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CHARACTERISATION OF SMALLHOLDER RESETTLED SUGARCANE FARMERS AND THEIR PERCEPTIONS TOWARDS MICROFINANCE IN ZIMBABWE (CHIREDZI)

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Abstract. The study aimed to characterise smallholder A2 resettled sugarcane farmers and evaluate their perceptions towards microfinance. Primary data was collected in Chiredzi smallholder sugarcane resettlement areas (Hippo Valley, Mkwasine and Triangle)using a questionnaire. Descriptive statistics were used. Results revealed that the majority of farmers solely depend on sugarcane farming. More than 80% of farmers (non-participants) were risk-averse while, 90% of the beneficiaries indicated to be risk-neutral. More than 90% of thefarmers are members of the Sugarcane Farmers Associations. Farmers perceived interest rates, processing and administration fees to be very high. Sugarcane farming was found to be dominated by males who formed the majority of the sample. Primary education was found to be the highest education level attained by the majority of farmers. Farmers perceived the Estate to be offering better support than the government, MFIs and Farmers Associations in their areas of advocacy. Policy recommendations included the need for Microfinance providers whether Banks and Microfinance Institutions to supplement the disbursed funds with other non-financial services; reduce interest rates, application procedures and time and increasing flexibility on payback and grace periods. Also, the government should be proactive especially in offering financial and technical support to the smallholder resettled farmers rather than just allocating land and not providing support as the majority will be lacking both the financial and technical expertise.

Keywords: smallholder resettled farmers, microfinance, farmer perceptions

INTRODUCTION

Increasing agricultural production and productivity in Zimbabwe requires a timely and adequate supply of agricultural inputs including agricultural finance. Smallholder farmers need financial support to meet the expenses on various agricultural activities (Wadud, 2013). A large number of smallholder farmers in Zimbabwe are dependent on various forms of microfinance services. As marginal and smallholder farmers have little to no access to mainstream financing mechanisms, microfinance facilitates smallholder resettled farmer's timeous access to factors of production and technology adoption. Therefore, access to and participation in microfinance mainly microcredit becomes imperative for smallholder agricultural productivity growth. Appropriate amounts and quality of agricultural microfinance (microcredit) are crucial for realising the full potential of agriculture as a profitable activity (Wadud, 2013).

Agricultural production is determined by the fact that inputs are transformed into outputs with considerable time lags (Conning and Udry, 2005), causing rural households to struggle to balance their budgets during the off-season. With limited access to finance, balancing the budget within a season becomes a binding liquidity constraint to smallholder farmers. Binding liquidity constraints result in suboptimal input combinations by

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smallholder farmers thereby restraining optimum production choices. With the majority of smallholder farmers lacking direct access to the formal financial system in Zimbabwe, microfinance (microcredit) becomes their next best alternative.

However, the government of Zimbabwe designed strategies that aim to support the production cycles of smallholder farmers thereby revitalising and restoring the significance of the agricultural sector contribution to GDP through initiatives such as Operation Maguta[1], presidential input schemes (mainly seed and fertilisers), command agriculture[2], and Pfumvudza[3]. Nevertheless, such efforts are directed at crops related to food security, e.g.maize and other small grains and little attention is being paid to smallholder commercial crops such as sugarcane. Although sugarcane is critical for the Zimbabwe, as it sustains the livelihoods of many smallholder resettled sugarcane farmers in Chiredzi, it is generally considered as indirectly linked to food security hence little to no government intervention concerning this crop is made. The Zimbabwe vision 2030 (attaining upper-middle-income country status by 2030) can only be accomplished if all parts of the agricultural sector receive significant, deserved attention. The full potential of sugarcane on employment creation, export promotion, import substitution (sugar and biofuels) and food and energy security will therefore be fully realised if and only if the smallholder resettled A2 sugarcane farmers are financially and technically supported by all stakeholders in the sugarcane value chain.

The terms "microfinance" and "microcredit" are often used interchangeably though they are not precisely the same. Microfinance (which entails financial inclusion – microsavings, microinsurance, financial literacy and management training and money transfer services) is broader than microcredit (though microcredit is the critical pillar of microfinance). Concerning this study, as presented by Christen et al. (2003), and Microfinance Gateway (2008), microfinance was also narrowed to mainly refer to microcredit.

Smallholder resettled A2[4] sugarcane farmers contribute immensely to the national productivity through utilising previously underutilised and unutilised land. Growth in sugarcane production increases the chances of producing biofuels, which in turn contributes significantly to sustainable development and poverty reduction through the various environmental and economic benefits that arise from their use. The benefits of biofuels over fossil fuels include: enhanced energy security, improved trade balance by reducing oil imports (import substitution); creation of new export opportunities (export promotion) and the potential to help to tackle climate change through reduced emissions of greenhouse gases and other air contaminants. Growth in sugarcane production can enhance energy security. Also, strategic support of sugarcane production can significantly contribute to reducing unemployment (labour intensive).

Land redistribution can be an effective tool in fighting poverty and promoting agricultural productivity growth and ensuring food security (World Bank, 2006). However, one of the major challenges faced by the smallholder resettled farmers across Zimbabwe is the lack of funding (financially constrained).

