



EXPLORING THE LINKAGES BETWEEN MINING, LAND, AND AGRICULTURE IN ZIMBABWE

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This paper builds from an earlier study by the Sam Moyo African Institute for Agrarian Studies (SMAIAS) which explores the relations that exist between mining, land and agricultural in Zimbabwe, which all play a key role in the economy through employment creation, foreign exchange generation, infrastructural development and providing linkages to the manufacturing sector. Within the extractive sector, the paper lays emphasis on the mining sector and observes how it accentuates agriculture in terms of land use, which threatens the livelihoods of the peasantry. It analyses the internal and external factors such as politics, the legal frameworks encompassing land, agriculture, and mining and global dynamics underpinning the development of mining and agriculture. The paper concludes by calling for the need to harmonise mining and land laws to enhance linkages between the mining, agriculture and manufacturing, and also ensure the security of tenure for the peasantry, as well compensation in times where dispossessions are inevitable.

MINING AND AGRICULTURE: THE EVOLUTION TRAJECTORY

Mining and agriculture have been strongly interrelated since the advent of British South Africa Company (BSAC) to Rhodesia in 1890. These sectors quickly became the major contributors to exports and national income, with gold and asbestos generating the highest revenues in the mineral sector, and tobacco being the main agricultural export crop under the settler-colonial period.

The mining and agricultural sectors were interlinked under colonialism, as evidenced during the 1930–1938 global depression, where revenues from gold mining contributed 600,000 British pounds to the agricultural sector to shore it up. This led to mineral exports becoming the engine of economic growth, having a total export value of 85.3%, with gold alone contributing 79.3%, and other minerals 6%, whereas agricultural exports accounted only 14.7%.¹ Most farmers thus abandoned farming in favour of small-scale gold mining as the agricultural sector continued to dwindle.

The overestimation of mineral deposits in Southern Rhodesia by BSAC resulted in major losses for the company, as it had anticipated for major gold reserves similar to those found in the Witwatersrand, South Africa.² This development led the company to embark on a campaign to attract agrarian capital to Southern Rhodesia, such that by 1911, 23,000 Europeans had settled in the country, engaging in a variety of economic activities ranging from small- to medium-scale mineral extraction, maize and tobacco production. However, the dawning economic structure dominated by mining and agrarian capital operating alongside the African peasantry laid a foundation for exploitative labour relations and unequal land ownership patterns. The initial linkages between the agricultural and extractive sectors arose through the commercial agricultural sector supplying the growing mining sector with produce. In 1932, the Land Apportionment Act was passed by white capital to eliminate all forms of competition by the peasantry, which alienated the indigenous population leading to their loss of fertile pieces of land. It also strengthened their



status as a source of waged labour.³ Protectionist measures such as the amended Maize Control Act of 1934, different levy and control acts for black farmers were also implemented to protect white mining and agrarian capital.

Labour relations in Mining and Agriculture

During the early years of colonial rule, waged labour on mines, plantation estates and large-scale commercial farms was unattractive to the local population, which resulted in labour being out-sourced from neighbouring countries such as Malawi, Mozambique and Zambia.⁴ This was because the natives who retained land before dispossession became widespread from the 1930s and supplied the nascent mines and industries with food needs before LSCFs became fully developed. Following the imposition of hut taxes in 1894 owing to contracted agricultural production, the African peasantry found itself more or less obliged to work on the mines, plantation estates and the nascent manufacturing industry. Land dispossession, hut and poll taxes were paid in cash thus compelled the peasantry to seek employment. Forced labour was not a success. To date, mining and agriculture linkages continue to shape rural labour trajectories.

