan Africa* (Madison: University of Wisconsin Press, 1994), p. 24.

carried out an investigation on the impact of contracting in forestry on poverty alleviation in Africa. Their study demonstrated that contract farming presented farmers with numerous opportunities for income diversification and access to new information.¹⁹ Nevertheless, while the studies seem to demonstrate a positive relationship between contract farming and livelihoods betterment among smallholders, other studies have shown that, in some instances, contract farming can be a burden to smallholder farmers in Africa.

Mathew Warning and Nigel Key found that groundnut farmers in Senegal initially anticipated better returns from contract farming, only to find themselves sucked into serious debt as they struggled to meet the contract requirements, drafted with much craftiness by the contracting companies. Thus, for Warning and Key, they concluded that contract farming was a complicated farming system which eroded the produce and incomes of smallholder farmers, placing them in a precarious and disadvantageous position.²⁰ In apparent concurrence, Martin Prowse observes how contract farming led to situations of worsening debt among contracted vegetable producers in the Rungwe and Kyela districts of Tanzania.²¹ His study demonstrated that contract farming was largely a tool for manipulating smallholder players for the benefit of large agribusiness.²² In Eastern Kenya, though smallholder contract farmers received better incomes than those who did not partake in contract farming, Priscilla W Wainaina, Julius J Okello, and Jonathan Nzuma observed that the smallholders were at the mercy of large agribusiness players who manoeuvred them to cover both investment and losses.²³ Eduardo De Sousa carried out a comparative study that examined contracted smallholders with interests in poultry, seed maize and seed rice production in Mozambique and Brazil. His major finding was that the contract farming paradigm resulted in unequal power relations, which led principally to the empowerment of the contracting firms while simultaneously disempowering the smallholders.²⁴

19 S Vermeulen and J Mayers, *Partnerships between forestry companies and local community: Mechanisms for efficiency, equity, resilience and accountability: Partnerships in sustainable forest management: Learning from Latin America* (Leiden: Brill Publishers, 2006).

20 M Warning and N Key, "The social performance and distribution consequences of contract farming: An equilibrium analysis of the Arachidede Bouche program in Senegal", *World Development* 30 (2), 2002, pp. 255-263.

21 M Prowse, *Making contract farming work with cooperatives* (London: Overseas Development Institute, 2007), p. 24.

22 Prowse, *Making contract farming work with cooperatives*, p. 32.

23 W Wainaina et al., "Blessing or evil? Contract farming, smallholder poultry production and household welfare in Kenya", *Quarterly Journal of International Agriculture* 53 (4), 2014, pp. 319-340.

24 E De Sousa, *Contract farming issues and potentialities – Case studies in Mozambique and Brazil* (Washington: World Bank, 2005), p. 17.

For him, contract farming was a "bafflement of an unequal power relationship through which the company controls the farmer".²⁵

Even though there is copious literature on contract farming elsewhere from which this article draws and to which it seeks to contribute, there has been limited scholarly enquiry on the smallholder dairy farming sector in post-colonial Zimbabwe. Much scholarly attention has been paid to the crop farming sector, particularly cotton, maize, tobacco and tea production²⁶. This finding has been corroborated by Godfrey Hove, who aptly summed up the situation when he said, "dairy farming has been dwarfed by the outpouring of scholarly work focusing on cattle ranching, maize and tobacco growing".²⁷ This concurrence testifies to the fact that there is still a paucity of literature on smallholder dairy farming in Zimbabwe.

Worse still, none of the few available literature on smallholder dairy farming in post-colonial Zimbabwe is solely devoted to contract farming. In fact, the bulk of available literature on dairy farming is mostly in the form of once-off surveys and consultancy reports.²⁸ Although these studies provide valuable information on the economics of Zimbabwe's post-colonial dairy industry, they are largely ahistorical in approach and place a narrow focus on the economic viability of smallholder dairy farming schemes using quantitative methodologies. As this article will show, smallholder dairy farming is a complex sector which cannot only be comprehended through the lens of economic viability. On the other hand, the few available in-depth historical studies on dairy farming in Zimbabwe are limited to the colonial period and do not explore dairy farming in the context of contract farming. These include works by Hove and Jeft Ngadze.²⁹ Hove makes a succinct examination of the interface between the colonial state and farmers, both white and black producers, and unpacked how their interactions were instrumental in shaping and re-shaping dairy policy within the context of a changing socio-

25 De Sousa, *Contract farming issues and potentialities*, p.35.

26 Include studies carried out by: Cheater and Jackson, "Contract farming in Zimbabwe", pp. 140-165; AS Mlambo and ES Pangeti, *The political economy of the sugar industry in Zimbabwe 1920-90* (Harare: University of Zimbabwe Press, 1996), pp. 192-190; M Moyo Effectiveness of a contract farming arrangement: A case study of tobacco farmers in Mazowe district of Zimbabwe (MPhil, Stellenbosch University, 2014); P Nyambara, "The closing frontier: agrarian change, immigration and the squatter menace in Gokwe", *Agrarian Change* 1 (4), 2001, pp. 534-549; I Scoones *et al.*, "Sugar, people and politics in Zimbabwe", *Journal of South African Studies* 43 (3), 2016, pp. 567-584.

27 G Hove, *The state, farmers and dairy farming in colonial Zimbabwe (Southern Rhodesia), c.1890-1951* (PhD, Stellenbosch University, South Africa, 2015), p.11.

28 See BN Henson, "Dairy farmers and markets in rural Zimbabwe". In: RF Brokken and S Seyoum (eds.), *Dairy marketing in Sub-Saharan Africa* (Addis Ababa: ILCA,1992), pp. 279-292.

29 J Ngadze, *The development of commercial dairying from an international perspective: A case of a late comer* (BA University of Zimbabwe, 1985).

economic and political environment.³⁰ Among other issues, Ngadze traces the development of the commercial dairy farming sector in Southern Rhodesia between 1908 and 1952.³¹

Although these studies offer valuable insights on the evolution of Zimbabwe's dairy sector and on factors/forces that shaped the industry, they do not provide answers to pertinent questions arising from the operation of smallholder dairy contract farming projects in post-colonial Zimbabwe. Such pertinent questions include, but are not limited to: What management systems have been adopted in dairy contract farming schemes? To what extent have smallholders integrated contract dairy farming with other enterprises? How have production relations evolved with the introduction of contract farming? What are the smallholders' views regarding smallholder dairy contract farming? And what has been the impact of contract farming on dairy farmers? The multiplicity of these unanswered questions calls for a comprehensive and detailed study that unravels the nature of dairy farming contracts, showing how they are formulated. By so doing this will form the key departure point of this article. Thus, the article aims to join a rich and growing historiographical conversation on the role of contract farming, showing how peasant contracts have allowed us to rethink their contributions to poverty alleviation, rural development and agrarian development in postcolonial Zimbabwe. This paper envisages offering alternative and refreshing outcomes that will benefit academics, development practitioners, policymakers, donor organisations, development-oriented civic society organisations, the private sector, *inter alia*, that work closely with the production and implementation of various farmer contract schemes as they forge pathways to rural development.