The aim of the study is to characterise smallholder A2 resettled sugarcane farmers and assess their perceptions towards microfinance. Addressing the main objectives, the following questions need to be answered: what are the demographic and institutional characteristics of the smallholder resettled sugarcane farmers and what are their perceptions towards microfinance (e.g., interest rates, microcredit risk, payback period, grace period, application and processing procedures and costs) together with their perceptions towards institutional variables (sugarcane farmers associations, government and Microfinance providers). From a policy perspective, answers to these questions are important given the decline in agricultural production in general and in sugarcane production in Zimbabwe. Therefore, the findings will significantly contribute to other smallholder cash crop production (tobacco, soya beans and cotton) in Zimbabwe. The answers should help to develop

[1] Operation Maguta means bumper harvest and it was a programme launched in 2005 earmarked to boost food security and was spearheaded by the Joint Operations Command (JOC) comprising the army, police, prisons and the intelligence.

[2] Command agriculture is a Zimbabwean agricultural scheme of 2016 aimed at ensuring food self-sufficiency.

[3] Pfumvudza is a climate smart conservation agriculture aimed at boosting food security in Zimbabwe.

[4] Smallholder commercial farmers' scheme of the FTLRP with slightly bigger pieces of land than the A1 scheme and it involves land allocations greater than 5ha per household. This is the type of land allocation scheme carried out in sugarcane producing areas around Chiredzi in Zimbabwe.

comprehensive and complementary microfinance policies for land resettlement activities.

As cited in Siddiqui and Gilal (2012), microfinance institutions do not always respond well and are unable to achieve both their social and profit motives. The general perception is that microfinance value profit-making over poverty alleviation (Long, 2009). The profit motive (Financial systems approach) of MFIs is valued more than the social motive (Welfarist approach). One of the most perceived disadvantages of using services of microfinance institutions is that they charge high interest rates in order to offset the increased cost of managing numerous small loans (Harris, 2007).

As stated by Siddiqui and Gilal (2012), microfinance was positively perceived to an extent that MFIs are considered as charitable organisations that help to improve the people's standard of living . On the contrary, Kiriti (2005), argued that microfinance impoverishes the marginalised poor and result in loss of assets through legal confiscation after defaulting. Some authors held negative beliefs and said that microfinance institutions do not fulfil their role. Therefore, one might spot differences in opinions concerning microfinance institutions amongst researchers, individuals and communities.

SIGNIFICANCE OF THE STUDY

Concerning the available literature, the majority of studies concentrated on examining the impact of microfinance on poverty alleviation, living standards, employment creation, women empowerment and household characteristics (consumption, asset accumulation, consumption expenditure). Literature on the perceptions of various groups of the economy towards microfinance is still limited. Exceptions are the works of Long, (2009), Ugiagbe (2014) and Sajan (2021) who, however generalised the perceptions towards microfinance and, as a result, the attitudes presented in the research were positive.Therefore, these studies failed to narrow the perceptions of microfinance users and potential users to microfinance variables which this study managed to do by assessing the smallholder farmer perceptions towards microfinance institutional variables (interest rates, payback period, grace period, microcredit size, processing period and processing fees). The perception studies also did not take into account that non-borrowers/non-participants in microcredit also have their feelings about microfinance. Thus, this study is relevant to both microfinance and agricultural finance policy development in Zimbabwe.

LITERATURE REVIEW

Sajan (2021) assessed the awareness of benefits, perceptions of borrowers to problems in finance and utilisation of microfinance. A pretested structured questionnaire was used. The results revealed that the awareness with regard to poverty reduction, factors on access and terms of conditions were as high as 98%. Concerning microfinance perceptions, 96% to 100% of respondents agreed to both adequacy and timeliness of microfinance provision. What is more, manyagreed that it was properly vetted, without any conditions or restrictions, with a compliance of more than 95 %. About 94% of the borrowers used microcredit for its intended purpose and only 6% deviated from the established purpose. Concerning the utilisation, respondents gave mixed answers, but the survey showed that it has generated a large amount of money that contributed to education, household spending, wealth creation and social security. However, in case of both awareness and perception, there was a significant positive correlation between the factors included in the study.

Using a survey research method, Ugiagbe (2014) examined the perceptions of female users on the services of MFIs, and how the services of MFIs affect businesses of the beneficiaries of the microcredit.. The data collection tool were structured questionnaires and in-depth interviews were As part of the study, 450 questionnaires were administered to the female participants, and senior management personnel of MFIs were interviewed. Cluster and simple random sampling were used. Leaders of registered unions were the informants. Results revealed that poor services and attitude of officials of MFIs and other problems like the regressive tax regimes, harsh economic climate and patriarchy negatively affect the businesses of loan beneficiaries.

Long (2009) investigated the perceptions of Microfinance in Cameroon on the example of UNICS in Yaoundé. The study focused on how these perceptions affect the institutions, the actions of the institutions amidst and in response to these perceptions, and to the extent to which these actions have a positive effect on the community and theenterprises. Perceptions and opinions of microfinance in Cameroon tended to be generally positive. It is widely believed that microfinance is a force

that greatly aids the national development and might also serve as poverty alleviation strategy for many emerging economies.

Munyoro and Chirimba (2017) evaluated the contribution of microfinance in the development of rural farming in Zimbabwe. The study focused on horticulture farmers in Domboshava in Goromonzi District of Mashonaland East province. A phenomenological research method was adopted where questionnaires and focus groups were analysed in a cross-sectional manner. A sample of 500 respondents was used. The study established that microfinance significantly contributes to the development of the rural farming sector which also requires the support of the RBZ and government. It was recommended that the government should create a supportive environment through the establishment of modern infrastructure.

