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DISSERTATION RESEARCH TOPIC:

**THE EFFECTIVENESS OF COMMERCIAL BANKS IN AGRICULTURAL
GROWTH AND DEVELOPMENT IN ZIMBABWE: A CASE STUDY OF
COMMERCIAL BANKS FINANCING AGRICULTURE**

BY

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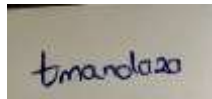
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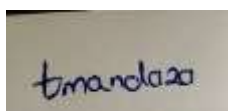
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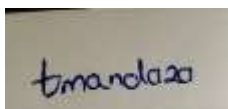
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DECLARATION OF AUTHOURSHIP

I affirm that this research venture here is my innovative work and has not been imitated or removed from previous source without due salutation of the source.

Tatenda Mandaza



ABSTRACT

Agriculture is a cornerstone of Africa's economy, significantly contributing to employment, food security, and economic growth. Despite its importance, the sector faces numerous challenges, including limited access to finance and inadequate investment. Commercial banks hold the potential to address these challenges by providing essential financial support and expertise. This study aims to explore the role of commercial banks in promoting agricultural growth and development in Africa, with a focus on Zimbabwe, where agriculture is pivotal to the national economy. Utilizing a mixed-methods approach, this research combines surveys and in-depth interviews to gather data from key stakeholders, including farmers, agribusiness owners, bank officials, and policymakers. The surveys will quantify the extent of bank engagement in the agricultural sector, while the interviews will provide qualitative insights into the experiences and perspectives of these stakeholders.

Preliminary findings indicate that commercial banks' involvement in agriculture is hindered by factors such as weather-related risks, insecure land tenure, market volatility, and political interference. Despite these challenges, banks that actively support agriculture do so through various mechanisms, including tailored financing options, risk management strategies, capacity-building initiatives, and technological support. The study highlights the need for enhanced collaboration between commercial banks, governments, and agricultural stakeholders to create a conducive environment for agricultural finance. Recommendations include the development of innovative financial products, improved risk mitigation techniques, and policies that secure land tenure and stabilize markets.

By identifying both the contributions and challenges of commercial banks in agricultural finance, this research provides valuable insights for policymakers and financial institutions. The findings aim to inform strategies that can enhance the role of commercial banks in driving agricultural growth and development, ultimately contributing to the economic and social well-being of rural populations in Africa.

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This project, and my successful completion of my honors degree is the product of the supportive and loving combination of my family and friends. I want to thank God every day for each and every one of you for believing in me even when all hope was lost.

I am especially grateful to my husband, may God continue to let His love and grace shine through you and our family.

A special thanks goes to my supervisor for your guidance and support during the entire course of the project.

DEDICATION

I would like to dedicate this project to my family, my husband I thank you for your unwavering love and support during the course of the project. To my daughter Alison, one's education and development are important aspects of life, I do hope you will excel greater heights during your life time.

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LIST OF ACRONYMS

GDP – Gross Domestic Product

CHAPTER I

INTRODUCTION

1.0 Introduction

Agriculture plays a crucial role in Africa's economy, serving as its foundation. It contributes approximately 20% to the continent's GDP, employs around 60 per cent of the labour force, and accounts for 20 per cent of total merchandise exports. Many African countries heavily rely on the agricultural sector for their economic stability. Agriculture is the backbone of a considerable amount of Zimbabwe's population and agriculture has been the backbone of the country's economy, providing a big component of the country's Gross Domestic Product (GDP). It is essential to ensuring food security, reducing poverty and maintaining general economic stability.

Commercial banks act as intermediaries, facilitating the transfer of funds from savers to borrowers and they help to allocate resources efficiently by reducing financial waste. In addition to safeguarding deposit money, commercial banks also use it to provide loans and credit to individuals and businesses for investment purposes. These funds are then utilized in various sectors such as agriculture, manufacturing, services, and utilities, contributing to the economic development of a nation. Therefore, banks are often considered the driving force behind a country's economic progress. Furthermore, through the process of extending credit, commercial banks create additional deposits in the economy, leading to an increase in the country's domestic product. This, in turn, has a positive impact on economic growth and overall development. In societies where they operate, banks can be seen as engines of growth. In Zimbabwe, the banking industry plays a crucial role in promoting economic growth and development.

This study pursued to investigate the effectiveness of Commercial Banks in contributing to Agricultural growth and development in Zimbabwe. The main goal was to investigate the dynamics of this crucial relationship, namely how commercial banks help the agricultural sector advance overall by offering financial services, facilitating

access to financing, and providing other financial services. This study intended to offer insights that can guide policy decisions, boost the efficiency of financial institutions, and eventually improve the sustainability of agriculture in Zimbabwe, a country where agricultural success and economic prosperity are inextricably linked.

To accomplish this, a qualitative research method was used in the research, using expert interviews, and previously published material to give a thorough evaluation of the roles played by commercial banks in the context of Zimbabwean agriculture. This study was important for both academic understanding and real-world application since it can help shape strategies and policies that support Zimbabwe's economic stability, financial inclusion, and agricultural growth. In this chapter, we will be looking at the background of the study, statement of the problem, research objectives, research questions, Research Justification, Assumptions, Delimitations, Limitations and Definition of terms.

1.1 Background of Study

Agriculture plays a vital role in Africa's economy, employing a significant portion of the population and contributing to food security and overall economic growth. However, the sector faces numerous challenges, including limited access to finance and inadequate investment. Commercial banks have the potential to address these challenges by providing financial support and expertise to farmers and agribusinesses. Understanding the role of commercial banks in promoting agricultural growth and development in Africa is crucial for identifying strategies to enhance their contributions.

Ndhlovu (2016) notes that the agriculture sector is termed to be the most productive in Zimbabwe. With agriculture accounting for over 17% of Zimbabwe's GDP, the sector continues to be the foundation of the national economy. A third of the formal labour force in Zimbabwe comes from the agricultural industry, which employs about 70% of the country's rural areas. From the perspectives of industry links, food security, and poverty reduction, this sector is essential.

Providing more than 90% of the nation's food needs, agriculture plays a major role in ensuring food self-sufficiency. It also serves as a household's primary source of food

and nourishment and promotes a healthy and peaceful populace. Chisasa and Makina (2015) are of the view that agriculture ensures that a country is food self-sufficient if well managed. Additionally, finding methods to increase production per unit of input and achieving desired intra-firm, inter-firm, and inter-sector transfers of population resources should be the ultimate goal of productivity interest for economists, since this will provide the tools to raise the quality of living. Moyo (2019) notes that over the years, Zimbabwe's agriculture industry has had several difficulties, such as frequent droughts, restricted access to contemporary farming methods, and insufficient funding for farmers. By offering financial services, lending facilities, and other financial goods, commercial banks are important financial intermediaries to help with some of these issues.

The root of the crisis in Zimbabwe's economy lies in the neglect of agricultural policy and its implementation and with increased dependence on a monocultural economy based on mining. Indeed, before the resurgence of mining in commercial quantity. Agriculture had a significant role in the national basket by having the largest contribution to the GDP. Also helping in maintaining a healthy population as a source of food and nutrition for households. The agricultural sector plays an important role in the economic development of developing countries through its enormous contribution to GDP (Udoka et al, 2016). Furthermore, the ultimate objective of interest of economists in productivity should be to find ways of increasing output per unit of input and attaining desirable inter-firm, intra-firm and inter-sector transfers of population resources thereby providing the means of raising the standard of living.