3. ARDA RUSITU SMALL SCALE DAIRY SETTLEMENT SCHEME: A SHORT BACKGROUND

Commercial dairy farming in Zimbabwe dates back to 1912. However, the unjust colonial practices of that time made the farming sector exclusively a preserve for large-scale white commercial producers. Such exploitative colonial laws as the 1925 Dairy Produce Act³² ring-fenced commercial dairy farming for the minority white farmers who produced milk to meet the "national"

30 Hove, *The state, farmers and dairy farming in colonial Zimbabwe*.

31 Ngadze, *The development of commercial dairying from an international perspective: A case of a late comer*.

32 This piece of legislation made Africans unsuitable for commercial dairy farming and denied them access to dairy markets.

demand.³³ The country's infrastructure and institutional support were also intended and meant to facilitate the provision of milk and its by-products to those people who resided in the urban areas, who constituted approximately 30 per cent of the country's population.³⁴ Gordon L Chavhunduka observes that smallholder dairy farmers operated largely at the subsistence level during the colonial period.³⁵ With the attainment of self-rule in 1980, the government expressed its desire to promote the smallholder dairy farming sector while simultaneously sustaining production in the large-scale farming sector.³⁶

What prompted the government to expand the dairy industry was the acute shortage of fresh milk and other milk products experienced in the country immediately after independence. Consumption of dairy products rose dramatically between 1961 and 1980.³⁷ In 1961, the Dairy Marketing Board (DMB) sold seven million kilogrammes of dairy products, and sales increased to 82.6 million kilogrammes in 1980/81.³⁸ Nelson S Muzuva attributed the increase in sales to the government's policies adopted in the post-world War period, which according to him, resulted in enhanced purchasing power and improved access to milk in outlying areas.³⁹ He elaborated that the milk supply and demand situation of the 1960s impelled the government to set up a Commission of Inquiry into the dairy industry.⁴⁰ In its 1961 report, the commission noted that the post-war economic environment resulted in demand for milk growing faster than supply, which necessitated the government to put in place mechanisms to stimulate milk production. The situation also required the government to come up with alternative marketing approaches.⁴¹ Among other strategies, the government instituted measures to stimulate increased milk consumption by the urban black population. This was done by producing "Lacto"/dairy "sawa" (sour coagulated milk) using skimmed milk derived from butter manufactured for the urban white consumers, carving a secondary if not parallel, niche market to cater for the

33 G Sithole, "Dairy industry and dairy policies in Zimbabwe". In: *Seminar on Dairy development policy and implementation: Sharing of experiences between Africa and Asia*, Harare, Zimbabwe, 12 – 16 Jul 1993.

34 Sithole, "Dairy industry and dairy policies in Zimbabwe", p. 37.

35 Quoted in P Borland, "Zimbabwe dairy sector". In: *Proceedings of the Workshop on the Regional Exchange Network for Market Orient Dairy Development*, FAO Corporate Document Repository, 1996, p. 4.

36 Borland, "Zimbabwe dairy sector", p. 6.

37 EG Mupunga, Impact of the dairy development programme on the living standards of smallholder farmers in Zimbabwe: A case study of Nharira smallholder dairy development project (MBA, University of Zimbabwe, 1994), p. 42.

38 Mupunga, Impact of the dairy development programme, p. 43.

39 NS Muzuva, A research into farmers training needs in dairy development programme research project in Zimbabwe (MSC, University of Zimbabwe, 1989), p. 23.

40 Muzuva, A research into farmers training needs, p. 25.

41 Muzuva, A research into farmers training needs, p. 30.

welfare schemes of black African children attending nursery schools. Soon, the product, priced cheaper than fresh pasteurised milk, became a popular delicacy for low-income black African households. The government also set up a network of depots in the high-density areas where the majority of the black Africans lived.⁴² These measures resulted in a high uptake of milk and other dairy products.

Up to 1980, Zimbabwe was a small net exporter of dairy products. Just after independence, however, the demand for fresh milk rose sharply. In the 1982/83 season, the demand rose by 56 per cent to about 240 million litres.⁴³ This resulted in a milk shortfall of 86 million litres. A plausible reason for this demand boom could be attributed to the fact that the purported “national” demand, as conceived under the 1925 legislation alluded to earlier, had politically grown to significantly accommodate more non-urban dwellers, to now cover the hitherto neglected black majority, who had attained independence. The shortfall was being met by food aid imports of skimmed milk powder and anhydrous milk fat from the European Economic Community.⁴⁴ In 1985, the annual consumption per capita of commercially produced milk and milk products was estimated to be 50 litres in urban centres and four litres in rural areas.⁴⁵ The national average annual per capita consumption was 16 litres. In 1987, the milk shortfall in rural areas was estimated to be 145 million litres.⁴⁶ This steady rise in milk consumption was mainly because of the rise in minimum wages brought about by the Minimum Wages Act of 1981⁴⁷, which expanded the consumer base through increased purchasing power, subsidised milk prices and an improved marketing network.⁴⁸

These widespread shortages of fresh milk on the market led the government to come up with some measures to redress the situation. It put in place a number of strategies that were aimed at stimulating domestic production. These included increasing producer prices, initiation of a bulk milk collection scheme, and policies aimed at stimulating production from the smallholder sector. It also advised the Dairy Marketing Board (DMB) to

42 Muzuva, A research into farmers training needs, p. 31.

43 M Mugwagwa and J Hale, “Progress in smallholder dairying in Zimbabwe”. In: EE Massae and M Millikea (eds.), *Economics of milk production on small scale commercial farms in Sub-Saharan Africa* (Cambridge: Cambridge University Press, 1994), p. 20.

44 Mugwagwa and Hale, “Progress in smallholder dairying in Zimbabwe”, p. 21.

45 Mugwagwa and Hale, “Progress in smallholder dairying in Zimbabwe”, p. 19.

46 Mugwagwa and Hale, “Progress in smallholder dairying in Zimbabwe”, p. 21.

47 The Minimum Wages Act was designed to improve the income of the workers by setting up the minimum wage for every worker. This raised the income of the workers, which in turn increased their buying power.