EFFICACY OF LAND, AGRICULTURE AND THE EXTRACTIVE SECTORS IN THE NATIONAL ECONOMY

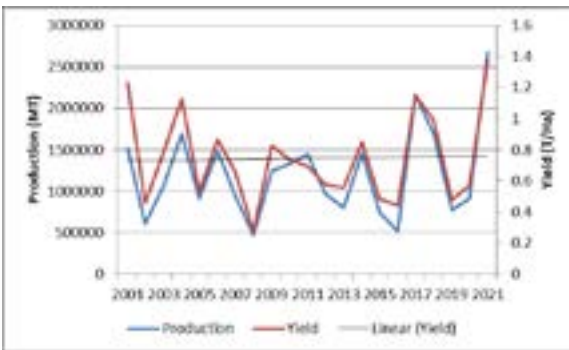
The extractive and agriculture sectors remain central to Zimbabwe’s economic development through powering the industrialisation and value chains strategy.⁵ In agriculture, recovery is witnessed in tobacco and cotton production, although this growth remains depended on favourable global commodity prices.⁶ Apart from the cash crops, maize yield for 2020/2021 season has witnessed the highest since the 2000/2001 season, with 1.3 Metric Tonne per hectare (MT/ha) and over 2.6 million MT production being recorded.⁷

Production Growth for Cash Crops

CROP	2020/2021	2019/2020	% Change
Tobacco	200 245	184 042	8
Cotton	195 991	101 000	94

Source: Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement (2021).

Average maize yield trends from 2000/01 – 2020/2021 season



Source: Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement (2021).





In the extractive sector, Zimbabwe extracts over 40 minerals, with five contributing significantly to the country's export income. These include diamonds, PGMs, gold, nickel and asbestos. Tobacco, cotton, sugar and horticulture remain the major agricultural export crops after the fast-track land reform programme (FTLRP).⁸

Calls for mineral beneficiation have been increasing to derive maximum export value for Zimbabwe. In 2016, as a step towards diamond beneficiation, three PGM mining firms (Unki, Mimosa and Zimplats) engaged in negotiations with the government over platinum beneficiation. As part of this negotiation, in May 2019, the Anglo-American Platinum commissioned a 62-million-U.S. dollar smelter at its Unki Platinum Mine in Shurugwi, which enabled the company to begin partial processing of ore locally before exporting to South Africa for refining.⁹

Although Zimbabwe's share of the world production of key minerals is fairly high, at 9% of all diamond production (by volume) and around 6% of all platinum,^{10 11} the country's mineral consumption patterns remains low due to limited industrialisation, minimal beneficiation and value addition before export.¹² As a result, the country remains a net exporter of minerals such as diamonds, gold, platinum, rendering the extractive industry key in the economy, constituting the largest export category of 60% as of October 2018.^{13 14}

Foreign exchange derived from mineral exports is useful in mitigating against external vulnerability, as it can be utilised for further investments in physical infrastructure whilst also contributing to domestic savings.¹⁵ Like the Western countries such as Norway that invested in Sovereign Wealth Funds (SWF), the Government of Zimbabwe (GoZ) in 2016 indicated that it would be following suit, through executing legal framework of the SWF and allocated \$500,000 to it. In 2021, the GoZ set aside resources equivalent to US\$97,5 million to capacitate the fund.¹⁶ SWF are investment funds derived from a country's reserves, through the central bank, that accumulate from budget and trade surpluses, set aside for investment purposes to benefit the country's economy and citizens.¹⁷

Since 1980, export trends in Zimbabwe have reflected the dominance of the mining and agricultural sectors, where a decline in either has negatively impacted the national fiscus. In 2021, the mining sector's contribution to the GDP stood slightly lower at 11% compared to agriculture (11.3%). This might have been attributed to agriculture being less affected by the impact of the COVID-19 pandemic, whereas the mining sector faced full negative impact of shocks through lockdowns, low demand, closed borders among others.¹⁸

Since dollarisation in 2009, increase in the extractive sector's contribution to GDP continue to be noted. Mineral export revenue contributions to the national fiscus increased from US\$57.8 million in 2009 to US\$445 million in 2012.¹⁹ The increase is attributable to the discovery of alluvial diamonds deposits in Marange, major investments in PGM mines, the de-criminalisation of artisanal mining in 2013 and the surge in global prices. In 2020, the mineral export earnings surged to US\$2.4 billion.²⁰ This is despite a fall in gold deliveries by small-scale producers in 2020, where they contributed 48.89% of the total gold deliveries, compared to 63.19% in 2019.²¹