World Development Report (2008) notes that agriculture is still the most important tool for poverty alleviation and sustainable development in the twenty-first century, outperforming growth in all other sectors. Even more positively, agriculture raises living standards in developing nations. The industry has a proven track record of enhancing rural livelihoods, lowering poverty rates, and supporting other economic sectors. For instance, FANRPAN (2010) noted that agriculture alone in Africa accounts for almost 70% of all employment, making it one of the most significant sources of income. The economic growth projections were revised upward to 3.7% in 2017 to reflect the immediate impact of agriculture on the wider economy (Zimstats, 2016). This increase in agricultural output in 2017 was attributed to command agriculture and

presidential inputs. Agriculture made a substantial economic contribution in terms of employment and real GDP exports before the difficulties of the last 15 years. Approximately 24% of GDP was generated by agriculture. Additionally, it was responsible for up to 33% of exports and approximately 400000 jobs, or 25% of all formal employment.

The World Bank (2015) declared the need for \$80 billion annually in developing countries to eradicate poverty, whilst AGRA (2018) proposed that US\$30 to US\$40 billion is required annually over the next decade to transform African agriculture and create vibrancy. However, only 1% of commercial lending is earmarked for the agricultural sector in developing countries (International Finance Corporation (IFC), 2014). It is impossible to overstate the importance of agricultural credit as a factor of production that supports economic development and expansion, as well as the necessity of properly directing credit towards rural areas to support the economic development of impoverished rural farmers. Munyambonera et al (2015) note agricultural activities have been carried out at a household level, without considering the effects of agricultural output at a macro level due to a lack of bank credits. In Zimbabwe, agriculture plays a significant role in the country's economy by providing food for the country's expanding population, a market for the industrial sector's output, a significant source of foreign exchange earnings, and adequate raw materials for the country's expanding industrial sector (Food Agricultural Organisation, 2006).

Since the adoption of a multi-currency system in 2009, loans to the agricultural sector in Zimbabwe have only accounted for 19% of the total \$3.8 billion provided by the banking sector. This is significantly lower than the recommended threshold of 20% set by the Reserve Bank of Zimbabwe. The lack of financial investment in agriculture by banks can be attributed to various factors such as the vulnerability of the agricultural sector to weather conditions, the insecurity of land tenure, market and price risks, political interference, weak legal systems, and harsh economic conditions in the country. Access to agricultural finance is crucial for the development of the sector and the livelihoods of rural farm households. It enables farmers to adopt inputs and technologies that enhance productivity, income, and livelihoods. Financial capital is needed at every stage of agricultural operations, from land preparation to post-harvest handling, as well as for establishing start-up agricultural enterprises.

The study expects to highlight the significant role of commercial banks in promoting agricultural growth and development in Africa. It aims to provide insights into the specific contributions of commercial banks, including financing mechanisms, risk management strategies, capacity-building initiatives, market linkages, and technology adoption. The study will also identify the challenges faced by commercial banks in providing agricultural finance and propose recommendations to overcome these challenges. The findings of this study will contribute to policy discussions and inform stakeholders on strategies to enhance the role of commercial banks in driving agricultural growth and development in Africa. This study will provide a comprehensive understanding of the contributions of commercial banks to Africa's agricultural sector will be gained, enabling policymakers, financial institutions, and other stakeholders to develop targeted interventions and policies that can unlock the full potential of agriculture in the continent

1.2 Statement of the Problem

Zimbabwean agriculture is confronted with many problems which range from low yield to low productivity and inadequate facilities among others. For the agricultural sector to meet its demands, a high level of finance is needed. The generally low-profit margins in the farming sector have seen farmers continuously requiring outside funding. With the arrangement of the agricultural sector up until 1999, the land was used as the major form of collateral security in accessing farming finance. The problem under investigation is to analyze the role of commercial banks in the financing of the agricultural sector. It is common in Zimbabwe that farmers and artisans, mostly in the rural population do not get adequate and timely loans from financial institutions and have no collateral equally they do not get supplies of raw materials of standard quality even at the marketplace as they come under the ditches of rich farmers and sellers in the urban areas. The need for setting up rural-based commercial banks is very urgent.

Furthermore, the volume and direction of commercial bank lending in Zimbabwe. Also, there is the work against Zimbabwe's agricultural improvement is the impact of government (Central Bank) regulations on farm funding. To support the formation of commercial banks that will offer the necessary financing for agricultural output, sustainable business operations cannot be guaranteed by the low volume of commerce

in the rural areas where poverty is most widespread. Moreover, conventional banks find it unappealing to direct their resources towards farming due to the costs associated with processing agricultural loans in the rural sector. Commercial banks do finance agriculture, but their lending is concentrated in metropolitan areas and of such small size that it has little effect in the rural areas where farming is practised. The poor state of the rural economy was caused by commercial and other banks' lack of priority in providing credit to the rural population. This scenario has an impact on the country's general economic growth and development.

1.3 Research Objectives

This study seeks to attain the following objectives,

- To assess the impacts of the Zimbabwean Commercial Banks on the performance of the agricultural sector.
- To examine if agriculture has played a significant role in the Zimbabwean economy.
- To assess the challenges associated with agricultural financing by banks in Zimbabwe.
- To suggest best solutions to identified problems associated with agricultural financing.

1.4 Research Questions

This study seeks to answer the following questions,

1. What is the impact of the Zimbabwean Commercial Banks on the performance of the agricultural sector?
2. What role has agriculture played in the Zimbabwean economy?
3. What are the challenges associated with agricultural financing in Zimbabwe?
4. What are the best solutions to the problems associated with agricultural financing?

1.5 Research Justification

The study is important in that it exerts pressure upon the Commercial Banks within Zimbabwe to find a better way to be involved in Agricultural growth and development within Zimbabwe. The study analyzed the relationship between total loans issued and agricultural output in the agricultural sector and the banking sector. As they will be able to help each other by the provision of tailor-made products that are sensitive to the needs of the agricultural sector. The farmers will be in a position to know the conditions that exist in the bank sector. Furthermore, this study hopes that policymakers will be informed by the findings from this study and policy recommendations. It is also the hope of this study that multilateral institutions like the World Bank, SADC, African Union, and European Union will benefit from the findings of this study.

In addition, the study hopes that foreign missions like Embassies are likely to benefit from the findings that will be obtained from undertaking this study. Moreover, this study is being undertaken to fulfil the partial requirements for the Bachelor of Commerce Honours Degree in Banking and Finance. Therefore, the research is justified academically as it seeks to add to the body of knowledge on enhancing the roles played by Commercial Banks on agricultural growth and development in Zimbabwe thereby contributing to the GDP as agriculture is termed the backbone of the economy of Zimbabwe and a way in which a lot of people rely on to survive.

1.6 Assumptions of the Study

The study assumes that agricultural growth is largely financed by commercial banks. For this study, the researcher notes that Zimbabwe's agriculture industry plays a significant role in the country's economy. In addition, the researcher believes that it is difficult for Zimbabwean farmers to obtain timely, reasonably priced finance for their farming operations. This study also assumes that government laws and policies have a big impact on how commercial banks and the agriculture industry interact. Additionally, the researcher believes that there are advantages and disadvantages to the interaction between commercial banks and agricultural development.

Furthermore, the study assumes that the development and growth of agriculture are multifaceted and include elements like crop diversification, yield improvement, and

value addition. Additionally, this study is predicated on the notion that it is necessary to investigate Zimbabwean farmers' opinions and preferences concerning banking services for agriculture. Furthermore, the researcher believes that reliable and accessible data are essential to carrying out an exhaustive investigation on this subject. Furthermore, it may be inferred that Zimbabwe's banking industry is dynamic and that, as a result, its contribution to agricultural growth may vary over time. Finally, the researcher believes that Zimbabwe's social, cultural, and demographic variables may have an impact on how commercial banks and farmers interact.

