



Photo: Innocent Kafembe/Mercy Corps

Farming in a liquidity crisis

A Zimbabwean smallholder farmer's experience

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Mutasa, Zimbabwe

Linda Mungira, a mother of four children and smallholder farmer in Mutasa, a district in eastern Zimbabwe, walks slowly towards her chicken coup at the edge of her residence next to her toilet facility on her modest rural homestead.

She takes with her a woven basket to collect eggs from her fifty hens, she takes each egg gently from the cage and shakes it before placing it in the basket so she can wipe and place them in crates of 30 for sale in her community.

Linda has been a smallholder farmer most of her life and it is her main source of income. "I have sent all my children to school with proceeds from farming, all the assets that you see here were bought by farming," she says pointing to her beautiful house set on a hill right on the side of the main dirt road that runs from her village to the nearest shopping centre.

The crisis begins

Agriculture is the backbone of the Zimbabwean economy, in fact, Zimbabwe was once known as the “breadbasket of southern Africa.” But over the past few decades, the country has experienced a number of economic, environmental and political setbacks, many of which are having long-lasting impacts. In addition, the drought experienced in the past five years has significantly reduced crop production and access to food in all districts of the country. The World Bank estimates that 72% of the population lives in chronic poverty meaning they live on less than \$1.25 a day.

Zimbabwe is also experiencing a high unemployment rate due to closures of industries and mines and the land grabs that took place on farms that took away most of the productive commercial farms leaving them idle. Both the high unemployment rate and the cash crisis are related to the current economic issues in the country.

In 2008 and 2009, there was no food on supermarket and shop shelves. Zimbabwe, which now uses the U.S. dollar and other currencies, abandoned its own dollar in 2009 after hyperinflation, which had peaked at around 500 billion percent, rendering it unusable. Quite simply that means people are unable to get money from the bank.

“The current crisis started at the end of April, banks did not have enough cash. They started introducing withdrawal limits,” says Linda. “People had to wake up very early to go to Mutare (the nearest city) and queue at the banks. If you are lucky to get something, it will be limited. Most banks have put a limit. You may not have access to cash at all and this makes it difficult for us to not only get the money we would have gained from selling our produce but also to obtain money to use for survival and buying inputs. It is very sad.”

Due to people not having cash, they spend less money and hardly support local businesses. Some of those business owners are farmers, who are already struggling with the 2016 El Nino induced drought. This reduces the farmer’s income and ability to conduct their farming as a business or even earn a subsistence. Without money, they have trouble feeding their families or investing in their farms, including developing techniques that may make their farming practices more resilient against climate change challenges.

“I had to reduce my hectareage and adjust my plans downwards as the lack of money meant it would be difficult to pay for labour, inputs and transportation. We had to resort to barter and exchange goods such as cooking oils or soap to pay for labour” she says as she sits in her traditional Zimbabwean kitchen, a round hut with a thatched roof.

Cashless agriculture –the new way

The introduction and promotion of mobile money and plastic money alternatives in Zimbabwe have been a positive attempt to improve the cash crisis, especially for smallholder farmers who have little disposable income. Farmers like Linda Mungira, have endured losses with frequent travel to towns trying to access cash at banks but with increased access to mobile money services by Mobile Network Operators in Zimbabwe and the recent push by the government supporting its use, they can transact easily. Mobile money is now the leading payment system in Zimbabwe, the service is available throughout the country with most businesses accepting its use, and banks are linking it to their systems.

According to the 3rd Quarter 2017 Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) mobile penetration rates increased to 100.5%. The Reserve Bank Of Zimbabwe in its 2017 monetary statement stated that 2016 mobile money payments in Zimbabwe accounted for 81.2% of all electronic payment transactions with other transactions namely POS, ATMs (3,4%), Real Time Gross Settlement System RTGS (0,8%), internet transactions (0,3%) and cheque transactions (0,1%) handling the balance.

From January to September 2017, 485 million transactions, worth US\$11 billion, were conducted on mobile platforms in Zimbabwe, the Reserve Bank of Zimbabwe states. The number of mobile transactions increased 62 percent from 2016 to 2017.

Since 2012, Mercy Corps Zimbabwe with its Swiss Agency for Development (SDC) funded AgriFin Mobile program has assisted smallholder farmers by supporting an innovative mobile agricultural information service known as EcoFarmer, through a partnership with Econet (Zimbabwe's largest mobile network operator) and the Zimbabwe Farmers Union. Through this platform, smallholder farmers have access to insurance, weather index and farming tips which include prices of inputs and market prices for their produce. This information is collected and shared by the service provider in partnership an insurance company and other partners to ensure it remains accurate, verifiable and reliable.

This service is linked to the EcoCash mobile money payment system which has proven to be a timely product for Zimbabweans in this crisis. The service allows farmers to save money, make payments for their agricultural and household needs as well as receive payments for their produce. This has lessened reliance on cash and has enabled farmers to manage their farming expenses and pay for their farmers union subscriptions. Over 20,000 farmers have subscribed for the ZFU Ecofarmer Combo since its launch in 2013.

“I have bought maize seed with fellow farmers here using mobile money from on our phones under the EcoFarmer program. We even got discounts at that time because we were EcoFarmers. Just last week I sold ten crates of eggs and the buyer paid for them using mobile money” she says with a smile”— Linda Mungira

The culture of holding onto cash and keeping all your income in cash has had to give way to the idea of mobile or plastic money instantly as a result of the current cash crisis in Zimbabwe. For smallholder farmers like Linda Mungira, the future looks brighter as enlisting on a mobile money service platform saves them time and money they would have lost going to and from larger towns to access their cash.

As part of the process of promoting the uptake of mobile services in Zimbabwe, Mercy Corps has played an important role in providing digital & financial literacy training to smallholder farmers, which has assisted in driving the uptake and use of EcoFarmer services making life easier for enrolled farmers.

Linda Mungira was a recent participant at one of these trainings and she says “this training helped us a lot, I used to give out my pin code but now I protect it to limit chances of being defrauded and now I use short codes that help me quicken my transactions on the platform. The training has helped our EcoFarmer groups especially in the use of merchant numbers to pay for subscriptions and to buy from other merchants. Now I am more confident to use it personally and to train others in my group as well. Agricultural input suppliers and buyers have also come into the fold and are accepting plastic and mobile money payments from farmers in these rural areas under this program. Smallholder farmers can make the agricultural sector in Zimbabwe stronger and provide improved livelihoods not only to their families but also to their communities, if they receive adequate support in obtaining inputs and accurate information on markets as well as alternative methods of transacting.



Linda Mungira browsing through her mobile phone.

Photo: Innocent Kafembe/Mercy Corps

The Mercy Corps, Agri-Fin Mobile Programme funded by Swiss Agency for Development and Cooperation (SDC) works with partners in Zimbabwe, Uganda and Indonesia to build sustainable models, where farm and crop management tools and financial services are "bundled" on affordable, unified platforms on mobile phone channels to promote mass uptake in a commercially sustainable manner.

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