48 JM Walsh, “Dairy development issues and options”. In: EJ Mann and B Brookes (eds.), *Dairy development policy and implementation* (Rome: FAO, 1994), p. 60.

gradually remove the subsidies on milk so as to achieve a balance between consumption and production.⁴⁹ These policies resulted in a significant change in the national milk supply and demand conditions. Milk production increased, and consumption declined from a peak of 109 million litres in 1982/83 to 86 million litres in 1985/86.⁵⁰

Apart from the general low milk production, the failure to meet demand in the rural areas was also a result of the poor distributive capacity of the DMB.⁵¹ This was compounded by poor rural infrastructure. To meet rural demand, there was a need to increase not only milk production but also the distributive capacity of the DMB. The government saw it as being unprofitable to simply expand the DMB's marketing network to supply milk in rural areas; it decided to make the smallholder sector part of the production process rather than include it as a potential market for factory milk.⁵² The participation of smallholder farmers in commercial milk production would not only increase the supply of milk and its products in the country but would also raise the farmers' incomes and employment opportunities in rural areas. This resulted in the formation of the Peasant Sector Development Programmes (PSDP) in 1982. The main objectives of the PSDP were to reduce the national shortfall between supply and demand for marketed milk and its products,⁵³ raise the standards of living of the rural farmers, enhance local production capacity in the small farm sector and the development of local marketing of milk.⁵⁴ But the formation of the PSDP should also be understood in the context of the new government's desire to fulfil its election promise of empowering the previously disadvantaged black African population. The initiative was in sync with the GOZ's pursuit of the principle of "growth with equity" espoused immediately after the attainment of independence. The government's objective was to bring the dairy farming sector together with other disadvantaged subsectors into the mainstream economy by improving their productivity and participation in formal markets.⁵⁵

The government went on to modify the Dairy Act (Chapter 107) in order to make the smallholder dairy parlour acceptable by Dairy Services.⁵⁶ The responsibility of running the programme was given to the DMB, which became actively involved in 1983.⁵⁷ During the same time, ARDA was tasked

49 Walsh, "Dairy development issues and options", p. 62.

50 Walsh, "Dairy development issues and options", p. 61.

51 Borland, "Zimbabwe dairy sector", p. 4.

52 Borland, "Zimbabwe dairy sector", p. 5.

53 Mupunga, Impact of the dairy development programme, p. 43.

54 Mupunga, Impact of the dairy development programme, p. 53.

55 Borland, "Zimbabwe dairy sector", p. 7.

56 Mupunga, Impact of the dairy development programme, p. 49.

57 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 2.

with the responsibility of developing the Rusitu Small Scale Dairy Settlement Scheme (RSSDSS) as a pilot project.⁵⁸ Two more dairy farming schemes were established by the government at Marirangwe Small Scale Commercial Area in 1983 and Chikwaka Communal Area in 1985, under the management of the DMB.

Located in Chipinge District, the RSSDSS was originally planned in 1983 as an integrated development project consisting of the Small-Scale Dairy Unit, the Central Dairy, run by the Joint Venture Company (JVC), and a coffee estate run by ARDA.⁵⁹ The scheme was part of the 21 farms, covering an area of 13 424 ha, that were purchased by the government in 1983.⁶⁰ Implementation of the scheme started in 1985. The aim was to accommodate 647 black African settlers who were to be settled within two years of scheme implementation.⁶¹ The government hoped that the farmers would build a 7-cow herd (per household) of crossbred stock over the next six years. It was also hoped that the farmers would fully meet the scheme's operating costs from the fourth year of the project onwards.⁶²

The scheme was divided into three phases; by 1988, phases I and II had been allocated to 345 farmers. The development of phase III was suspended in 1988 when it was realised that there was much less arable land than originally estimated.⁶³ The Rusitu dairy model was based on zero grazing, and farmers would use concentrate feeds to a limited extent.⁶⁴ The 4 ha per household production model was devised and was based on the cultivation of 2,6ha of Napier grass that would support the dairy cows, while the other remaining 1ha was reserved for subsistence food crops, and 0,4ha for the homestead and cattle handling facilities.⁶⁵

To ensure rapid build-up to target production and, therefore, the achievement of the economic viability of the project, settler selection required that prospective beneficiaries/settlers should own cattle. It was envisaged that each farmer would bring on to the scheme at least four mature cattle and gradually build up a seven-cow herd of crossbred stock.⁶⁶ If these four cattle (initial stock) were not dairy cows, they would be swapped for suitable cows provided by the JVC. At maturity, the scheme was expected to produce 7,3 million litres of milk per annum, plus complementary cattle sales and the

58 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 4.

59 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 7.

60 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 6.

61 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 7.

62 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 2.

63 ARDA Rusitu, Monthly report, January 1989, p. 3.

64 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 9.

65 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 2.

66 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 17.

production of maize and other crops.⁶⁷ In addition, farmers were accepted into the scheme on the understanding that should a farmer prove to be unproductive, he/she would be evicted.⁶⁸ This was meant not only to maintain the land under commercial production but also to instil good business sense and to increase motivation among the farmers.

4. THE DAIRY SCHEME UNDER ARDA MANAGEMENT

From 1985 to early 1992, the Rusitu Small Scale Dairy Settlement Scheme was directly under ARDA management, and key farming operations were as presented below:

4.1. Milk Production and Marketing Systems

All smallholder dairy production systems were operated manually at Rusitu. Milking was done by hand and often carried out twice a day.⁶⁹ All milk was to be delivered to the Milk Collection Centres (MCCs) and was sold to the DMB (Chipinge town depot), which later became Dairibord Zimbabwe Limited (DZL) upon privatisation in July 1997. The DMB was responsible for the pricing of collected milk; this was based on a basic price and premiums or penalties, depending on the quality of delivered milk.⁷⁰ Premiums were paid for quality in excess of the set standard, and penalties were applied to the milk of lesser quality. To some farmers who did not market their milk to DMB (though it was not allowed), prices were simply set by members of the community.⁷¹ These farmers were tempted to sell their milk to the local communities because they wanted an immediate source of cash rather than waiting for monthly payments. "Side-marketing" of milk to members of the surrounding communities was, therefore, rife. In general, locally marketed milk enjoyed much higher prices than prices offered by the DMB.⁷²

The delivery of milk to the MCCs had its basis in the contracts entered into between the farmers and ARDA and between ARDA and DMB.⁷³ The entire process, however, was not quite transparent. For instance, starting in

67 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 19.

