

EcoFarmer in Zimbabwe: A New Agricultural Development Phenomenon

Stephen Mago*

Received: January 05, 2014. Revised: February 05, 2014. Accepted: April 14, 2014.

Abstract

Purpose – This paper discusses the effectiveness of EcoFarmer in Zimbabwe. The effectiveness of EcoFarmer still needs to be established because it is a new product that is hardly a month old.

Research design, data, and methodology – The paper follows a qualitative research methodology and an exploratory approach to establish the effectiveness of EcoFarmer in the promotion of productivity in the agricultural sector in Zimbabwe. Using an Internet-based literature review, the paper explored the link that exists between Econet's EcoFarmer program and agricultural development in Zimbabwe.

Results – The findings are that the innovation promotes agricultural productivity. This is in line with what was established by Safaricom Foundation in Kenya.

Conclusions – The paper used literature sources because the phenomenon is exploratory. This limitation could have been avoided by using a field survey. The paper shows that the EcoFarmer is an innovative project that was developed by Econet as a replication of the Kenyan program.

Keywords: Farming, Eco-farmer, Agricultural Development, Productivity, Zimbabwe.

JEL Classifications: G21, G22, O13, Q14.

1. Introduction

Micro insurance, is an emerging strand of microfinance that is meant to provide affordable and accessible insurance to low-income groups such as small-holder farmers. Heenkenda(2012) posits that micro insurance is an important tool for risk mitigation among vulnerable farmers in developing countries. Most importantly, small-scale farmers are vulnerable to various shocks, hence the need for protection. Econet, the largest mobile service provider in Zimbabwe has developed a new product called EcoFarmer. Korombo(2013) gives statistics that Econet

has "more than 8-million cell phone subscribers and 2-million mobile money users". The organisation is currently leading in the telecommunications sector (Mtomba, 2013).

Agricultural development involves the transformation of agricultural systems for the promotion of productivity. For developing countries, agriculture acts as a catalyst for rural development. The World Bank(2014) on its blog(<http://data.worldbank.org/topic/agriculture-and-rural-development>) states that "For the 70 percent of the world's poor who live in the rural areas, agriculture is the main source of income and employment". Agriculture is central to food security thus reducing the risks of poverty, hunger and malnutrition. The Gates Foundation(2014) laments that malnutrition is "...the world's most serious health problem and the single biggest contributor to child mortality." The need for innovative agricultural ideas is urgent. Kaczan et al.(2013) in their publication entitled *Climate-Smart Agriculture? A review of current practice of agroforestry and conservation agriculture in Malawi and Zambia*, stress that "Agriculture in Sub-Saharan Africa must undergo significant productivity improvements to meet the combined challenges of population growth and climate change".

EcoFarmer is an innovative micro insurance product that is meant to protect small farmers against crop failure. Many farmers, especially small-holder farmers, in Zimbabwe do not have protection against agricultural loss thus affecting their productive potentials and livelihoods. Since the farmers are not protected, their agricultural business (agri-business) activities are negatively affected thus affecting their livelihoods. The universal reality is that smallholder farmers, especially in developing countries are not protected against natural disasters that are detrimental to crop production. Droughts, excessive water conditions, floods, hailstones, snow, violent winds, cyclones, climate change, wild fires, army worms, wild animals etcetera may have devastating effects that hinder them from escaping poverty.

2. Problem and Objectives

The problem that this paper has identified is the need for micro insurance for small-holder farmers especially those in the rural areas of Zimbabwe. Small-holder farmers are largely 'underbanked' due to an underdeveloped rural banking sector. Rural banking is seriously underdeveloped in the country

* Dr., Great Zimbabwe university, Tel: +26-377-960-5587. E-mail: stepmago@gmail.com.

(Matunhu and Mago, 2013). Rural farmers lack access to traditional financial services, hence they are not catered for by the insurance industry. Once they have crop failure due to drought or water logging, they are definitely going to experience hunger and starvation since crops are their main source of income. The question that emerges is whether EcoFarmer is an effective and beneficial innovation for small-holder farmers in the rural areas of Zimbabwe. With this backdrop, this paper aims to establish the effectiveness of EcoFarmer (a micro insurance product) in the enhancement of agricultural productivity.

3. Methodology

An qualitative research methodology was adopted following exploratory approach/design to establish the effectiveness of EcoFarmer in the promotion of productivity in the agricultural sector in Zimbabwe. Using internet-based literature review, the paper explored the link that exists between Econet's EcoFarmer programme and agricultural development in Zimbabwe. Since the EcoFarmer is a new phenomenon, an exploratory research design was found appropriate for this short research communication. However, a field study could have been used to strengthen the findings.