Export Shipments Performance by Sector (US\$ Millions)

Sector	2020	2019	% Change
Mining	3,291.80	2,838.90	15.95%
Platinum	1,773.2	1,209.8	46.57%
Gold	994.7	1,058.2	-6.00%
Chrome ore + Ferrochrome	231.5	265.9	-12.94%
Diamonds	126.1	125.6	0.40%
Other minerals	166.30	179.40	-7.30%
Tobacco	782.4	860.8	-9.11%
Manufacturing	244.7	314.8	-22.27%
Agriculture	158.5	344.8	-54.03%
Transport	124.0	191.6	-35.28%
Horticulture	29.3	27.3	7.33%
Postal & Telecommunications	11.7	12.7	-7.87%
Other Services (Construction, etc)	9.3	32.0	70.94%
Tourism (Hunting)	-1.9	19.3	-90.16%
Total	4,653.60	4,642.20	0.25%

Source: Exchange Control Records (2021)

The dominance of the mining industries contribution to export and a major source of foreign exchange continued in 2021, contributing to 70.7% of export shipments.

The extractive sector has the potential to finance agricultural production at macro and micro-level. At macro level, this can be achieved through revenue contributions to the national fiscus, which, if directed to the agricultural sector is capable of resolving the funding crisis. However, since 1980, the government has been found wanting in regards to improving allocations to agriculture, as allocations never exceeded 6.5%. The average budgetary percentage share for agriculture post-FTLRP stood at 4.6%, a situation which called for further resource mobilisation.²² Improvements have however been registered in recent years, with the 2020 and 2021 agriculture share allocation recorded at 19 and 12.8% respectively.²³

At micro-level, the extractive sector provides formal employment to roughly 48,000 workers, whereas the agriculture sector accounts for more than 60% of the working population.²⁴ Gold-mining, however, is emerging as a potential large-scale employer, as small-scale mining contributes directly to the livelihoods of over one million people.²⁵ Given the semi-proletarian²⁶ nature of the population and the majority of extended family kinship relations, the mining sector can finance rural households' procurement of agricultural inputs.

LAND USE IN MINING AND AGRICULTURE

Mining and Agricultural conflict

Mining and agrarian capital have always been competing on the allocation and use of land, thus generating contention within the policy and fiscus spectrum²⁷. Mining continues to take precedence over agricultural activities through the Mines and Mineral Act [Chapter 21:05] of 1961. The





Act, still enacted, was initiated by the white-settler interest in gold and other mineral resources. For instance, the discovery of alluvial diamonds in Marange, resulted in the displacement of approximately 4,700 peasant households, indicative of how mining took precedence over agricultural activities.²⁸

The absence of a clear land policy also eases the dispossession of peasants from their means of production, allowing the government to convert land use from agricultural to non-agricultural activities.²⁹ Prior the land reform, communities' access to natural resources on large-scale commercial farms was constrained by freehold title, which gave the land-owner sole rights to natural resources. With its state-based land tenure relations, the FTLRP opened up these natural resources to both a widened peasantry base and to artisanal miners.³⁰

Land tenure and the security of investment

Persisting challenges on land, agriculture and extractive sectors relate to tenure and security of investments. Private commercial banks remain reluctant to provide loans to newly resettled farmers, citing politics of tenure. Negotiations between government and the Bankers Association of Zimbabwe are ongoing regarding the bankability of 99-year lease agreement. The contestations between capital and the state over land tenure documents emanate from the dismantling of freehold titles after land reform programme was deemed complete.³¹

Although, the Second Republic of 2017 revised the Indigenisation and Economic Empowerment Act in May 2019, which previously required the non-local firms to cede 51% stake to locals, a policy framework that guarantees 'security' on investments is critical for the sectors to realise maximum productive potential.³²