68 Interview: Author with S Chigwena (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

69 Personal observation.

70 Dairy Marketing Board, Annual report, 1991, p. 7.

71 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

72 Interview: Author with M Hlabati, Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

73 ARDA Rusitu, Monthly report, February 1985, p. 3.

1985, ARDA was registered as the producer for the MCCs in the scheme, namely, Mafumise and Paidamoyo.⁷⁴ As such, all the benefits⁷⁵ intended for the scheme went to ARDA. The contracts between ARDA and farmers were clear on what was to be produced by the farmers, but they were vague about what would be the role of ARDA in the event of problems arising in the scheme. Thus, the contracts did not commit ARDA to compensate the farmers when milk production failed under unfavourable climatic and agronomic conditions. For instance, in the 1991/92 ecological drought seasons, farmers lost a large number of cattle and were required to bear and de-fray losses on their own and purchase replacement cattle on their own in order to restock.⁷⁶ This lack of clarity on the contracts was, from an analytical viewpoint, a deliberate ploy to reduce risk on the part of ARDA. In reality, therefore, the contracts between ARDA and the farmers were not meant to benefit the farmers.

Noteworthy is that this trick was not peculiar to state-led contract farming schemes like the Rusitu smallholder dairy farming project. In his study on Mushandike Resettlement Scheme tomato producers, Vupenyu Dzingirai observed that the contracts entered into between the smallholders and Cannerns – a vegetable processing company – in the 1990s, did not oblige the company to compensate tomato producers whose tomatoes perished during adverse weather conditions and while awaiting expected collection.⁷⁷ He recorded an incident that occurred in 2 000 when farmers lost tonnes of tomatoes as a result of the Cannerns company's delay in collecting the produce. The few producers whose tomatoes were fortunate to be collected by the company could not be paid because the tomatoes were adjudged by the company to be bad.⁷⁸ To worsen the situation, the company refused to compensate the farmers for the loss and did not offer any formal apology to the affected farmers.

The day-to-day running of the MCCs was in the hands of the MCC attendants, who were ARDA employees.⁷⁹ These were responsible for receiving, testing, weighing and recording milk, as well as keeping the records of each individual farmer. ARDA clerks carried out the basic accounting systems of milk receipts and payments. These were responsible for paying

74 Interview: Author with R Magumo (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

75 Benefits included the donations that ARDA was receiving from ODA and EEC.

76 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

77 Dzingirai, "Resettlement and contract farming in Zimbabwe: the case of Mushandike", p. 39.

78 Dzingirai, "Resettlement and contract farming in Zimbabwe: the case of Mushandike", p. 38.

79 Personal observation.

each individual milk producer in cash monthly in accordance with his or her milk production.⁸⁰

A number of tricks and fraudulent practices took place during the weighing of milk at MCCs. Milk producers had their own tricks to increase the weight/volumes of milk they sent to the MCCs. MCC attendants also employed several fraudulent activities for their own benefit. One trick employed by farmers was to add water to the milk in order to increase the weight.⁸¹ In response, however, the MCC attendants would reject the milk found with water.⁸² Arguably, the farmers' trick was a response to the MCCs attendants' tricks. One informant singled out the tightening of scales (adjustable beam-balance type scales were the ones mostly in use) as the most rampant trick that led some farmers to add water to their milk.⁸³ The problem of scale tightening resulted in the understating of the weight of the farmers' milk. As one farmer indicated,

We incurred milk losses from the fraudulent practices of MCC attendants who understated the weight of our milk. Those MCC attendants who understated the farmers' milk would make secret agreements to credit it to some farmers who were believed to be co-operating with them. This malpractice resulted in some unproductive farmers receiving monthly income from milk sales meant for the productive farmers.⁸⁴

As a result, some farmers found it necessary to befriend the MCCs attendants in order to avoid the understating of their milk.

Moreover, the MCC attendants tricked the farmers when it came to recording the readings from the scale. In normal circumstances, before a can of milk was mounted onto the scale, its (scale) pointer should be at position zero. At Rusitu, the MCCs were fertile ground for tampering with the weighing scale. As one farmer complained, "On several occasions, the MCC attendants would turn down the scale behind zero, where there were no numbers at all".⁸⁵ As a result of this practice, the farmers lost a number of kilograms in order to bring the pointer up to zero before it started recording the weight. In addition, the MCC attendants would sometimes deliberately enter wrong

80 ARDA Rusitu, Monthly report, December 1991, p. 4.

81 Interview: Author with C Chabata (farmer), Rusitu Dairy Scheme, 26 August 2007. RE: Dairy farming operations at Rusitu.

82 Interview: Author with C Chabata (farmer), Rusitu Dairy Scheme, 26 August 2007. RE: Dairy farming operations at Rusitu.

83 Interview: Author with P Mugeba (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

84 Interview: Author with K Mukanga (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

85 Interview: Author with K Mukanga (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

figures into their record books. Commenting on this issue and speaking on behalf of farmers in his area, one farmer stated, “the farmers had to make sure that the figures that the MCC attendants wrote down were the correct ones as reflected on the scale”.⁸⁶ This was important because, at some point, the MCC attendants understated the figures. Worse still, when reading the scale, fractions were completely ignored by the MCC attendants, who had the habit of rounding-off such figures in favour of the lower integer, which again amounted to an understatement of entries. As would be expected, this practice of tampering with the scale and logbook entries spoiled the relationship between the farmers and MCC attendants, in particular, and ARDA, in general. The major complication was that the MCC attendants were ARDA employees and, as such, the farmers had little, if any, control over them.

Interestingly, these tricks of rigging measurements and units have a dated history and did not emerge with the Rusitu contract farming scheme. Bryan U Kauma, for example, shows how cases of grain mixing were rampant during the colonial period and in many instances, compromised the quality of the product to the detriment of the African farmers.⁸⁷ In the post-colonial period, the malpractice of tempering with weighing scales and manipulating record/logbook entries was also common in Honde Valley, where ARDA had contractual farming arrangements with tea out-growers. Joseph P Mtisi reported that, ARDA employees in Honde Valley were notorious for using faulty weighing scales and for entering inaccurate figures on record books, thereby defrauding tea out-growers of their earnings.⁸⁸ Mtisi expounded that the problem of using faulty weighing scales persisted in Honde Valley despite numerous complaints that were launched by farmers to ARDA management.

Another trick employed by ARDA in the marketing of milk at Rusitu was in the clerical work of converting kilogrammes (the unit with which milk quantity was measured at the initial point of sale) into litres (the unit applied for purposes of payment to the farmers). The farmers were generally dissatisfied with the weighing of milk in kilogrammes at MCCs, and its payment in litres by the DMB. The conversion of kilogrammes into litres was done in such a manner that it resulted in surplus milk, and that surplus was devoured by

86 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

87 BU Kauma, “Small grains, Small gains: African peasant small grains production and marketing in Zimbabwe during the colonial period, c.1890 -1970s”, *South African Historical Journal* 73 (2), 2021, pp. 257-287.