4. EcoFarmer and Implications for small-holder farmers

Small-holder farmers tend to evade risky agricultural activities because they are not insured. Such activities have potentially large returns (Cai et al., 2010). They further point out that "Farmers in less developed economies face significant barriers in access to credit, insurance and other financial products taken for granted in developed countries". Zimbabwe is one of the countries with farmers in such a scenario. The launch of EcoFarmer is a welcome development by Zimbabwean farmers, agricultural experts and other stakeholders. EcoFarmer is a new and revolutionary micro insurance product provided by Econet. It is "a weather-indexed drought insurance service for small holder farmers." (Econet, 2013b-<https://www.econet.co.zw/media-centre/general-news/new-product-farmers>). It is designed to insure farmers against crop failure (due to conditions of drought or excessive rainfall). Econet(2013a) states that the product also provides the insured farmers with "daily weather information, farming tips and information on when and where to sell, and the best price for their produce." (www.econet.co.zw/ecofarmer). The major aim of the product is to ensure increased productivity by farmers and thus promoting food security in the country. Resultantly, farmers, especially those in the rural areas, can effectively use their mobile phones to access information and communication tools. They can access technical and market information that will enhance their productivities. This facility will

also work together with EcoCash-a payment facility that allows farmers and the general Econet subscribers to send or receive cash through their mobile phones.

The EcoFarmer programme registers farmers into three categories. The first category is the General Farmer. For one to be registered as a general farmers, the procedure is to simply dial *300# or *144#(Econet, 2013) and follow the prompts. The benefits of this category are to receive general important farming messages. These will help the farmer to be informed about agricultural developments and alerts. The second category is referred to as "The Registered Farmer". Farmers who wish to join this category fill in EcoFarmer registration forms that can be obtained from Econet Shop or EcoFarmer Agent. To receive important farming messages, the farmer will be charged \$1.50 per month. Failure to meet the payment will make the registered farmer to automatically fall into the 'General farmer' category. The third category is called "The Insured Farmer". Farmers in this category pay insurance premiums of \$0.08 per day for 125 days (farming season) or \$10 to cover the full farming season. Econet(2013a) states that "a farmer must have bought a 10kg Seed Co bag (branded EcoFarmer Special Pack), then submit the crop cover voucher that would be inside the seed bag." Econet and Seed Co have partnered and the latter supplies guaranteed hybrid seed to farmers. Table 1 below gives a full explanation of what is expected from aspiring insured farmers:

<Table 1> The Insured Farmer category

- | |
|---|
| <ul style="list-style-type: none"> • To be an insured farmer, you must be a registered farmer. • You must have bought a 10kg Seed Co bag (branded EcoFarmer Special Pack), then submit the crop cover voucher that would be inside the seed bag. • The premium cover for the whole farming season is \$10 which can also be paid via EcoCash. • There are 2 options, option 1 gives the farmer \$100 in the event of rainfall deficit or excessive rain upon payment of \$10. Option 2 gives the farmer \$25 in the event of rainfall deficit or excessive rain upon payment of \$2.50 for the whole farming season. • The \$10 and \$25 is the premium that will cover you for the whole farming season. • When you are submitting the crop cover voucher, make sure the voucher is valid (check the expiration date). |
|---|

Source: Econet(2013a).

Fully registered farmers whose subscriptions are paid-up daily have a number of benefits. These include daily weather data, agricultural and marketing tips, crop information, financial linkages, pricing information and credit rating. EcoFarmer aims to defy weather conditions by ensuring that small-scale farmers improve their productivity and agribusiness activities thus making sure that their livelihoods are sustained. The scheme is being piloted in the Mashonaland East province between November 2013 and March 2014. Once the pilot scheme is successful, the project will be expanded to cover the whole nations. Farmers

are poised to benefit from the innovative scheme.