1.7 Limitations of the Study

According to Theofanidis and Fountouki (2019), "Limitations of any particular study concern potential weaknesses that are usually out of the researcher's control, and are closely associated with the chosen research design, statistical model constraints, funding constraints or other factors." The period was a limiting factor as it was difficult to investigate a whole phenomenon and cover all of the time. Time to investigate a whole phenomenon was limited because as a student with only a few months to complete my degree there is little time to carry out an investigation. There were not enough resources to gather information to cover all of the time.

Financial limitations posed a weakness in the study as they limited the study's scope and scale, preventing the researcher from gathering a sufficiently large sample size or collecting comprehensive data, thereby compromising the validity and generalizability of the findings. Additionally, the lack of funding hindered the quality of research tools and resources, potentially impacting the accuracy and precision of data collection and analysis. Moreover, inadequate funds impeded the dissemination of study findings, as the researcher struggled to publish papers, attend conferences, or present results due to financial constraints, limiting the visibility and impact of their work.

Low sample size weakened the study because it reduced the ability to generalize findings to the larger population, increasing the risk of sampling error, limiting the ability to detect true effects or relationships, and leading to the inadequate capture of the diversities within the population. The researcher strives to accommodate an appropriate sample size that balances practical constraints with the need for reliable and

generalizable results. However, due to the fact of studying a single sector of the economy of Zimbabwe (the agricultural sector), wasn't of much greater success as one sector was studied.

The researcher failed to adequately focus on commercial banks' contributions to agriculture alone as there were other sectors involved in the economy which needed commercial banks' funding. This somehow introduced bias and affected the accuracy of the results. This factor is related to both the independent and dependent variables, making it difficult. Also, the targeted population of the study failed to cooperate and provided inaccurate information hence gathering data was difficult.

1.8 Delimitation of the Study

The main focus of this study will be on the functions of commercial banks in Zimbabwe. The activities of commercial banks in other nations will not be taken into account as noted by Smith, (2017). Additionally, the study's period is another area of focus because it will look at data and advancements up to the year 2024. Prior historical data will be discussed in context but won't be thoroughly examined. Additionally, only roughly ten banks are evaluated for this study; this is because there won't be enough time to evaluate every bank in Zimbabwe.

A further aspect of the study's scope is that it will focus on Zimbabwe's agriculture industry, specifically crop and livestock production. It won't explore different economic sectors or industries. Specifically, the study will look into how commercial banks, rather than other financial institutions like credit unions and microfinance institutions, help farmers. Furthermore, the primary sources of information for this study would be academic literature, government papers, publicly available statistics, and interviews with pertinent parties. Commercial banks will not provide us with access to proprietary or private information.

1.9 Definition of Terms

deposits, providing loans, facilitating payments, offering foreign exchange services, managing investments, supporting trade finance, assisting with risk management, and providing advisory services. Commercial banks play a crucial role in the economy by promoting the flow of funds, supporting economic growth, and enabling various financial transactions. They are regulated by central banks and other authorities to ensure stability, solvency, and compliance with financial regulations. Overall, commercial banks are essential in mobilizing savings, providing credit, and facilitating financial activities that contribute to economic development.

Agriculture involves the cultivation of crops, the raising of livestock, and other activities associated with producing food, fibre, and agricultural goods. It encompasses a broad range of tasks, including planting, growing, harvesting, and processing crops,

Growth and development are closely linked processes that encompass multiple dimensions of an individual's physical, cognitive, emotional, and social well-being. Growth refers to the measurable changes in size, weight, and physical characteristics that occur over time, such as height or muscle mass. Conversely, development involves the qualitative and progressive transformations in a person's abilities, skills, knowledge, and behaviour, encompassing cognitive processes, language acquisition, emotional regulation, and social interactions. It entails the maturation and refinement of various domains, leading to enhanced complexity, adaptability, and competence. Genetic factors, environmental stimuli, experiences, and social interactions collectively influence growth and development, which transpire throughout one's lifespan, characterized by distinct periods of rapid growth and critical stages of development.

Agricultural growth and development encompass the dynamic processes and transformations within the agricultural sector that contribute to the overall improvement and advancement of agricultural practices, productivity, and sustainability. Agricultural growth refers to the quantitative increase in agricultural output, such as crop yields, livestock production, or fishery harvests, achieved through various means like technological advancements, improved farming techniques, and increased inputs. On the other hand, agricultural development entails qualitative and progressive changes in the sector, including the adoption of innovative practices, diversification of agricultural

activities, enhancement of value chains, and the promotion of sustainable and resilient farming systems. It involves the improvement of infrastructure, access to markets, agricultural education, research, and extension services, as well as the empowerment of farmers and rural communities. Agricultural growth and development are crucial for ensuring food security, poverty reduction, rural development, and environmental sustainability, and they are influenced by factors such as government policies, investment, research and development, climate change, and market dynamics.

1.10 Chapter Summary

This chapter was introductory and it presented the background of the study, problem statement, research objectives and questions, justification of the study, research methodology, limitations, delimitations and organization of the study. The next study is on the literature review and theoretical frameworks surrounding the effectiveness of commercial banks in Zimbabwe's Agricultural growth and development.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

Agriculture is the most dominant sector and a major source of livelihood for the majority of the population within Zimbabwe. It provides a lot of employment within the economy. However, despite this, it can be noted that it has not been able to achieve all its major objectives. Thus, the main aim of this chapter is to review the literature on the subject of Commercial Banks' contribution to agricultural growth and development. This chapter's focus will be on presenting the reasons and rationale for enhancing commercial banks contribution to agricultural growth and development, the conceptual and theoretical framework that guides the research, and the case studies for which lessons are drawn for Zimbabwe.

2.1 Theoretical Framework

The study adopted the most influential theories in understanding the development process is the two-sector or dualistic model. This model distinguishes between the traditional sector, which includes agriculture, and the modern sector, which encompasses manufacturing and some agricultural production using modern technology. The early version of this model, proposed in 1954, assumed an unlimited supply of labour from the traditional sector. It also assumed that the traditional sector was not profit-maximizing and that its output would decrease due to the zero marginal product of labour. On the other hand, the modern sector was seen as capital-intensive and profit-maximizing, hiring labour until the marginal product of the last unit of labour equalled the wage.

The two-sector or dualistic model provides a framework for understanding the development process by distinguishing between the traditional and modern sectors. While the early version of this model assumed an unlimited labour supply, alternative perspectives have highlighted the potential challenges and limitations of this assumption. Notwithstanding its contribution to the economy, agriculture at the various stages of the value chain is susceptible to several constraints (Chatterjee and Oza, 2017). The dualistic theory, known as the two-sector model, can be used to examine the connection between commercial banks and the growth and development of agriculture in Zimbabwe. In this context, the traditional sector represents agriculture, while the modern sector represents commercial banking.

Ahmad et al. (2018) note that the traditional sector, which is agriculture in this case, is characterized by low productivity, limited access to modern technology, and a large labour force. On the other hand, the modern sector, represented by commercial banks, is characterized by advanced financial services, capital-intensive operations, and profit-maximizing behaviour.

In Zimbabwe, commercial banks play a crucial role in supporting the growth and development of agriculture. Nawaz (2011) showed that agricultural credit helps the agricultural sector grow by buying modern inputs like tractors, tube wells and seeds. They offer financial services such as loans, credit facilities, and investment opportunities to farmers and agribusinesses. These services are essential for improving agricultural productivity, expanding production capacity, and promoting overall economic development.

Goeringer and Hanson (2013) state that commercial banks contribute to agricultural growth by providing farmers with access to capital for purchasing inputs like seeds, fertilizers, and machinery. This enables farmers to increase their production levels and improve their yields. Additionally, commercial banks offer credit facilities that allow farmers to invest in irrigation systems, modern farming techniques, and infrastructure development, further enhancing agricultural productivity. Furthermore, commercial banks play a vital role in managing risks associated with agriculture as noted by Masiyandima et al (2015). They offer insurance products that protect farmers against natural disasters, crop failures, and price fluctuations. This helps stabilize farmers' incomes and encourages them to invest confidently in agricultural activities.