88 Mtisi, “Green harvest: The out-grower tea leaf collection system in the Honde Valley, Zimbabwe”, p. 45.

ARDA.⁸⁹ A number of farmers started to question this and were demanding the once-off use of litres at entry point and the wholesome elimination of the kilogramme scale to facilitate convergence of the sale and payment criteria. On the other hand, ARDA was very reluctant and threatened to evict those farmers who questioned its operations.⁹⁰ Some farmers started to organise themselves in order to challenge ARDA's grip on the scheme.⁹¹ Apparently, the payment system adopted by ARDA at Rusitu was not practised in other dairy farming schemes established almost at the same time as the Rusitu dairy farming project. A study carried out by Tafireyi Chamboko confirmed that milk was weighed and sold in litres at Chikwaka, Nharira-Lancashire and Marirangwe dairy farming schemes.⁹²

4.2. ARDA's Control and Monitoring Mechanisms

As part of guaranteeing continuous farmer compliance, ARDA came up with a pervasive management and control system. The company's first method of control was purely internal, and it was anchored on the provision of agricultural inputs. According to Nicholas Minot, the supply of inputs in contract farming ties the farmer to the contractor.⁹³ In the case of the Rusitu Dairy Project, ARDA offered a short-term credit arrangement that allowed farmers to purchase inputs such as stock feeds, detergents and drugs, among other things.⁹⁴ Repayment of such short-term credit was made on a monthly basis.⁹⁵ The supply of inputs by ARDA had its basis on the contracts entered into between ARDA and farmers. These contracts were not written but were based on the relationship between ARDA and the farmers. As one informant puts it, "We made verbal agreements that farmers would purchase inputs on credit and repay later after milk production".⁹⁶ However, these contracts were designed to benefit ARDA. This comes out clearly when one looks closely at what ARDA required from farmers in order for them to be eligible

89 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

90 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

91 Interview: Author with S Mlambo (former leader of the anti-SDC faction), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

92 T Chamboko, Milk production and marketing in organised smallholder dairy value chains: A case study of dairy development programme schemes in Zimbabwe (PhD, University of Zimbabwe, 2019), p. 101.

93 Minot, "Contract farming and its effects on small farmers in less developed countries", p. 11.

94 ARDA Rusitu, Annual progress report, 1991/92, p. 4.

95 ARDA Rusitu, Annual progress report, 1991/92, p. 4.

96 Interview: Author with C Chabata (farmer), Rusitu Dairy Scheme, 26 August 2007. RE: Dairy farming operations at Rusitu.

for credit. As one farmer reports, “ARDA demanded that we should be loyal to its management and follow orders without any complaints in order to qualify for a loan”.⁹⁷ Such verbal agreements based on loyalty entailed dependability on ARDA and, thereby, the subliminal subordination of the smallholders. Obviously, this worked against the farmers who, for instance, were left with limited freedom of expression on matters related to the acquisition of inputs. Moreover, the contracts between ARDA and dairy farmers were not notarised or witnessed, nor were they accompanied by any ritual that formalised them. This arrangement was, to all intents and purposes, a deliberate strategy by ARDA to maximise its claims on the dairy producers while reducing the claims of the latter; any formal and clear contractual agreement would provide a basis for the dairy producers to claim redress and restitution, and this is what ARDA was cautious to avoid. As a result, therefore, the farmers were reduced to mere subjects of exploitation.

The supply of inputs by ARDA involved one major trick. In fact, ARDA got donations from the European Economic Community (EEC), the Overseas Development Administration (ODA) and the Government of Zimbabwe,⁹⁸ and the inputs were supposed to be given for free to farmers.⁹⁹ Asked about this, one respondent pointed out that,

We were not happy with what ARDA management was doing to us. They were cheating us in the supply of stock feeds, detergents and drugs. They tricked us to pay for the inputs that we were supposed to get for free. We asked from AGRITEX in Chipinge town, and they told us that ARDA was getting donations from outside. When we asked the Extension workers, they told us to keep our mouths shut.¹⁰⁰

In its defence, ARDA argued that giving inputs on a free basis would encourage laziness among the farmers. To keep the farmers in production, therefore, ARDA decided to offer a short-term credit arrangement.¹⁰¹ Whatever the justification, this was a clear form of cheating or unethical conduct on the part of ARDA.

The external method of control took the form of placing ARDA extension workers on the scheme. Rusitu scheme had a total of 345 farmers settled in nine extension areas. Each of the nine areas had an elected committee responsible for the affairs of the farmers in that area. From the inception

97 Interview: Author with E Dembe (former SDC Treasurer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

98 ARDA Rusitu, Annual progress report, 1991/92, p. 3.

99 Interview: Author with Ben Mabori (former Chairman of the SDC), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

100 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

101 ARDA Rusitu, Monthly report, March 1989, p. 7.

of the scheme, the chairmen of the nine-area committees constituted the Settler Development Committee (SDC) whose role was to interact with ARDA management on behalf of the settlers.¹⁰² It appeared from the complaints made by the settlers that the members of the SDC were not fulfilling their role effectively, particularly in regard to reporting back to other farmers.¹⁰³ Because of complaints, an additional member from each of the areas was added to the SDC to bring its total membership to 18. It was also decided at the same time to introduce functional positions for some of the members. The intention was to prepare the settlers for the eventual departure of the ARDA management once the settlers were considered competent enough to run their own affairs without assistance from ARDA. In these extension areas, the SDC was to work with the extension workers who were ARDA employees.¹⁰⁴ The major function of the extension workers was to work as a strategic link with the ARDA office and teach settlers good dairy practices.¹⁰⁵ In practice, however, as it turned out, their function was mainly to reduce risk on the part of ARDA. This they did by ensuring that farmers were keeping proper dairy cows and alerting ARDA to take remedial action whenever diseases broke out.

5. THE GENESIS OF MANAGEMENT CRISIS AT RUSITU

From 1989 to 1990, some of the farmers started to agitate for the withdrawal of ARDA from the scheme and the handover of all the functions performed by ARDA to the farmers. ARDA's view, on the other hand, was that abrupt handover to the farmers was premature and should be on a gradual basis in order to properly prepare the farmers. The farmers were, however, divided on whether ARDA must continue offering its management support or not. The reasons for the dispute that arose among the farmers were many and varied. Following several appeals to various bodies for the removal of ARDA from the scheme by a faction of the farmers, the then Ministry of Local Government, Rural and Urban Development chaired a meeting in December 1991, at which the settlers aired their grievances and ARDA management were given the opportunity to respond.¹⁰⁶ The meeting demonstrated clearly that there were now two camps within the farmer community.