The preceding sections cover methodology, presentation of results and discussion which include the characteristics of smallholder resettled sugarcane farmers, the relationship between microfinance participation and various explanatory variables (household characteristics) together with the farmers' perceptions towards microfinance and other institutional variables.

METHODOLOGY

Description of the study area

Chiredzi is located in the southeastern part of Zimbabwe in Masvingo province, approximately 200km from Masvingo, in the agro-ecological region 5 of Zimbabwe (Chikodzi et al., 2013). This part of the country has a Savanna type ofclimate, with very high temperatures (with the highest and lowest ranging from 34 degrees Celsius and 5 degrees Celsius in summer and winter respectively). Moreover, there is low, erratic and uncertain rainfall (less than 620mm/per year) (Chikodzi et al., 2013). The high temperatures are also estimated to evaporate between 600mm and 1000mm of water per year Chikodzi et al. (2013) which means that evaporation exceeds precipitation. Therefore, the excess evaporation will come directly from the dams and indirectly from plants irrigated by water from the dams. The Lowveld (Chiredzi) is located approximately 900m above sea level (altitude). The South East Lowveld (Chiredzi) area is estimated to have an aridity index of between 0.2 and 0.5 which means thatit is a semi-arid region (Chikodzi et al., 2013). The area is commonly vegetated with Mopane vegetation making it also conducive for extensive cattle and game farming.

The Chiredzi area is among the drought and floods vulnerable areas in the country due to uncertainly low rainfall and low-lying land respectively. Due to low rainfall and high temperatures, the sugar production is strongly dependant on irrigation with the irrigation water provided from six dams - Lake Mutirikwi, Bangala, Nyajena, Manjirenji, Muzhwi and Tokwane Barage. The above sources of irrigation water are supported by the biggest inland dam in the country, the Tokwe Mukosi Dam, which is expected to supply the most of the irrigation water required for sugar production. The major crop grown is sugarcane which is considered as a commercial or cash crop, while other food crops are also grown for domestic consumption. The other agricultural activities include cattle ranching and cotton farming. Chiredzi is the only area where resettled farmers were allocated medium sized farms for smallholder sugarcane farming purposes in Zimbabwe' land resettlement activities.

There are major financial institutions that are located in Chiredzi and mainly serve the estate workers (farm and mill), smallholder farmers, farm workers and the business community which thrive on sugarcane farming. The financial institutions include Barclays, CBZ, Agribank, BancABC, CABS, ZB, Standard Chartered Bank and microfinance institutions. Other economic activities in the Chiredzi area include tourism, mostly trips to Gonarezhou National Park for game viewing. There is a well-developed infrastructure which includes schools, roads, and hospitals most of which were build by colonisers. However, much of the infrastructure now is in poor condition.

Population, sampling frame, sampling procedure and data collection

The target population of the study were the smallholder A2 resettled sugarcane farmers. Only farmers who specialise in sugarcane growing were selected. Only FTLRP[5] beneficiaries in the sugarcane growing areas of Chiredzi resettlement schemes (Hippo Valley, Mkwasine and Triangle) constituted the target population. The study included only farmers resettled under the A2

[5] Fast Track Land Reform Programme which involved the redistribution of land through the smallholder farming (A1), smallholder commercial (A2) and the large-scale commercial farm allocation schemes.

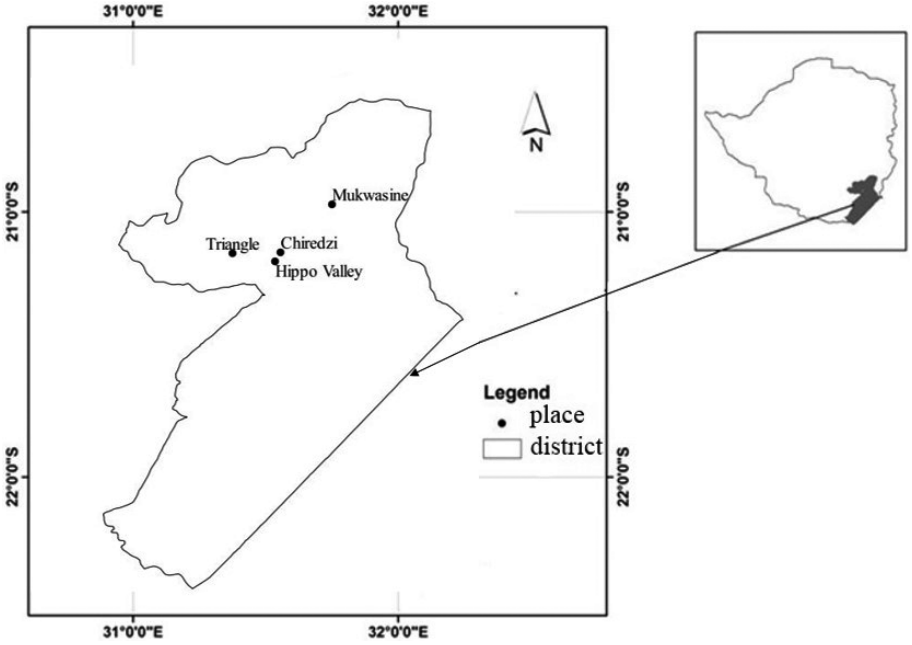

Fig. 1. Map of the study area
Source: adopted and modified from Chikodzi et al., 2013.

smallholder commercial/outgrower schemes who specialises in sugarcane growing and share common socio-economic characteristics. In addition to being FTLRP, bank (Agribank[6]) and MFI (Getbucks[7]) beneficiaries, also persons taking microcredit microcredit and non-beneficiary smallholder resettled sugarcane farmers were included in the study..