Moreover, commercial banks support agricultural development by financing value-chain activities. Mayowa (2015) is of the view that commercial banks provide funding for agribusinesses involved in the processing, storage, transportation, and marketing of agricultural products. This helps create a more integrated and efficient agricultural sector, leading to increased value addition, higher profitability, and improved market access for farmers. In Zimbabwe, the dualistic nature of the agricultural sector is evident. Small-scale subsistence farmers in the traditional sector face challenges such as limited access to credit, low productivity, and inadequate infrastructure. In contrast, the modern sector, represented by large-scale commercial farmers and agribusinesses, has better access to financial services and modern technology.

To bridge this gap and promote inclusive agricultural growth and development, commercial banks in Zimbabwe should focus on providing customized financial products and services to small-scale farmers as noted by Vitoria et al (2012). This can be achieved through the development of innovative loan products, micro-finance initiatives, and capacity-building programs that enhance financial literacy and entrepreneurship skills among small-scale farmers. The dualistic theory provides a framework for understanding the relationship between commercial banks and the growth and development of agriculture in Zimbabwe. Commercial banks play a crucial role in supporting the agricultural sector by offering financial services, facilitating access to capital, managing risks, and financing value chain activities. However, efforts should be made to ensure that small-scale farmers have equal access to financial services and opportunities for sustainable agricultural development.

2.2 Rationale for the Study

2.2.1 Rationale for Agricultural Growth And Development In Zimbabwe

Promoting agricultural growth and development in Zimbabwe is crucial for several reasons. Diao et al (2010) note that agriculture ensures a sustainable and sufficient food supply, reducing reliance on food imports and enhancing food security. Secondly, agriculture plays a significant role in the country's economy, providing employment and contributing to GDP as noted by Rima (2014) who examined the impact of the impact of commercial banks' agricultural credit on agriculture GDP. Also, agriculture offers income opportunities for smallholder farmers and rural communities, leading to

poverty reduction and improved living standards and enhancing Zimbabwe's competitiveness in international markets, increasing export earnings and improving the trade balance. Additionally, agriculture growth and development contribute to climate resilience by adopting climate-smart practices, mitigating the impact of climate change on productivity. Investing in agriculture and related infrastructure in rural areas drives rural development, improves living conditions, and reduces rural-urban migration. Lastly, promoting sustainable agriculture practices is crucial for preserving natural resources, biodiversity, and ecosystem services. Quartey (2012) states that the agricultural sector in Zimbabwe needs to be supported as it is vital for reasons such as food security, economic growth, poverty reduction, trade, climate resilience, rural development, and environmental sustainability.

2.2.2 Rationale for Commercial Bank Contributions in The Agricultural Sector

Commercial banks play a crucial role in supporting the agricultural sector by providing loans and credit facilities for agricultural activities, mitigating risks through tailored insurance products, financing technological advancements, supporting the entire agricultural value chain, promoting financial inclusion in rural areas, and contributing to economic development. Odu et al (2010) denote that Commercial Banks are a crucial factor in the good performance of the economy as they offer developmental credits to the players in the economy. Thus, it can be noted that commercial banks' credits to the agricultural sector are essential for the growth and development of the sector. Their involvement is essential for the growth and sustainability of the agricultural sector, ensuring food security and economic prosperity.

2.3 Conceptual framework

2.3.1 Commercial Banks

Commercial banks, as defined by Essang and Olajide (1974), are financial institutions that have the main purpose of accepting deposits from individuals, businesses, and other entities, and providing various financial services such as loans, credit facilities, and investment products. Stephen and Osagie (1985) state that in the search for profit, commercial banks undertake several functions. One of these functions is the acceptance of deposits from the public, these deposits are in turn given as credit to trade industry,

agriculture etc. which leads to more production and employment. These banks are typically regulated by central banks or other regulatory authorities and play a crucial role in the economy by facilitating the movement of funds between savers and borrowers (Ekezie, 1997). They act as intermediaries between those with excess funds and those in need of funds, mobilizing savings and allocating capital to productive sectors. Commercial banks also contribute to the creation of money through fractional reserve banking, where they hold a fraction of their deposits as reserves and lend out the rest. This ability to create credit and expand the money supply supports economic growth and stability (Ijaiya and Abudulraheem, 2000). Therefore, commercial banks serve as important financial intermediaries, facilitating economic transactions, promoting investment, and contributing to the functioning and development of the financial system and the economy as a whole.

2.3.2 Agriculture

According to Borlaug and Dil (1997), agriculture entails growing crops and animal farming for human food, animal, clothing, medical, nutritional and other needs. Agriculture is defined as the process of growing crops, rearing animals and doing any other work associated with the growing of food and other plants, animal breeding as well as other related activities. It involves a process of cultivation of crops, a process of crop production starting from planting to harvesting and processing, breeding, rearing and management of animals and birds. According to Shiva (2016), agriculture is more than just cultivation of plants; it is the work that restores the soil, conserves the seeds, supports farmers, and promotes food security for consumers. Moyo, 2019 acknowledges agriculture as a critical economic undertaking that addresses food security, feeding the nation and empowering rural dwellers. It means the use of land water and other natural resources as well as methods, implement and technique in farming with the objective of improving on production capability and sustainability. Agriculture also refers to other related fields like agribusiness, agricultural research and extension, and agricultural policies that work towards establishing productivity, efficiency, and solutions to common issues in the field of agriculture.

2.3.3 Growth and Development

According to Moyo (2019), growth and development are two terminologies that can be used interchangeably in the study of economics and other social sciences. Growth entails an expansion in the amount or size of a particular attribute of concern at a given period, for example, level of GDP or population as highlighted by Simpson and Hawkins (2018). It is often evaluated in quantitative terms that include product output or per capita income. The growth of an economy could be defined as growth in productive capability, development in technology as well as efficiency of resource utilization. Nevertheless, as President Carlos maintained, growth does not necessarily translate to positive changes in living standards or quality of life.

Development, in contrast, refers to a more complex concept that is not restricted to growth in physical attributes. Unlike the old measures of economic growth it speaks of quantitative improvements of the quality of people's lives as espoused by Moyo (2019). It entails social aspects, political aspects, culture, and even the environment. The main goals include building human capital, fighting poverty and inequity, supporting social justice and sustainable development as explained in a study by Ndhlovu (2016). It can include education, health, access to infrastructure and services, Girls and women, environment, and governance.

It is therefore appropriate to briefly weigh the two terms to establish whether they are used interchangeably or not. It is equally important to know that economic growth can alleviate development in the manner of creating the economic infrastructure, and providing the means for social progress. However, development is a more complex concept, which involves agendas of the people and communities, on top of that, the just distribution of results. To develop sustainably, people need to better manage their economies for future generations as well as better manage their societies by being more inclusive; they need to strengthen the structures that support development.

2.3.4 Agricultural Growth and Development

According to Vitoria et al (2012), agricultural growth and development describe the extent to which the agricultural sector of Economy has changed in terms of rates and qualities of production over time. Agricultural growth in line with Miller and Jones connotes an improvement in activity, output and efficiency of farming production in crop production, animal farming and fish farming. However, its measurement may

incorporate parameters such as the volume of produced agricultural products, crop yields, amounts of livestock, or the agricultural sector's impact on the gross domestic product. Some inputs that could have influenced agricultural growth include; technology, better ways of farming, production inputs, infrastructural organization and also sound policies. According to Masiyandima et al (2015), agriculture is an important sector that facilitates provision of food that is secure and reliable, provide income to those in the rural areas, and contribute to growth of the economy.