Only 43,3 per cent of the farmers, led by the SDC, felt that it was high time ARDA withdrew its personnel from the scheme. These farmers felt that

102 ARDA Rusitu, Monthly report, March 1989, p. 9.

103 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

104 ARDA Rusitu, Monthly report, March 1989, p. 3.

105 ARDA Rusitu, Monthly report, March 1989, p. 6.

106 ARDA Rusitu, Monthly report, December 1991, p. 7.

they now needed only extension and not management services. Their reasons for wanting ARDA removed from the scheme varied. As already mentioned, the farmers were dissatisfied with the fraudulent practices of ARDA. The farmers felt that they were experienced enough to run their own affairs without the close management and supervision of ARDA.¹⁰⁷ All they now wanted was just extension services. Some farmers were more radical in that they felt that they no longer needed anything from ARDA and thus were agitating for the replacement of ARDA extension services with those of AGRITEX.¹⁰⁸ Some farmers complained that most donor and government funding earmarked for the project was not benefiting the farmers, remarking that, "the bulk of the money received as donation was going towards meeting the salaries of the ARDA scheme management and extension staff".¹⁰⁹ In this case, therefore, the farmers wanted ARDA removed so that they could benefit directly and fully from any funds set aside for the project.

Some of the farmers complained of the ill-treatment they suffered in the hands of ARDA personnel. They accused ARDA staff of constantly threatening the farmers with eviction if they violated any of the provisions of land tenure permits.¹¹⁰ They complained that from 1987 when farmers started to challenge the existence of ARDA, management and extension staff were favouring those farmers who did not participate in this challenge.¹¹¹ According to one farmer, ARDA was not sensitive to their problems. He argued that ARDA was refusing them leeway to diversify into other cash-earning enterprises.¹¹² The farmers wanted to diversify into some cash enterprises like coffee and tea production so as to generate cash which they could, in turn, invest in their dairy operations.¹¹³ Lastly, the farmers accused ARDA of not being transparent in the way the parastatal operated. They argued that farmers should be made part of the decision-making process of the scheme. As a result, farmers demanded to take over the control of the MCCs and the marketing of milk,

107 Interview: Author with R Magumo (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

108 Interview: Author with I Kubiku (anti-ARDA farmer), Rusitu Dairy Scheme, 28 August 2007. RE: Dairy farming operations at Rusitu.

109 Interview: Author with M Machona (former SDC commit member), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

110 Interview: Author with C Chabata (farmer), Rusitu Dairy Scheme, 26 August 2007. RE: Dairy farming operations at Rusitu.

111 Interview: Author with C Chabata (farmer), Rusitu Dairy Scheme, 26 August 2007. RE: Dairy farming operations at Rusitu.

112 Interview: Author with I Kubiku (anti-ARDA farmer), Rusitu Dairy Scheme, 28 August 2007. RE: Dairy farming operations at Rusitu.

113 Interview: Author with I Kubiku (anti-ARDA farmer), Rusitu Dairy Scheme, 28 August 2007. RE: Dairy farming operations at Rusitu.

the purchase of stock feeds and agricultural chemicals and the control of the disbursement of the bulk cheque.¹¹⁴

The remaining 56 per cent of the farmers, argued that ARDA must continue to offer management and extension support. They felt that ARDA's withdrawal would result in the collapse of the project. Poor farmer organisational structures were identified as one of the reasons why ARDA must remain managing the scheme. The farmers pointed out that they did not have project management and co-operative administration skills to run the project.¹¹⁵ One farmer stated,

The pressure to expel ARDA from the scheme came from a group of retrogressive farmers who were not productive in their farms. It was too early for ARDA to hand over management of the scheme to us. We were even struggling to run our individual farms. We still needed ARDA to train and guide us.¹¹⁶

The pro-ARDA farmers argued that ARDA was providing a valuable extension service, and they felt that they still needed more extension training in all matters related to dairy production. The farmers also noted that ARDA was providing a valuable link between them and other service institutions like donors.¹¹⁷

In addition, the farmers were divided along political and ethnic lines. A total of five different ethnic groups were represented in the scheme.¹¹⁸ Asked about this, the then Scheme Manager had this to say, "The current power struggles and conflicts were nothing but mere tribalistic wars".¹¹⁹ He felt that these ethnic divisions were threatening the sustainability of the project. Politically, it was mainly a war between the Karanga and the Ndau people. Explaining the issue of political division, one farmer ably captured the concerns of the two groups. He stated that, "The Karanga were purely ZANU-PF and thus were criticising the Ndau for blindly following ZANU NDONGA".¹²⁰ ARDA blamed this conflict on the poor selection of the farmers at the inception of the project, arguing that some farmers only came into the project to acquire

114 Interview: Author with I Kubiku (anti-ARDA farmer), Rusitu Dairy Scheme, 28 August 2007. RE: Dairy farming operations at Rusitu.

115 Interview: Author with S Mlambo (farmer), Rusitu Dairy Scheme, 27 August 2007.

116 Interview: Author with S Manjoko (Secretary General of anti-SDC faction), Rusitu Dairy Scheme, 28 August 2007. RE: Dairy farming operations at Rusitu.

117 Interview: Author with S Manjoko (Secretary General of anti-SDC faction), Rusitu Dairy Scheme, 28 August 2007. RE: Dairy farming operations at Rusitu.

118 These were the Ndau, Karanga, Zezuru, Korekore and the Manyika.

119 Interview: Author with D Marime (former ARDA Scheme Manager), Chipinge Town Centre, 26 August 2007. RE: Dairy farming operations at Rusitu.

120 Interview: Author with D Mhlekiwa (farmer), Rusitu Dairy Scheme, 25 August 2007. RE: Dairy farming operations at Rusitu.

land and were not prepared to work hard.¹²¹ This criticism does not, however, fairly capture the nature of the conflict among the different ethnic groups constituting the settler community. The lack of transparency on the operation of ARDA offered fertile ground for antagonism among different ethnic groups. Moreover, it was a conflict between the more successful and less successful farmers.¹²² For example, most of the pro-ARDA farmers owned more than five dairy cows and were the major producers of milk, whereas the majority of the anti-ARDA owned less than two dairy cows. On this issue, one farmer said,

The majority of farmers who opposed ARDA did not have the minimum required four cows on their farms. They were making noise just to cause confusion and anarchy in the scheme. Those farmers who opposed ARDA were jealous of the success of their fellow farmers who were co-operating with ARDA.¹²³

Thus, the farmers were a fractious lot, as shown by the outcome of the meeting.