A multi-stage sampling technique was employed. The first stage involved the stratification of the Chiredzi resettlement area into the three resettlement schemes, namely Mkwasine, Hippo valley and Triangle. The second stage followed the purposive selection of microfinance participants (microborrowers) with the assistance of the baseline survey data from the microfinance service providers. Thirdly, farmers in each stratum were randomly selected and analysed using a structured and researcher administered questionnaire. Non-participants included both unsuccessful applicants and those who never applied for microfinance. Farmers of the three resettlement areas constituted a sample of 370 smallholder resettled farmers.

Stratified random sampling procedure was selected due to its ability to provide a better representation of the target population by ensuring that every subgroup within the total sample is properly represented thereby providing better coverage of the population given that the researcher has control over the sub-categories. Keeping in mind the objectives and methodology of the study, for the purpose of data collection, a detailed questionnaire was drawn up. A pre-tested, structured and comprehensive questionnaire was designed to gather relevant, reliable and valid data. The questionnaire included questions on household characteristics microfinance (microcredit) participation, farmers' perceptions towards microfinance in general, microfinance variables (interest rate, grace period, payback period, application procedures and application costs/fees) institutions (government & estate) and output information.

The study used cross-sectional survey data. The treatment group included 214 farmers whereas, 156 farmers

[6] Agricultural Development Bank of Zimbabwe formed to provide agricultural finance to the agribusiness sector through both long-term and short-term (microcredit) finance.

[7] Microfinance Institution involved in the issuing of short-term microfinance (microcredit) to individuals (smallholder farmers and civil servants) and small enterprises in Zimbabwe including Chiredzi areas.

constituted the control group constituting a sample of 370 farmers. The treatment group was further subdivided into MFI microborrowers (110) and Bank microborrowers (104). The information/data for the study was obtained through the use of structured questionnaires and supplemented with Key informant interviews with representatives of Microfinance Institutions officials (Getbucks and Agribank) together with leaders of the three sectional Smallholder Sugarcane Association leaders and three Focus Group Discussions (each in Mkwasine, Hippo Valley and Triangle resettlement sections). Three focus group discussions were facilitated by the Sugarcane Farmers Associations of each respective resettlement section. Following the focus group discussions, individual questionnaires were administered to respondents

RESULTS PRESENTATION AND DISCUSSION

After fieldwork, the data collected from respondents were screened. The aim was to ensure that errors were revised for correctness and processing. Descriptive statistics were used for both characterisation of the smallholder resettled sugar cane farmers and in the assessment of the smallholder resettled sugarcane farmers' perceptions towards microfinance.

Characterisation of smallholder farmers

From Table 1, the average age of respondents was about 61 years while the average household size was 8.4. The average payback period was 3.87 months, the average rate of interest was 11.65% and the average grace period was 3.1 months. The average landholding sizewas 11.11 ha, while the average extension visits per sugarcane growing season were 4 times. Finally, for the treatment group the average amount borrowed was $5016 (average for MFI beneficiaries was $3516 and for Bank beneficiaries was $6533).

Distribution of respondents based on socio-economic characteristics

Respondents have been characterised according to various dichotomous and categorical variables such as sex, attitude towards microfinance risk, nature of farming activities, membership of sugarcane farmers associations, ownership of farming assets (tractors) and the education levels of the farmers. Results of the summary statistics are presented in Table 2 below.

Microfinance participation and gender distribution

From Table 2, the sex composition of the respondents consisted 27.3% female and 72.7% male farmers. Of the

Table 1. Characteristics of respondents

Characteristic (variable)	Average	Std. dev.	Min	Max
Age (years)	60.84	15.69	29	89
Household size (number)	8.4	3.0367	2	17
Payback period (months)	3.8645	3.2696	2	12
Distance to Chiredzi (km)	21.968	15.5291	2	64
Interest rate (%)	11.65	1.1527	10.5	12.8
Grace period (months)	3.1028	3.2830	1	14
Land size	11.1135	5.1169	2	19
Extension visits (number)	4	3.502	1	15
Amount borrowed	$5016	$2440	$1275	$10 000
Amount borrowed (MFI- Getbucks)	$3516	$1365.35	$1275	$7650
Amount borrowed (Bank- Agribank)	$6533	$2363.05	$1375	$10 000

N = 370; Std. dev. – standard deviation.
Source: field survey, 2018.