The small-scale mining boom

Due to fiscal constraints, the government de-criminalised the operations of over 350,000 small-scale miners in an attempt to boost revenue. This provides scope for economic development as incomes can be channelled towards agricultural production by small-scale miners involved in agricultural production. FTLRP critics who fail to see a link between non-farming activities and agricultural production argue that subsequent declines in output in the 15 major crop commodities is occasioned by a lack of formal agricultural training among resettled households and their alleged focus on resource extraction activities.³³ This is misleading, since it ignores issues such as the absence of agricultural credit schemes that propelled agricultural development in Zimbabwe soon after independence.³⁴

GENERAL PERSPECTIVES ON SUSTAINABLE LINKAGES BETWEEN AGRICULTURE AND MINING

Given the existence of sound policies backing agriculture and mining sectors, the capacity of the latter to provide linkages to the national economy should not be underrated.³⁵ Mining offers great potential for upstream and downstream linkages to other sectors, although critical to this are effective policy interventions which provide incentives to industry.³⁶ Backward linkages in the extractive sector involve surveying, which is sourced internally. Mining equipment and installations of plants are forms of backward linkages sourced externally. Nonetheless, Zimbabwe's mining sector provides minimal backward linkages to agriculture and local manufacturing as mining firms source their machinery requirements externally.³⁸ However, the GoZ has tried to enhance these linkages through the removal of import-permit requirements for inputs meant for the mining sector.³⁹ Mining revenues could be used to support the sustainable agriculture sector,





which provides livelihoods to the majority of the population beyond the few jobs that arise from the capital intensive mining sector. Furthermore, the mining revenue enhance diversification of the economy, promote rural industrialisation and also maintain economic stability post depletion of mineral resources.

The current capacity of local industry to supply machinery and spare parts to the mining sector is still constrained by the economic sanctions post FTLRP, and de-industrialisation that took place in the 1990s under the economic structural adjustment programmes. However, the extractive sector provides forward linkages to industries engaged in mineral refining, beneficiation and those that utilise aluminium, steel and nickel in the production of their end products. Nonetheless, these linkages have also struggled, as minerals such as diamonds, platinum, gold and some precious metals are mainly processed outside Zimbabwe, although some selected companies such as Zimplats, Bindura Nickel Corporation have commissioned beneficiation facilities.⁴⁰ Fesseheah and Rustomjee also points to the constraints faced by mineral beneficiation by countries in South-ern Africa⁴¹ as a result of cost of capital, limited scale, capital intensity and distance to markets.

Although the linkages between the mining and agricultural sectors remains minimal, mining continues to provide forward linkages to companies such as Zimplot, involved in manufacturing farm implements. Some forward linkages are also notable to the informal sector for the manufacture of other agricultural implements such as hoes, scotch-carts.⁴² As discussed earlier, incomes generated by mineral extraction can be a source of finance of agricultural activities, through remittances to rural households by people formally or informally employed in the extractive sectors. Such findings are confirmed by a study done by Mkodzongi (2019), which showed that workers formally employed at Zimplats were using their wages to finance agricultural operations. A survey conducted by the African Institute for Agrarian Studies, indicated less than 10% of the surveyed households were engaged in natural resource extraction on their plots, although key informant interviews claimed that such households could be higher.⁴³

The extractive and agriculture sectors remain critical to the Zimbabwean economy and play a key role in national development by creating direct and indirect employment, generating foreign exchange, providing revenue to the national fiscus and contributing to infrastructural development. Through direct tax contributions, the extractive sector indirectly funds the agricultural sector, thus creating some links between the two. Nonetheless, given the lack of mineral beneficiation, forward linkages from the mineral sector that would benefit the agriculture sector remain limited. More importantly, there is need to harmonise mining and land laws to ensure the peasantry is not disenfranchised from their land rights, when mineral resources are discovered. Under extreme conditions, peasant farmers should be adequately compensated for any expropriated land.

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