The situation was aggravated by the fact that the contracts between ARDA and farmers were ambiguous, if not silent, on ARDA's tenure of office on the scheme.¹²⁴ ARDA was responsible for all administrative issues on the Rusitu Scheme. During the initial stages of implementation, a scheme management team consisting of the settlement manager and other supporting staff was set up to provide all the administrative and technical support to the farmers. It was envisaged that ARDA management would be responsible for all aspects of scheme administration, as well as the development, implementation and control of all operations, including those on individual smallholder plots.¹²⁵ However, it was not clear how long ARDA would perform these functions on the scheme. It was clearly mentioned that ARDA would vacate the scheme once the farmers were deemed competent enough to run their own affairs.¹²⁶ The major question asked by some sections of the farmers was when they were going to be considered competent. Regarding this issue, one respondent had this to say,

The main source of confusion was the lack of clarity on ARDA's tenure of office in the scheme. No one was willing to tell us the truth with regards to the exact year and date ARDA was going to hand over management of the

121 ARDA Rusitu, Monthly report, December 1991, p. 4.

122 Interview: Author with D Marime (former ARDA Scheme Manager), Chipinge Town Centre, 26 August 2007 RE: Dairy farming operations at Rusitu.

123 Interview: Author with C Chabata (farmer), Rusitu Dairy Scheme, 26 August 2007. RE: Dairy farming operations at Rusitu.

124 Interview: Author with K Mukanga, Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

125 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 9.

126 Planning report for ARDA Rusitu Scheme Settlement Manager, September, 1983, p. 11.

scheme to us. We were kept guessing and this did not go well with some of us.¹²⁷

This lack of clarity on ARDA's existence in the scheme, coupled with the tricks and fraudulent practices for which ARDA's employees and management were largely fingered with plausible evidence, continued to be a source of irritation to some farmers who became aggressive in challenging the continued presence of ARDA in the scheme.

Responding to the crisis on the scheme, ARDA management agreed to meet the demands of the anti-ARDA faction. ARDA was forced to take this decision because this group of farmers had political backing from the government authorities that chaired the meeting.¹²⁸ It was agreed that the SDC could take over the MCCs and the marketing of milk, provided they had a trained and competent person responsible for the testing, weighing and marketing of milk. It was further agreed that the farmers could purchase chemicals and stock feeds on their own, using their National Farmers Union Licences and that this could be done with effect from the time when the farmers started managing the bulk cheque from the DMB. However, ARDA demanded that the Farmers' Association would need to be registered and have a qualified bookkeeper before the bulk cheque could be deposited into the Association's bank account.¹²⁹

The only issue left pending at that time was the question of who was to provide the extension services to the scheme. Regarding the ill-treatment by its personnel, ARDA undertook to investigate.¹³⁰ It is interesting to note that four years after the takeover of the MCC by the SDC, this problem remained a major issue of contention between members of the SDC and some sections of the farmer community.

6. MANAGEMENT TAKEOVER BY THE SDC AND COLLAPSE OF THE RUSITU PROJECT

Following the resolution to hand over management of the scheme to the SDC, several management meetings were convened at the scheme with a focus on "Hand over of Responsibilities". It appeared that these meetings and follow-ups to the discussion with the SDC and ARDA did not solve many of the problems bedevilling the scheme. Owing to the pressure from the SDC, coupled with allegations of fraud against the ARDA management,

127 Interview: Author with N Mubaiwa (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

128 ARDA Rusitu, Monthly report, December 1991, p. 3.

129 ARDA Rusitu, Monthly report, December 1991, p. 5.

130 ARDA Rusitu, Monthly report, December 1991, p. 7.

a decision to hand over some management functions to the SDC was taken in April 1992.¹³¹ ARDA handed over to the SDC the management of the MCCs and the accompanying handling of the cheque and disbursements to individual farmers. Also handed over was the ordering of stock feeds, drugs and detergents. ARDA was only left with the responsibility of coordinating and facilitating the provision of extension services.¹³²

The handover of the management of the scheme to the SDC turned out to be a tactical error. Admittedly, the operation of ARDA was exploitative through its ambiguous contracts and fraudulent practices, but there was also a need to consider many other attendant issues. Priority was supposed to be placed first on resolving the conflict between ARDA and some sections of the farmers. Owing to the poor relations between ARDA management and members of the SDC, no clear farmer organisation existed, which would have enabled ARDA to hand over some management functions in an effective manner. The handover of management was not to be done abruptly. There was a need for a smooth transition through a gradual shedding-off of responsibilities from ARDA to the SDC. A gradual handover of responsibilities to farmers would have given them enough time to learn how to run the scheme, and that would have helped ensure its continuity and sustainability.

Following the takeover of the operations of the MCCs by the SDC, tensions continued within the farmer community and the main cause of tensions on the scheme centred on the high degree of mistrust within the settler community. A number of farmers were dissatisfied with the lack of transparency in the management of the MCCs and the financial affairs of the scheme by the SDC.¹³³ The SDC was made up of comparatively less successful farmers who allegedly had political backing from the government. Out of the nine SDC members, only two owned more than three dairy cows. Worse still, these members were not competent to run the scheme. In a field survey carried out by the Dairy Development Programme in 1994, several weaknesses were observed. It was noted, for example, that the mandatory bank reconciliations were not done by the Association's bookkeeper on a monthly basis as required.¹³⁴ As a result, errors that resulted from the system were not detected and rectified timeously. It was also observed that a creditor's ledger was not maintained.¹³⁵ Such a weakness could be fertile ground for fraudulent purchases being made, which might have resulted in financial loss for farmers. Over or underpayment to creditors could be made

131 ARDA Rusitu, Annual progress report, 1991/92, p. 3.

132 ARDA Rusitu, Annual progress report, 1991/92, p. 7.

133 ARDA Rusitu, Annual progress report, 1991/92, p. 6.

134 ARDA: DDP, Annual report, 1993/94, p. 17.

135 ARDA: DDP, Annual report, 1993/94, p. 19.

in the absence of mechanisms to ensure timeous detection. For instance, National Foods (Chiping) had been overpaid by Z\$200 00 as of 12 April 1994.¹³⁶ Worse still, the SDC was caught in the same trap as ARDA in that there was a lack of access to the books of accounts by the majority of the farmers.¹³⁷ This fostered the development of a spirit of mistrust of the SDC by the farmers.