Table 2. Socio-economic characteristics of respondents

Variable	Description	Total (%)	Unit	Participants (%)	Control (%)
Sex	male	72.7	1	55.76	44.24
	female	27.3	0	63.34	36.63
Tractor ownership	owned	55.41	1	77.56	22.44
	hired	44.6	2	33.33	66.77
Association membership	member	84.32	1	58.96	41.03
	non-member	15.68	0	51.72	48.28
Risk attitude	neutral	54.87	1	79.8	20.2
	averse	45.13	0	31.14	68.86
Education	no schooling	17.85	0	54.55	45.45
	primary	27.84	1	37.86	62.14
	secondary	31.09	2	57.39	42.61
	tertiary	23.24	3	85.88	14.12
Off-farm income	yes	57.84	1	33.18	68.82
	no	42.16	0	68.59	31.4
Nature of farming	full- time	81.89	1	54.46	45.54
	part- time	18.11	0	73.13	26.87

*N = 370.
Source: field survey, 2018.

total male farmers interviewed, 55.76% were microborrowers while 44.24% constituted the control group. Concerning the female respondents, 63.34% constituted the microborrowers while 32.56% did not participate in the schemes.This also confirms that the traditional perception that male-headed households still control the greater part of production factors such as land and capital. This mainly confirms the continued existence of gender imbalances. According to Jetti (2011), women form a majority of the client base, especially in the developing world. However, concerning this study, the men form the majority of microfinance participants, mainly due to the way the government allocate land. Men are the most applicants and are prioritised hence females mostly participate and own activities which do not involve hard labour.

Microfinance participation and ownership of household farming assets

The results presented in Table 2 indicate that 44.6% of the farmers did not own the critical agricultural asset whilst 55.4% owned agricultural assets. The results also indicate that the majority of smallholder farmers without the least expected agricultural assets were in the control group (66.77% of the non-participants compared to 32.23% in the participants) meaning the majority of farmers owning agricultural assets were in the treatment group (77.56% of the participants compared to 22.44% in the control group). In other cases, ownership of agricultural assets helps to participate in microfinance (farmers often use agricultural assets as collateral).

Microfinance participation and education

Table 2 indicates that 17.85% (54.55% participated in microcredit while 45.45% were part of the control group) of the smallholder resettled farmers' did not go to school. Farmers with primary education as their highest education qualification constituted 27.84% (37.86% were microborrowers while 62.14% were non-participants). Farmers with secondary education as their highest education qualification constituted 31.09% (where 57.39% were microborrowers and the other 42.61%

were part of the control group). Finally, 23.24% of smallholder resettled sugarcane farmers obtained tertiary education as their highest education qualification(85.88% were microborrowers and 14.12% were non-participants). Generally, highly educated farmers are more likely to participatee in microfinance meaning the more educated farmers have greater chances of involvement in microcredit initiatives and thus make more efficient use of inputs, including credit.

Microfinance participation and farmers' risk perception

The risk of borrowing arises from the natural disasters which farmers can face and the inflexible repayment period of financial institutions. Farmers' attitudes towards microcredit are also affected by risks associated with seasonality, e.g. excess rain and drought, pest and insect damage influence which may complicate farmers' ability to repay their debts. Given the results presented in Table 2, 45.13% of farmers were risk-averse and 54.87% were risk-neutral. The majority (68.86%) of the risk-averse smallholder farmers did not participate in microcredit while others (31.14%) despite being risk-averse participated in microborrowing which could be due to binding financial needs. Also, the majority of smallholder resettled sugarcane farmers who were risk-neutral (79.8%) participated in microborrowing.The reluctance of risk-neutral farmers to borrow may be due to their self-sufficiency.

Microfinance participation and membership to farmers association

Results indicated that 15.68% of the smallholder resettled sugarcane farmers were not members of any smallholder sugarcane farmers' association. The results concerning microfinance participation and nature of farming activity indicated that 67 farmers worked part-time whilst 303 farmers were full-time sugar cane farmers. The majority of the part-time sugar cane farmers represent a greater part of the farmers who have non-agricultural income.

The average level of output for participants (microborrowers) was 1576.27 tonnes of sugarcane with a minimum level of 420 tonnes and a maximum of 4800 tonnes while that of the non-participants (non-borrowers) was 679 tonnes with a minimum of 268 tonnes and a maximum of 1800 tonnes. On average, sugarcane output for microborrowers was far much greater than that of non-borrowers indicating that microfinance generally results in growth in agriculture output. This is in support of the findings of Munyoro and Chirimba (2017), Lewin et al. (2014) and Mago and Hofisi (2016) who all found that microfinance is a critical tool for increasing agriculture development, adoption of high yielding varieties, accumulation of agricultural assets and technical efficiency. Furthermore, it was established that participants who borrowed from MFI produced, on average, less output (1364.19 tonnes) than Bank microborrowers (1776.1 tonnes) despite evidence that borrowing increases production compared to not borrowing.

Smallholder farmer perceptions towards microfinance

Smallholder farmer perceptions towards microfinance-related variables that include microfinance in general, interest rates, microcredit size, payback period, grace period, administration and processing fees, administration and processing time, microcredit risk and microfinance institutions non-financial support services were assessed. In addition, smallholder farmers' perceptions towards institutional (Zimbabwean government and Tongaat Estate) support services were also assessed using descriptive statistics. The results are presented and discussed below.

Table 3. Distribution of sugarcane output by farmers 'category

Output	Observations	Mean	St. dev.	Min	Max
Participants	214	1567.27	734.46	420	4 800
Non-Participants	156	679.8	263.29	268	1 800
MFI (borrowers)	110	1364.19	507.52	420	3 250
Bank (borrowers)	104	1776.1	864.6	450	4 800

Source: field survey, 2018.