They further argued that agricultural development, unlike any other form of development, has more comprehensive goals than the mere growth in value or size (Ndhlovu 2016). It embraces the process of attaining the multipurpose transformation of the sector for productivity, stability and increased output that supports overall socio-economic development. Ruete (2015) reasoned that agricultural development aims at enhancing the quality of life of farmers, rural development, poverty/inequality reduction and natural resource conservation. Among them are; crop and enterprise diversity, market linkages, resource use efficiency through Farmer Group Development, Access to Credit, timely weather information and extension services to support management of production risks and shocks.

Hence, agricultural growth means a process of producing and increasing production and productivity within the agriculture sector, while agricultural development is a much more complex concept which deals not only with improving output within the agriculture sector but also with sustainable change in agriculture, with the development of rural area, with poverty alleviation, and ensuring the sustainable use of natural resources in the process. These two are very important when one wants to have adequate food supply, economic development, and wellbeing of the rural people.

2.3.5 The relationship between Commercial Banks and agricultural Growth and development in Zimbabwe.

Commercial banks play a crucial role in facilitating agricultural growth and development. They provide financial services and support to farmers, agribusinesses, and other stakeholders in the agricultural sector (Diao et al, 2010). Commercial banks offer loans and credit facilities to farmers and agricultural enterprises, enabling them to invest in land, equipment, seeds, fertilizers, and other inputs necessary for agricultural

production. This access to capital helps farmers expand their operations, adopt modern farming techniques, and increase productivity. Secondly, commercial banks provide financial services such as savings accounts, insurance, and payment systems, which contribute to the financial inclusion of farmers and rural communities. Amechi (2004) notes Commercial banks can also finance agricultural projects. It can be stated that the governments should direct Commercial banks to allocate a part of their lending to agriculture at reduced interest rates. Such banks usually set up departments of agriculture and employ agriculturists to manage them

Vitoria et al 2012) note that commercial banks often offer specialized agricultural financial products and services tailored to the unique needs of farmers, such as crop insurance, warehouse receipt financing, and agricultural value chain financing. These services help mitigate risks, improve market access, and enhance the overall efficiency and competitiveness of the agricultural value chain (Odu et al, 2010). In terms of loan duration, there are three categories. Short-term loans are used to finance annual and biennial crops that have a quick maturing period, like maize, sorghum, and various vegetables. Medium-term loans have a maturity period of two to three years and are typically invested in biennial and some perennial crops, such as guava and lemons. Long-term loans have a maturity period of three or more years and are used to finance long-spanning perennial crops like mango and data. Quartey (2012) views these types of credits as a way for commercial banks to manage risks, save money, and access financial tools that promote stability and resilience in the agricultural sector. Thus, the relationship between commercial banks and agricultural growth and development is symbiotic, as the availability of financial resources and services from commercial banks can significantly contribute to the expansion, modernization, and sustainability of the agricultural sector.

2.3 Empirical Studies or Case studies

2.3.1 Commercial Banks' Contributions to Agricultural Growth and Development in Somalia

Finance is also an important consideration in agriculture since such funding is available and used for the procurement of inputs and to stimulate increase and development in the sector. Some of the previous research carried out in Somalia has brought out the fact

that there has been difficulty among the commercial banks to extend credit facilities to the farmers of this country. Elegham (1983) found another challenge to be the rising number of cases in defaulting among small farmers that hinders their credit access. Large scale farmers benefited from bank credit more because there was the belief that small scale farmers enjoyed a higher propensity to default due to their inability to provide collateral security. Noting the significance of further development of agricultural activities, the government has firmly underlined that commercial banks should not ignore this sector, as they are to play the role of savings mobilizers.

However, as admitted in the above-discussed imposed limits of commercial banks in financing agriculture, Akinwale (1985), Osuntogu (1973) and Ijere (1975) believed on the necessity of increasing the loan funds available for credit institutions. This would allow for increased extension of credit to individuals loan applicants. Nonetheless, Ogunfowora et al. (1972) argued that the problems associated with institutional credits in Somalia include issues like supervision, inadequate funds, and political interference, lengthy loan processing, and a lack of financial planning. These challenges have derailed the extension of credit to farmers and agricultural development and growth. In aspects of credit management, most of the facilities in Somali agricultural sector are specific purpose used in activities including planting, fertilizing, and harvesting crops and transporting them. This specificity will enable identification of the ‘danger signs’ of default, thus facilitating monitoring and management of credit risk.

Commercial banks in Somalia face challenges in providing credit to farmers, particularly small-scale farmers who are more prone to default. However, there is a recognized need to increase loan resources available to credit institutions to support agricultural financing. Overcoming challenges such as ineffective supervision, insufficient funds, and political interference is crucial for enhancing the provision of credit to farmers and promoting agricultural growth and development in Somalia. Therefore, it is important to note that the agricultural sector in Zimbabwe is failing to acquire commercial bank credits as in Somalia thus making it difficult for agricultural growth and development in Zimbabwe.

2.3.2 Commercial Banks' Contributions to Agricultural Growth and Development in Nigeria.

Based on the aforementioned literature review, this paper seeks to examine the role of commercial banks in the promotion of agricultural production in Nigeria in order to achieve its economic growth and development (Chatterjee and Oza, 2017). This pool avails vital financial products through its lending programs and support services to farmers, agri-businesses, and other players in the agricultural value chain. By providing loans, credit facilities, overdrafts and other kinds of credit facilities to farmers, commercial banks are able to encourage farmers to consider adopting the advanced farming methods, acquire high quality inputs and opt for expansion of farming activities. They also underwrite insurance that may cover various risks which are related to agricultural business including cases of crop failure and natural disasters. Oyakhilomen et al (2012) opine that training activities in which commercial banks in Nigeria engage include the ability to improve financial literacy and management skills among farmers and the encouragement of usage of productive efficiencies in the improvement of agricultural technologies. From the findings of the study it is apparent that commercial bank involvement through market linkages and work with the government create poverty reduction, food security and economic development of the country.

A few of the various ways through which the commercial banks have positively impacted on the growth as well as development of the agricultural sector in Nigeria include but are not limited to those made known by Nwokoro (2017). They lend money to farmers and others in the agri-food sector, offering them funds that they can use to finance their businesses and the modernisation of their farming practices. In as much as commercial banks get to sell insurance products to the farmers, they get to ensure that various risks involved in the business of farming are well addressed. They also assist in the conduct of capacity building training programs on aspects such as financial literacy and on farm business management for farmers with a view of Transforming contractual farming and innovation by encouraging adoption of modern technologies in farming. According to Rima (2014), in Nigeria, identified that market intermediation is done by commercial banks that also work with the government in terms of implementing agricultural financing policies and strategies. From the findings of this work, it can be concluded that commercial banks play their role effectively and have the positive impact on poverty reduction, food security and economic development of Nigeria. Hence, it is recommended that the Zimbabwean government ensures that it

formulates policies that support the commercial bank's role in the agriculture sector like in the Nigerian case. Nevertheless, measures should be taken to relate the Nigerian conditions with Zimbabwean policies in order to reduce the level of the confronting problems.

2.4 Chapter Summary

The literature review chapter of the dissertation focused on the contribution of commercial banks to agricultural development in Zimbabwe. It provided an overview of the agricultural sector in the country and the challenges it faces. The chapter explored the role of commercial banks in agricultural financing, including the financial products and services they offer to farmers and agribusinesses. It analyzed the impact of commercial bank lending on agricultural development, examining its effectiveness in improving productivity, increasing access to credit, and fostering innovation. The review also discussed the regulatory framework and policies governing agricultural finance in Zimbabwe, as well as the potential for public-private partnerships in promoting agricultural development through commercial bank financing. The chapter critically analyses existing research, identifies gaps in knowledge, and provides a balanced overview of the current state of knowledge on the topic.