The anticipated functional relationship between the SDC and a section of the farmers was further severely marred by the unexplained withdrawal of premium payments by the SDC. As noted by one respondent, the SDC viewed the premium payments and measurements as an overhead rightfully received for services they rendered to the producers.¹³⁸ In addition to the failure to pay the premium, there were recurrent discrepancies between the MCC's records on the producers' deliveries and the weight of milk delivered to the DMB.¹³⁹ During the peak monthly deliveries, this amounted to a positive discrepancy of as much as 700 litres of milk in favour of the SDC.¹⁴⁰ Another worrying situation, as indicated by one farmer, was that some pro-SDC farmers who were not milk producers were receiving pay-outs embezzled from the milk-producing section of the farmers.¹⁴¹ In 1996, ARDA conservatively estimated that the extent of embezzlement from 1992 to 1996 was around Z \$90-100 000.¹⁴²

In addition to the milk marketing problems, the SDC became heavily involved in supplying livestock supplementary feeds, and veterinary products and in the general management of all operations at the scheme. However, as a result of the mismanagement of stocks and the co-mingling of funds, the MCCs ended up incurring large debts to suppliers.¹⁴³ It seemed that the immediate possible sources of funds to settle these debts were the monthly bulk cheques from the DMB. It was not clear how this impacted individuals within the scheme. In addition, the SDC launched a revolving fund as part of its takeover operation. There was an initial Z \$105 00 contribution per settler to the fund.¹⁴⁴ However, it was not clear how this fund was used. When

136 ARDA Rusitu, Annual progress report, 1993/94, p. 6.

137 Interview: Author with A Mahubo (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

138 Interview: Author with S Chingwena (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

139 Interview: Author with S Mlambo, Rusitu Dairy Scheme, 27 August 2007.

140 ARDA Rusitu, Monthly report, June 1993, p. 3.

141 Interview: Author with M Hlabati (farmer), Rusitu Dairy Scheme, 29 August 2007. RE: Dairy farming operations at Rusitu.

142 ARDA Rusitu, Annual progress report, 1995/96, p. 7.

143 ARDA Rusitu, Annual progress report, 1995/96, p. 7.

144 Interview: Author with A Mahubo (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

asked to explain how this fund was used, Mr Munyaradzi Mubaiwa, the then SDC Secretary-General, simply said, “The debts to the stock feed company devoured this revolving fund”.¹⁴⁵

The implication of the state of affairs at Rusitu was such that there did not exist a suitable institutional organisation for the scheme. The future of the SDC became increasingly uncertain, and the general environment created by the few settlers whose destabilising influence prevented the creation of an appropriate organisation for, and an environment conducive to the peaceful conduct of business, exacerbated the situation. In July 1997, ARDA was finally forced to vacate the scheme. Different farmers reacted differently to these disturbances resulting from the management problems of the scheme. Some farmers simply diversified into other agricultural produce like tea, coffee and tobacco.¹⁴⁶ Others went to look for employment on nearby white commercial farms. The reaction by other farmers was simply to vacate the scheme. Both ARDA management and settlers agreed that 80 plots were now vacant at the time of ARDA's departure.¹⁴⁷ At about the same time, the GOZ implemented a privatisation policy for state-controlled enterprises, which saw the DMB morph into Dairibord Zimbabwe Limited (DZL), a now largely private-owned entity whose market-oriented policies may have shifted the milk pricing regime to the disadvantage of the struggling farmers.

7. CONCLUSION

The development and operation of the ARDA Rusitu Small Scale Dairy Settlement Scheme illustrated that management practices and the agrarian contracts formulation process are critical factors in the sustainability and operation(s) of smallholder contract farming projects. This paper demonstrated that while it had the potential to bring about some notable benefits to the concerned smallholder producers, the contract farming project, however, did not provide a solid ground for sustainable rural livelihoods in the study area. The farming system did not introduce meaningful opportunities for the dairy producers at Rusitu beyond enhancing their access to farming inputs, and some incidental, but nominal, profit to a few. Farmers were introduced to an assured and yet exploitative market. The promises of stable and increased incomes associated with contract farming remained a pipe dream in the study area. In fact, contract farming had, to a large extent, negative consequences for the intended beneficiaries of the Rusitu Dairy Scheme. The Dairy Project

145 Interview: Author with N Mubaiwa (farmer), Rusitu Dairy Scheme, 27 August 2007. RE: Dairy farming operations at Rusitu.

146 Personal observation.

147 ARDA Rusitu, Monthly report, July 1997, p.2.

was hamstrung by a multiplicity of problems, largely management ones, right from its inception in 1985. The agrarian contracts formulation process was fraught with a number of problems. As a result, the interface between ARDA management and farmers became a site of antagonism rather than cooperation. The tensions were so much so that ARDA was forced to prematurely hand over the management of the scheme to the farmers, which threatened the sustainability of the project.

The major takeaway from the foregoing presentation is that contract farming is an intricate mode of re-orienting the smallholder farming sector. It has been demonstrated that while contract farming has played a significant role in bringing inputs and a guaranteed market closer to the smallholders, the farming system is far more complicated than its promised blessings. The manner in which contracts are crafted points to a deliberate ploy by contracting firms to trick smallholder farmers and extract as much as possible from their produce without incurring many risks. This has inevitably entrenched the unequal power relations existing between the contracting firms and smallholder farmers. While it may sound misleading to describe contract farming as an agricultural practice meant to "enchain" smallholder farmers, at least in the Rusitu Dairy Scheme case, the farming system failed to live up to the expectations of the advocates of contract farming as the contractual arrangements were clearly crafted to benefit the contracting firm. On the other hand, the smallholder dairy farmers have their own challenges: they are poorly organised, and have many unresolved underlying tensions amongst themselves, which worsen their plight.

The implication of this state of affairs for the land reform and resettlement programme in post-colonial Zimbabwe is that contract farming still has a long way to go in unlocking opportunities for the resettled farmers. The utility of contract farming as a mechanism for rural development and for commercialising the smallholder farming sector in resettlement areas is dependent on the degree to which farmers are empowered and reorganised to become a force to engage contracting firms on tenable or fair terms. It is an undeniable fact that resettled and smallholder farmers need some kind of partnerships and farming arrangements that improve their access to farming inputs and markets, but mechanisms should also be put in place to adequately position and prepare them to benefit from contract farming. There remains a challenge to capacitate these smallholder producers in ways that enable them to do business with the contracting firms on an equal basis. This brings to the fore the need to organise farmers into unions which enable them to collectively bargain, defend and advance their collective interests in an effective manner.