Smallholder farmer perceptions towards microfinance

Table 4 shows thatsmallholder resettled sugarcane farmers generally perceived microfinance as helpful instrument in increasing farm production as highlighted by about 56.22% and 18.11% of all respondents, respectively. The smallholder farmers showed an overall positive (74.33%) perception ofmicrofinance (microcredit). This is in line with the findings of Long, (2009), Mago and Hofisi (2016) and Munyoro and Chirimba (2017) who also found microfinance to be a useful tool for smallholder farmers' output growth, development and commercialisation. About 12.7% of the farmers were uncertain as to whether microfinance is helpful or not and only 12.98% had negative perceptions towards microfinance. Despite the latter, constituting a minority, improvement to convert and convince those with negative perceptions is a sufficient condition to guarantee more growth and efficiency in agriculture production. Despite being non-borrowers, the majority (66.02%) of non-participants also indicated positive perceptions towards microfinance. The general positive perception towards microfinance incentivised the researcher to further assess the perceptions of smallholder resettled farmers towards microfinance-related variables (to check whether the perceptions are the same as their general perceptions towards microfinance). Such variables include interest rate, payback period, grace period, and time of disbursement, microfinance risk, application procedures and application fees all of which can affect both microcredit participation and level (magnitude) of participation.

Table 4. Smallholder farmer perceptions towards microfinance

POMF	Participants	Non-participants	Pooled sample
1	63.08	46.79	56.22
2	17.29	19.23	18.11
2	10.28	16.03	12.70
4	3.27	10.26	6.22
5	6.07	7.69	6.76
Total	100	100	100

1 – very good, 2 – good, 3 – reasonable, 4 – poor and 5 – very poor.
Source: field survey, 2018.

Smallholder farmers' perception towards interest rates (PIR)

The interest rate can be considered to be the main variable which separates borrowers and non-borrowers. As presented in Table 5, the majority of smallholder resettled sugarcane farmers (over 70%) perceived the amount (interest rate) of microfinance to be high (20.09%) or very high (50%).High interest rates deter both participation (borrowing) and the magnitude of participation for both borrowers and non-borrowers. The results generally coincide with the findings of Ferede (2012) and Luvhengo and Lekunze (2017) who also found that many households perceived the rates of interest to be high.

Table 5. Smallholder farmers' perceptions towards interest rates

PIR	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	7	3.27	7	4.49	14	3.78
2	23	10.75	20	12.82	43	11.62
3	34	15.89	16	10.26	50	13.51
4	43	20.09	40	25.64	83	22.43
5	107	50	73	46.79	180	48.65
Total	214	100	156	100	370	100

1 – very low, 2 – low, 3 – moderate, 4 – high and 5 – very high.
Source: field survey, 2018.

Farmer perceptions towards microcredit size (loan size)

As presented in Table 6, the majority of the smallholder resettled A2 sugarcane farmers (71.08%) had a negative perception of the size of the credit (microcredit), as many respondents rated it as low (22.43%) or very low (48.65%).In other words, this might indicate that the maximum microcredit thresholds of $10,000 in the local currency set by the Reserve Bank of Zimbabwe was below the potential individual smallholder farmer microcredit demand. Therefore, the negative perceptions by the majority were contrary to the findings of Sajan (2021) who found positive perceptions towards loan size. Only 15.3% of respondents had a positive perception of loan size.. The main reasons for the negative

Table 6. Farmer Perceptions towards microcredit size (loan size)

PIR	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	7	3.27	7	4.49	14	3.78
2	23	10.75	20	12.82	43	11.62
3	34	15.89	16	10.26	50	13.51
4	43	20.09	40	25.64	83	22.43
5	107	50	73	46.79	180	48.65
Total	214	100	156	100	370	100

1 – too much, 2 – adequate, 3 – moderate, 4 – little and 5 – very little.
Source: field survey, 2018.

Table 7. Smallholder farmers' perceptions towards payback period

PPP	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	14	6.54	2	1.28	16	4.32
2	27	12.52	10	6.41	37	10
3	16	7.48	16	10.26	32	8.65
4	46	21.5	43	27.56	89	24.05
5	111	51.87	85	54.49	196	52.97
Total	214	100	156	100	370	100

1 – very short, 2 – short, 3 – moderate, 4 – long and 5 – very long.
Source: field survey, 2018.

perceptions towards loan size were connected to the rate of local currency depreciation, given the 12 to 14 months sugarcane growing season, where the amount borrowed, if delayed, will lose significant value before the borrowed funds are used and repayed.. Such a situation also calls for government (Ministry of Finance and Reserve Bank of Zimbabwe) intervention - relentless efforts to push for macroeconomic recovery, especially in terms of curbing inflation and readjusting the exchange rate along with continuous upward adjustments to the maximum microcredit thresholds.

Smallholder farmers' perceptions towards payback period (PPP)

This variable represents the borrower's perception of how the loan repayment periods encourage/discourage farmers from participating/not participating in microfinance. As presented in Table 7, the majority (76%) of the smallholder farmers perceived the payback period to be long (long – 24% and very long – 52%) meaning they preferred a short payback period. The findings were consistent with the ones of Chauke et al. (2013) and Ayele and Goshu (2016) who revealed that access to credit is negatively influenced by the perception of the loan repayment period. Therefore, long payback periods are more applicable to businesses that produce and sell throughout the whole year, not to seasonal economic activities as agriculture. Long payback periods increase the default risk due to the seasonality revenue flows. For sugarcane farmers, a single payment upon delivery of cane is recommended to protect against the risk of default and insolvency.