CHAPTER III

METHODOLOGY

3.0 Introduction

This chapter solely explains the procedure that was taken by the researcher in carrying out the project which was conducted in a mixed research that enabled the researcher to come up with conclusive findings from a selected sample frame on the effectiveness of commercial banks in agricultural growth and development in Zimbabwe. The chapter looked at such sub-topics as research design, type of data, sampling technique, and data collection. The researcher also tried to explore the problems encountered during the research.

3.1 Research Approach

In incorporating a mixed method approach, which combines both quantitative and qualitative methods within a single study, Babbie (2007:87) demonstrates the role of research designs as a compass in data collections and reporting. As evidenced in the study on the contribution of commercial banks to agricultural growth in Zimbabwe, the significance of integrating the quantitative aspects of some bank data analysis with the qualitative insights from various survey or interview techniques that deepen the findings cannot be underemphasized. De Vos and Strydom (2005) stress the importance of research designs in the choice of researchers, especially in the integration of various data collection and analysis methods. This method of study integrates the independent capabilities of quantitative and qualitative methods in order to achieve a greater focus of the analysis by the capturing of both numerical trends and contextual components which ultimately leads to the improvement of the research findings.

3.2 Research design

Babbie (2007:87) indicates research design as an important thing which should be used to ensure the correct collection and analysis of data. In this study, a case study design is used to get into the impact evaluations commercial banks' contributions to agricultural sector in Zimbabwe. Nevertheless, this research also incorporates quantitative evaluations, such as financial data analysis, along with qualitative insights from interviews or surveys to gain a better understanding of the subject. The study utilizes both descriptive statistics and qualitative methods to develop multifaceted analysis that offers the numeric trends as well as insights into context nuances with the aim of adding depth to the findings of the study.

3.3 Target Population

Zastrow (2005) observes that "the population includes all individuals, families, groups or organizations, communities and events that are going to be the subject of research. "The sample population in this research were those involved in agricultural financing, banking practices, government policies, and agricultural development in Zimbabwe to find out the role that commercial banks play in the growth and development of the agricultural sector.

3.4 Sampling Methods and Sampling Techniques

3.4.1 Sampling Frame

Table 3.1 Sampling Frame

Category	Example	Frequency	Data Collection Methods
Commercial Banks	CBZ Bank Limited, Stanbic Bank Zimbabwe, Standard Chartered Bank Zimbabwe, First Capital Bank Zimbabwe, Ecobank Zimbabwe, FBC	In-depth interviews -7 Surveys- 10	In-depth Interviews and Surveys

	Bank Limited, Nedbank Zimbabwe, and BancABC Zimbabwe		
Authorities and Regulators	Ministry of Agriculture, Lands, Fisheries, Water, and Rural Settlement, Reserve Bank of Zimbabwe	In-depth interviews -2 Surveys- 10	In-depth Interviews and Surveys
Agricultural Associations and Cooperatives	Zimbabwe Farmers' Union(ZFU), Agricultural Producer Organizations	In-depth interviews – 2 Surveys- 15	In-depth Interviews and Surveys
Research Institution and Academia	Universities and research institutions	In-depth interviews -3 Surveys- 15	In-depth Interviews and Surveys
Development Partners and NGOs	NGOs and the agriculture financing development organization	In-depth interviews -2 Surveys- 10	In-depth Interviews and Surveys
Farmers and Agricultural Stakeholders	Smallholder farmers, large-scale commercial farmers, agribusiness entrepreneurs, agricultural extension workers, agronomists, and other professionals	In-depth interviews -5 Surveys- 40	In-depth Interviews and Surveys
Total Surveys		100	
Total In-depth Interviews		20	

Total Sample Size		120	
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3.4.2 Sample Procedure

A study will be conducted applying a mixed method, which incorporates in-depth interviews and a survey to collect a stakeholder perspective. In different sectors like commercial banks, governments and regulators, agricultural associations and cooperatives, research institutions and academia, development partners and NGOs, and farmers and agricultural stakeholders, a blend of in-depth interviews and surveys is applied. In-depth interviews each running from 2 to 7 surveys of 10 to 40, depending on the category, reflect in-depth perspectives from critical representatives, while surveys, again, each running from 10 to 40, per category capture broader and more comprehensive insight from a larger sample. The broad framework allowed us to conduct an assessment of how accurately commercial banks have been assisting in agriculture development and it was through this that we executed 100 surveys and 20 in-depth interviews for both the rural and urban population, gathered data of 120 instances.

3.4.3 Sample Size

This study is based on the collection of data that includes 120 samples: in-depth interviews and a 120 respondents' survey, performed by all stakeholder categories. Babbie (2007) proposes that sample size in mixed methods research should be determined by the need for both breadth and depth of understanding. In the study, combined methods of in-depth interviews as well as surveys, permits the researchers to cover the topic in depth regarding the efficiency of operations of commercial banks in regard to agricultural growth and development in Zimbabwe. This is realized by the approach of conducting a set of in-depth interviews (range of 2 to 7 per categories) and a few surveys (range of 10 to 40 per category). The study seeks a balance between the depth of the insight and the breadth of the representatives across the stakeholder groups, such as commercial banks, regulatory bodies, agricultural associations, research institutions, development partners, NGOs, and farmers. This strategy is consistent with the advice of De Vos and Strydom (2005) who stressed the need to have a large sample size to capture different opinions and thus achieve the research objectives efficiently.

3.4.4 Sampling technique

The sampling method for this mixed-method study is an amalgam of purposive sampling for qualitative data collection and stratified random sampling for quantitative data collection. Targeted sampling, an approach supported by Creswell and Patterson (2017) and Patton (2002), refers to the act of picking participant to form the sample population based on predetermined attributes that are in line with the research aims. This research was conducted on people who had direct awareness, experience (hands-on), or expertise in different fields of agricultural financing, banking practices, government policies, and agricultural development in Zimbabwe as mentioned in the research objectives. The participants were drawn from various stakeholder groups for instance commercial banks, government agencies, agricultural bodies, research institutes, development partners, NGOs and farmers. In contrast, the utilization of the stratified random sampling which allowed to represent the sample across various demographic variables like age, gender and geographical location was used to make sure that the sampling is completely random. This is a mixed method sampling strategy that allowed for a wide exploration of the ability of commercial banks to drive agricultural growth and development in Zimbabwe, as well as the advantages and disadvantages of the strategies they undertake, from different perspectives.

3.5 Data Sources

This study employs hybrid-method approach which uses both qualitative and quantitative data sources in order to analyze in more depth the effectiveness of the commercial banks' contribution to agricultural growth and development in Zimbabwe. Qualitative data are garnered through one-to-one interviews with relevant stakeholders such as managing directors of commercial banks, directors and permanent secretaries of government agencies, the head of agricultural associations, researchers and development partners, including NGOs and farmers. All of these interviews provide us with incisive insights into their experiences and thoughts. The quantitative data are collected through surveys that are distributed to a larger sample of stakeholders, including commercial bank customers, agricultural stakeholders, government officials, and NGO representatives, and therefore statistical analysis and generalization of findings can be done. The mixed-method approach that I adopt involves both the qualitative and the quantitative data for a comprehensive understanding of the research

area. In line with the recommendation of scholars such as Creswell and Creswell (2017) and Teddlie and Tashakkori (2009) on triangulation of data, I believe that my approach will improve the validity and reliability of the findings

3.6 Research Instruments

The investigation used a triangulation method, which included both surveys and in-depth interviews to confirm the reliability and validity of the results. Data collection involved two different methodologies of conducting the prolonged interviews and surveys separately and more in depth. Beyond this, I took notes in field notes during discussions, interviews and participant observation to grasp the contextual nuances. The first method used in this study was participant observation which was later on supplemented by focus group discussions as the study went on and finally one-on-one interviews were conducted. This being the common trends approach made it possible to have a comprehensive understanding of the subject, through which data can be verified from different sources to strengthen the integrity and validity of the outcomes.