5. Conclusion

Econet's "weather-indexed insurance cover" comes as an answer to previous requests by agricultural specialists in Zimbabwe. Small-holder farmers in Zimbabwe do not have any form of insurance cover and thus they are very vulnerable to the adverse conditions. Productivity is not encouraged due to fear of crop loss to drought, excessive rainfall and other negative conditions. Historically, planting more crops was not guaranteed since crop failure would lead to hunger and starvation especially among poor farmers. With the new product, "... a farmer can plant crops knowing that crop failure does not mean hunger for the family, they will be encouraged to plant more crops and therefore increase national production."(Econet, 2013b). According to Korombo(2013), "Economic commentators in Zimbabwe say Econet's foray into the agriculture sector through its insurance scheme would provide respite for the farmers against the backdrop of ever-changing weather patterns due to global warming."Global warming is a reality that needs mitigation strategies to ensure food security at both communal and national levels. The long-awaited insurance scheme has been received by a number of agricultural experts and farmers. For example, the Minister of Agriculture, Mechanisation and Irrigation Development, Dr Joseph Made launched the EcoFarmer programme in Murewa on the 11th of October, 2013(Taadira, 2013). The Zimbabwe Farmers' Union (ZFU) hailed the programme and was very happy with the launch (Herald Reporter, October 2013). This paper recommends that the government should support this programme through policy formulation and enactment. The insurance programme could also be expanded to a wide range of agricultural activities, including livestock rearing. For instance in Kenya, Safaricom Foundation developed M-Farm programme that runs an iCow platform. This is "an SMS-based programme aimed at promoting smart dairy farming." (Sato, 2013). Non-farm activities, it is recommended, could also be covered to ensure security and peace of mind among small business operators in the rural areas.

References

Cai, Hongbin, Chen, Yuyu, Fang, Hanming, and Zhou, Li-An (2010). *The Effect of Microinsurance on Economic Activities: Evidence from a Randomized Natural Field Experiment*. Retrieved February 04,2014 from <http://ipl.econ.duke.edu/bread/papers/0910conf/Fang.pdf>

Econet (2013a). *Ecofarmer: What is EcoFarmer? Econet Zimbabwe Website*. Retrieved October 27, 2013 from <https://www.econet.co.zw/ecofarmer>.

Econet (2013b). *New product for farmers. Econet Wireless Website*. Retrieved October 27, 2013 from <https://www.econet.co.zw/media-centre/general-news/new-product-farmers>.

Gates Foundation(2014) *Agricultural Development: Strategy Overview*. Retrieved February 04, 2014 <http://www.gatesfoundation.org/What-We-Do/Global-Development/Agricultural-Development>.

Heenkenda, Shirantha (2012). *The Role of Microinsurance in agricultural Risk Mitigation: With Special Reference to the Paddy Sector in Sri Lanka*. Germany: Lambert Academic Publishing.

Herald Reporter (2013), *EcoFarmer Hailed. The Herald*, 17 October, Harare, Zimbabwe. Retrieved October 31,2013 from <http://www.herald.co.zw/ecofarmer-hailed/>.

Kaczan, David, Arslan, Aslihan, and Lippe, Leslie (2013). *Climate-Smart Agriculture? A review of current practice of agroforestry and conservation agriculture in Malawi and Zambia*. Food and Agricultural Organisation of the United States(FAO). Retrieved February 04,2014 from <http://www.fao.org/docrep/019/ar715e/ar715e.pdf>

Karombo, Tawanda (2013). *Econet launches innovative farming insurance plan in Zimbabwe. Business Day*, 27 September. Harare, Zimbabwe. Retrieved October 20,2013 from <http://www.bdlive.co.za/africa/africanbusiness/2013/09/27/econet-launches-innovative-farming-insurance-plan-in-zimbabwe>.

Mawire, Wallace(2013). *Econet launches eco-farmer for Zimbabwe's smallholder farmers. African Farming and Food Processing*, October 07. Retrieved October 20,2013 from <http://www.africanfarming.net/crops/agriculture/econet-launches-eco-farmer-for-zimbabwe-31-Oct-s-smallholder-farmersinShare>

Mtomba, Victoria (2013). *IPEC probes Econet Wireless. Newsday*. Harare, Zimbabwe. Retrieved October 31, 2013 from <https://www.newsday.co.zw/2013/10/18/ipec-probes-econet-wireless/>.

Own correspondent (2013). *Econet develops new product for farmers – EcoFarmer. Bulawayo24*, 26 September. Bulawayo, Zimbabwe. Retrieved October 20,2013 from <http://bulawayo24.com/index-id-business-sc-companies-byo-36581.html> .

Sato, Nick (2013). *Kenyan M-Farm receives \$235K from Safaricom Foundation. HumanIPO*, 11 October. Retrieved October 30,2013 from <http://www.humanipo.com/news/34080/kenyan-m-farm-receives-235k-from-safaricom-foundation/>.

Taadira, Evelene (2013). *Zimbabwe: Minister Hails Eco-Farmer. AllAfrica*, 12 October. Retrieved October 20,2013 from <http://allafrica.com/stories/201310120241.html>

World Bank(2014). *Agriculture & Rural Development*. Retrieved February 04, 2014 <http://data.worldbank.org/topic/agriculture-and-rural-development>