Smallholder farmers' perception towards grace period (PGP)

The grace period needed concerning microfinance for the agricultural sector has ,especially for full-time farmers, is completely different for other sectors which have production cycles that run throughout the whole year. As presented in Table 8 below, 70.09% of the farmers perceived the grace period to be short (very short – 47.99% and short – 27.1%). Farmers who may need financial assistance on the start of the agricultural (sugarcane growing) season,e.g. for land preparation, find

Table 8. Smallholder farmers perception towards grace period

PGP	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	92	42.99	61	39.1	153	41.35
2	58	27.1	44	28.21	102	27.57
3	38	17.76	27	17.31	65	17.57
4	19	8.88	20	12.82	39	10.54
5	7	3.27	4	2.56	11	2.97
Total	214	100	156	100	370	100

1 – very short, 2 – short, 3 – moderate, 4 – long and 5 – very long.
Source: field survey, 2018.

the terms of such loan to be very difficult to meet. In other words, farmers can freely borrow for the harvesting/marketing because borrowing on the preliminary stages of production exposes them to default risk. For a crop like sugarcane, the grace period should be unique to other crops that typically mature within less than 4 months, and different from other types of businesses that have year-round turnover. Sugarcane farmers need a longer grace period of more or less 12 months. Therefore, the grace period should be adjusted to a plant/crop concerned. Failure by a farmer to access microfinance for seed, weeding, chemicals and or fertilisers during the production cycle negatively affect their output.

Smallholder farmer perception towards administration and processing fees (PAPC)

The majority of farmers (68.38%) perceived administration and processing fees to be high (25.41%) or very high (42.97%) which generally discourages taking microcreditmicro. Some farmers also noted that the fees increase the amount borrowed because farmers try to cover both their financial needs and the associated costs. These findings were consistent those of Lawal et al. (2009) who established that the cost of borrowing affect microcredit participation negatively and the loan size positively. This fee is usually charged as a percentage of the amount requested. The administration and processing fees increase the cost of the loan, which means that if they are high, they discourage farmers, even in serious need, from participating in microfinance. The results are presented in Table 9 below.

Table 9. Smallholder farmers perception towards administration and processing fees

PAPC	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	13	6.07	17	10.9	30	8.11
2	19	8.88	17	10.9	36	9.73
3	30	14.02	21	13.46	51	13.78
4	52	24.3	42	26.92	94	25.41
5	100	46.73	59	37.82	159	42.97
Total	214	100	156	100	370	100

1 – very low, 2 – low, 3 – moderate, 4 – high and 5 – very high.
Source: field survey, 2018.

Smallholder farmers' perceptions towards administration and processing procedures (PAPT)

Processing time is the time between the application for microcredit to the actual disbursement of funds. Table 10 shows that administration and processing time were generally perceived by the majority of the smallholder resettled sugarcane farmers (68.65%) as long (29.19%) to very long (39.46%) which means there are mainly negative perceptions towards that microfinance-related variables. This was contrary to the findings of Sajan (2021) who concluded that the time of disbursement was fast. Microfinance is usually an alternative to emergency funding, so the processing time should be reduced. Microcredits should be disbursed immediately because, concerning the agricultural sector, delaying them can cause considerable damage and reduce yields. Delays in application affect the productive use of the microcredit due to value erosion, especially in periods of hyperinflation in fragile economies like Zimbabwe where the local currency depreciates daily against the United States Dollar to which many shops adjust their prices to and use. Processing and disbursement significantly reduce the purchasing power of the borrowed funds.

Table 10. Smallholder farmers perception on administration and processing procedures

PAPT	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	18	8.41	7	4.49	25	6.76
2	24	11.21	17	10.90	41	11.08
3	33	15.42	17	10.90	50	13.51
4	64	29.91	44	28.21	108	29.19
5	75	35.05	71	45.51	146	39.46
Total	214	100	156	100	370	100

1 – very short, 2 – short, 3 – moderate, 4 – long and 5 – very long.
Source: field survey, 2018.

Smallholder farmers' perceptions towards microfinance risk (MCR)

As presented in Table 11, the majority of smallholder farmers (62.97%) viewed microfinance as a risky way of financing agriculture, 25.67% described the risk

Table 11. Smallholder Farmers view on microfinance (microcredit) risk

MCR	Treatment		Control		Pooled	
	frequency	%	frequency	%	frequency	%
1	29	13.55	12	7.69	41	11.08
2	23	10.75	15	9.62	38	10.27
3	41	19.16	17	10.90	58	15.68
4	54	25.23	41	26.24	95	25.67
5	67	31.31	71	45.51	138	37.3
Total	214	100	156	100	370	100

1 – very low, 2 – low, 3 – moderate, 4 – high and 5 – very high.
Source: field survey, 2018.

associated with microfinance as high and 37.3% as very high. The major risk is default which results from crop/plant failure due to pests, disease and floods that may affect the agricultural sector. This may also translate to loss of farm assets for debt collectors. Anything that complicates the repayment of a microcredit (interest rates, grace period and/or payback period) increases the risk of microfinance as a mean of agricultural financing. The results generally support the findings of Dube et al. (2015) who stated that borrowing to finance agriculture is risky.