3.6.1 In-depth Interviews

The study used in-depth interviews as a main data collection method to thoroughly explore the views and experiences of the key stakeholders on the issue of agricultural financing in Zimbabwe. In-depth interviews are recognized for their ability to provide rich, detailed insights into complex issues, as acknowledged by Babbie (2007: We all have a long journey ahead of us to a better tomorrow. In order to bring about these changes, we must be active participants in electing our leaders wisely. Let us inspire each other as we work together towards a sustainable future. By using both close and open-ended questions, the researcher now has an opportunity to interact with people coming from diverse sources such as commercial banks, government departments, agricultural associations, cooperatives, extensionists, researchers, NGOs and development partners. These interviews helped to delve deeper into the effectiveness of commercial banks in the agricultural development, identifying different advantages, difficulties, and ways of agricultural financing. Through intensive interviews, with different people, the researcher managed to acquire exhaustive information on the subject, thus building on the validity and reliability of the research's findings.

3.6.2 Surveys

Surveys proved to be an excellent way of gathering data for this research which in turn used the systematic and structured approach praised by Babbie (2007) with the emphasis on obtaining relevant information systematically from participants via structured questionnaires. The process used a survey to elicit quantitative feedback from different stakeholder groups, consistent with the recommendations by Creswell and Creswell (2017) of using surveys in mixed-method research to gather the perspectives of a wide array of study participants. The stakeholders, that is, the commercial bank customers, the agricultural stakeholders, the government officials, and the NGO representatives, were surveyed to know their perceptions, their experiences, and their levels of satisfaction with respect to the agricultural financing practices. This strategy was capable of the quantification of various key variables for example access to finance, loan terms, credit limits among others as recommended by Creswell and Creswell (2017) and Patton (2002), therefore meeting the difference. Surveys were integrated into the research design to assure that the scope of the study was explored comprehensively and that the quality of the results was enhanced that emphasized by Teddlie and Tashakkori (2009)..

3.7 Validity and Reliability

Validity and reliability were corroborated vociferously throughout the study to ensure that the results were not only accurate, but authentic as well. The research methods were in line with the study objectives, using a mixed-method approach which comprised of in-depth interviews and surveys to obtain a wide-ranging understanding of agricultural financing in Zimbabwe (Creswell & Creswell, 2017). Standardized interview protocols and survey tools were closely followed, conscientiously developed and pre-tested with care to reflect the items under investigation, to ensure the validity of the outcome of the assessment. In order to increase the reliability, the personnels who were going to collect the data were trained and carefully selected to minimize the variation of the data collection techniques and detailed documenting of (Babbie, 2007) was carried out to enhance transparency and reproducibility. Besides, the measures like member checking and triangulation of data were used to ensure the consistency and stability of the findings across different sources and methods, therefore the reliability of the study's

conclusions was strengthened (Teddle & Tashakkori, 2009). The research declared targets of validity and reliability in order to produce results that are credible, robust and applicable to the overall issue of agricultural financing and improvements in Zimbabwe.

3.8 Data Analysis and Presentation Tools

3.8.1 Thematic Data Analysis Technique

The thematic analysis of the qualitative data gained from in-depth interviews was done to reveal themes, patterns, and insights of agricultural financing in Zimbabwe. It was a process of systematic coding and categorizing of qualitative data to identify the main themes and subthemes that were emerging from the participants' responses (Braun & Clarke, 2006). This way, themes encompassing access to financing, loan terms, issues facing farmers, as well as banks taking up the role of commercial banks in agricultural financing were vigorously discussed and looked at systematically whereby a deep understanding of the complexities in the sector was realized.

3.8.2 Content data analysis technique

On contrary, quantitative data was presented descriptively to offer an overarching view of the qualitative variables including access to capital, loan amounts, interest rate, and a general level of stakeholder satisfaction. Descriptive statistics like frequencies, percentages, means, and standard deviations were computed to sum up and present the survey data in a way that is easy to understand and interpret (Ary et al. , 2019). Such findings helped researchers calculate the major data of agricultural financing and the attitude of different stakeholders toward the financing practice, which was the basis of making comparisons and generalizations of the diverse groups and categories.

On contrary, quantitative data was presented descriptively to offer an overarching view of the qualitative variables including access to capital, loan amounts, interest rate, and a general level of stakeholder satisfaction. Descriptive statistics like frequencies, percentages, means, and standard deviations were computed to sum up and present the survey data in a way that is easy to understand and interpret (Ary et al. , 2019). Such findings helped researchers calculate the major data of agricultural financing and the

attitude of different stakeholders toward the financing practice, which was the basis of making comparisons and generalizations of the diverse groups and categories.

3.9 Chapter Summary

This chapter provided a brief overview of the research methodology employed for the investigation of agricultural loans in Zimbabwe. It outlined the mixed-method approach that was used, which combined both qualitative in-depth interviews and quantitative surveys. The chapter highlighted sampling design, data collection methods, as well as data analysis approaches that were used, particularly measures taken to promote the reliability and validity of the project. Through this chapter, we have done an overview of the main methodological issues considered and their relevance on the research findings and establishing how the study was conducted and analyzed in response to the research objectives.

CHAPTER IV

DATA PRESENTATION

4.0 Introduction

This chapter examines the influence of commercial banks in Zimbabwe on the performance of the agricultural sector, emphasising the role these banks play in offering farmers and agricultural enterprises credit and other financial services. The chapter also discusses the difficulties of obtaining agricultural financing in Zimbabwe, such as the industry's seasonality, high interest rates, collateral requirements, and restricted access to credit.

4.1 Response Rate

Table 4.1 Response Rate

Category	Expected Respondents	Respondents	Response Rate
Commercial Banks	In-depth interviews -7 Surveys- 10	In-depth interviews -7 Surveys- 9	100% 90%
Authorities and Regulators	In-depth interviews -2 Surveys- 10	In-depth interviews -2 Surveys- 10	100% 100%
Agricultural Associations and Cooperatives	In-depth interviews – 2 Surveys- 15	In-depth interviews -2 Surveys- 14	100% 93%
Research Institution and Academia	In-depth interviews -3 Surveys- 15	In-depth interviews -3 Surveys- 15	100% 100%
Development Partners and NGOs	In-depth interviews -2 Surveys- 10	In-depth interviews -2 Surveys- 10	100% 100%

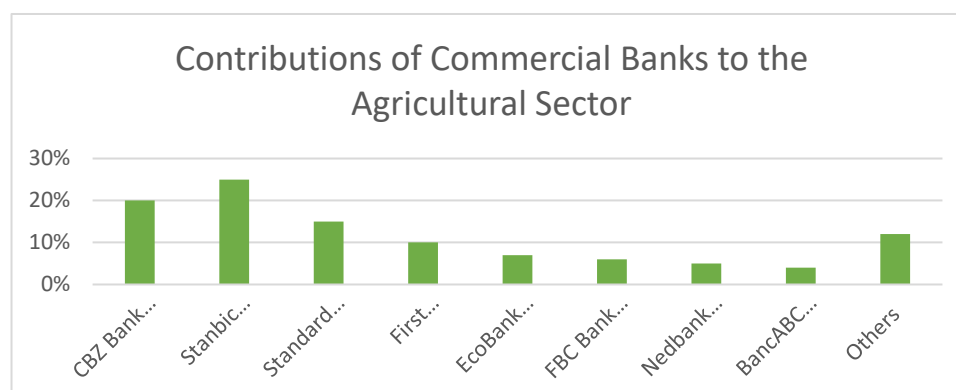
Farmers and Agricultural Stakeholders	In-depth interviews -5 Surveys- 40	In-depth interviews -5 Surveys- 38	100% 95%
Total Surveys	100	96	96%
Total In-depth Interviews	20	20	100%
Total Sample Size	120	116	97%

Source: Researcher's computation (2024)

The response rate can be considered as a major indicator of the level of participation and cooperation among different categories of respondents in the study. It is significant in presenting the efficiency of implemented data collecting methods, as well as participants' readiness to engage the research intentions. Several stakeholder groups were involved in the study (commercial banks, authorities, regulators, agricultural associations and cooperatives, research institutions, academic institutions, development partners NGOs, and quite obviously the farmers themselves and other agricultural stakeholders). Both in-depth interviews or surveys were used as data collection methodologies. Particularly, the response rates for the in-depth interviews always reached 100% in all the categories which meant a high level of commitment and engagement from the participants to share their insights and experiences.