Farmers perceptions on non-financial microfinance support services (PMSS)

Table 12 shows that a great percentage of the smallholder resettled farmers indicated that the non-financial microfinance support services are very poor. About 56.76% of the smallholder farmers perceived the services negatively. For marginalised rural smallholder farmers, simply offering microcredit is not sufficient, and problems of non-performing loans may result from careless use of credit when default is imminent. Table 12 shows farmers' perceptions on non-financial microfinance support services (PMSS).

Perceptions of farmers towards government support services (PGSS)

Many of the smallholder resettled sugarcane farmers shared a common view that they receive inadequate support from the government. The results presented in

Table 12. Farmers' perceptions towards institutional support services

	Treatment (n = 214)		Control (n = 156)		Pooled (n = 370)	
	frequency	%	frequency	%	frequency	%
PMFSS						
1	19	8.88	9	5.77	28	7.57
2	23	10.75	17	10.90	40	10.81
3	53	24.77	39	25.00	92	24.86
4	58	27.10	43	27.56	101	27.3
5	61	28.50	48	30.77	109	29.4
Total	214	100	156	100	370	100
PGSS						
1	15	7.01	9	5.77	24	6.49
2	17	7.94	14	8.97	31	8.38
3	28	13.08	26	16.67	54	14.59
4	105	49.07	83	53.21	188	50.81
5	49	22.90	24	15.38	73	19.73
Total	214	100	156	100	370	100
PESS						
1	40	18.69	30	19.23	70	18.92
2	46	21.50	32	20.51	78	21.08
3	86	40.19	58	37.18	144	38.92
4	27	12.52	21	13.46	48	12.97
5	15	7.01	15	9.62	30	8.11
Total	214	100	156	100	370	100

1 – very good, 2 – good, 3 – reasonable, 4 – poor and 5 – very poor.
Source: field survey, 2018.

Table 12 show that the majority of farmers perceived government support as poor (50.81% as poor and 19.73% as very poor). The only form of support from the government involves assigning extension officers who have limited responsibilities. Some farmers were unaware if the extension officers existed. Some farmers reportedly reached the harvest time without a single extension officer visit. Other crops e.g. maize, soybean, cotton and tobacco, are covered by government support programmes such as Operation Maguta, presidential

input programmes and command agriculture, which do not cover smallholder sugarcane producers. The above finding is in line with the one made by Kang'ethe and Serima (2014) who concluded that smallholder farmers receive very little, politicised support from the government.

Smallholder farmer perceptions towards estate support services (PESS)

Most smallholder farmers praise the sugar Estate for its assistance in many aspects of sugarcane farming, e.g.chemicals, fertilisers and plant (sugarcane) assessments which the government does not provide, together with the soil sampling at the beginning of every planting period for fertiliser recommendations. As presented in table 1.9, over 75% of the farmers perceived the support from the Estate as satisfactory, very good or excellent.

CONCLUSION AND POLICY RECOMMENDATIONS

The results of the study have led to the following conclusions. The majority of farmers have at least secondary education as their highest qualification. Male farmers dominated the smallholder sugar cane farming though the gender imbalance might be result from the land resettlement process itself. The majority of smallholder farmers from both categories are full-time farmers. Also, non-agricultural income improves creditworthiness as it is often considered as alternative collateral hence the prevalence of salary-based microcredit. Farmers perceived the repayment period to be very long. The majority of the farmers indicated that the grace period provided by microlenders was too short. Government support was perceived by the majority of farmers as unsatisfactory. As for the support services provided by the Estate, most farmers found them excellent, despite complaints about low production prices, which sometimes discourage farmers from applying for the support in question because they are mere price-takers and the Estate uses its monopoly power to exploit farmers.

Based on the findings of the study, it is strongly recommended that, in cooperation with the Reserve Bank of Zimbabwe, a supportive regulatory framework that will enhance the development of microfinance sector concerning the designing of sector-specific microfinance packages for grace period, interest rates and payback periods against which the majority of smallholder resettled farmers indicated negative perceptions despite the overall positive perceptions towards microfinance and agriculture output, farming agriculatural assets accumulation and adoption of fast and efficient methods of farming, be developed. What is more, recommendations include the adoption of the integrated approach to microfinance by MFIs so that even non-financial microfinance services can be provided, given the negative perceptions indicated by the majority of farmers towards non-financial microfinance services provided by MFIs. The non-financial microfinance services may need government support in enhancing MFIs' operations sustainability through conducive policies adopted by the central bank, especially for MFIs targeting the agricultural sector (smallholder resettled farmers). Also, the Microfinance (microcredit) thresholds should be continuously adjusted to macroeconomic dynamics, especially in the event of local currency depreciation. Interest rates should be reduced and subsidised to enhance affordability to smallholder resettled farmers. Microfinance institutions should offer other microfinance services such as microsavings, microinsurance, capacity building services so that the amounts disbursed to smallholder farmers are used effectively. All smallholder farmer intervention strategies and schemes should be should be supported by research findings through the development of productive lending schemes. Government input support programmes such as Operation Maguta, Command Agriculture and presidential input schemes which involve the provision of seed and fertilisers are recommended to be extended to all agricultural activities including sugarcane, tea citrus and livestock. All smallholder farmer intervention strategies and schemes are recommended based on research findings aimed at the development of productive lending schemes.

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