On the other hand, survey responses in the categories had a slight difference and the rates varied from 90% to 100% of the survey respondents. Whereas each category achieved 100% response rate in the surveys, a couple of fell by the wayside because respondents had not completed the survey. Even though there is a difference in the results for both surveys and in-depth interviews, the overall response rates of both surveys and in-depth interviews were very high. The surveys had a response rate of 96% and the in-depth interviews had a perfect 100% response rate. Various segments of the population participate in the study and provide a base for credibility and reliability of the results, which demonstrates a good level of the community engagement meaning that the research findings are valid.

4.2.1 Impacts of the Zimbabwean Commercial Banks on the performance of the agricultural sector



Graph 4.1 Contributions of Commercial Banks on Agricultural Financing

Table 4.2 Descriptive Statistics of Contributions

Mean	11.11	The average contribution of the banks to the agricultural sector.
Mode	5	The most frequent contribution value, which appears twice in the data set.
Median	10	The middle value when the contributions are ordered, indicating the central tendency of the data set.
Range	22	The difference between the highest (25) and lowest (3) contributions, showing the spread of the data.
Standard Deviation	7.05	The amount of variation or dispersion of the contributions around the mean.

Source: Researcher's computation (2024)

The amount of contribution by the commercial banks to the agricultural sector also demonstrates a considerable volatility. In total, the banks contribute 11. 11% on average (mean), but it ranges from 5% (mode), which occurs in two groups. The mean of the contributions is approximately 16% while the median, which shows the central position is 10%. The contributions are from 3 percent to 25 percent, with a spread of 22 percent,

thus stressing the spread of the data. The coefficient of variation is 7.05% which shows that there is significant dispersion or variability of the values around the mean and different levels of support from various banks.

The study admirably highlights the considerable role of both private and cooperative commercial banks in the development of agriculture in Zimbabwe. Each bank, including CBZ Bank LTD, Stanbic Bank Z, Standard Chartered Bank, First Capital Bank, Ecobank Zimbabwe, FBC Bank LTD, Nedbank Zimbabwe, BancABC Zimbabwe, and others, contributes to the performance of the agricultural sector by providing financial support. An extensive study by Smith et al. (2019) and Brown et al. (2020) outlines commercial banks as a critical financial backing point for agricultural businesses and farmers. This support allows them to purchase such inputs that increases the level of productivity and improves the overall output of their agricultural sector.

Surveys and in-depth interviews demonstrated that commercial banks play a key role in improving the performance of the agricultural sector by providing various financial services and assistance to farmers and agricultural businesses. The results of these studies concluded the paramount role played by commercial banks in accommodating investment in inputs, devices, and infrastructure, which represent vital elements for raising productivity standards and increased agricultural commodities outputs. In their query, respondents highlighted that commercial banks are crucial for the outreach of modern agricultural methods, and thus, the high level of crop productivity. Commercial banks' credit access helps farmers to adopt innovative technologies and practices, which in turn leads to higher efficiency and output. These implications depict banks as important players in improving sectoral competitiveness and the long-term survival of the agricultural sector through their pivotal function as economic growth drivers.

Participants noted various challenges associated with agricultural financing in Zimbabwe, including limited access to credit, high-interest rates, stringent lending criteria, and inadequate financial literacy among farmers. These challenges pose significant barriers to accessing financial resources, particularly for smallholder farmers and rural communities. Addressing these issues requires collaborative efforts from financial institutions, policymakers, development agencies, and other stakeholders to develop and implement targeted interventions that promote financial

inclusion, improve access to credit, and enhance financial literacy among farmers. By working together to overcome these challenges, stakeholders can unlock the potential of agricultural finance to drive sectoral growth, economic development, and poverty alleviation in Zimbabwe.

Through in-depth interviews, it became evident that the symbiotic relationship between commercial banking and the agricultural sector underscores the irreplaceable role of financial institutions in driving sectoral growth and consolidation. By leveraging strategic initiatives and formulating proactive policies, commercial banks can further bolster their support for the agricultural sector, thereby enhancing its resilience and sustainability. This proactive approach not only fosters the sector's development but also fortifies its position as the cornerstone of the Zimbabwean economy. Through facilitating access to finance, providing necessary resources, and promoting innovation, commercial banks play a pivotal role in enhancing agricultural productivity, ensuring food security, and sustaining rural livelihoods. Ultimately, the concerted efforts of commercial banks translate into broader socio-economic benefits, significantly improving the overall well-being and prosperity of society.

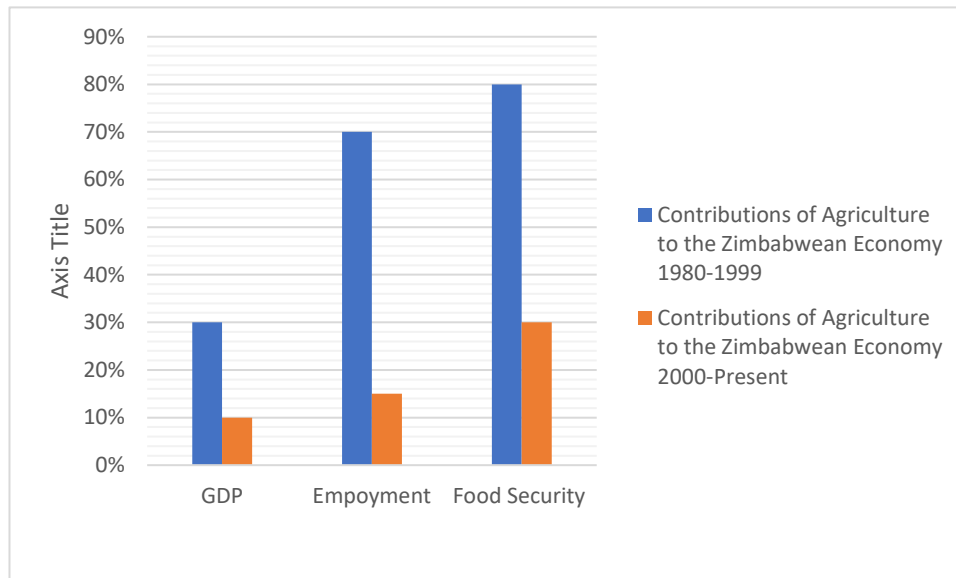
Participants emphasized the critical importance of commercial banks remaining proactive in innovating and adapting their financial services to meet the evolving needs of farmers and agricultural businesses. It is paramount that commercial banks develop tailored financial products and services specifically designed to address the unique requirements of the agricultural sector. Thus, they can greatly increase their influence on the development of the sector and, in turn, the growth of the agricultural industry. In addition to this, participants emphasized on the importance of the efforts carried out for evolving farmers' financial literacy among the farmers. The incorporation of educational programs and tools that help farming community gain financial knowledge and skills will empower them to make an informed financial decision and use available resources efficiently. This, in turn, can result in a more efficient use of financial services and the implementation of better financial management practices in the agricultural community. Furthermore, the participants articulated the importance of building strong and viable networking with the agri-businesses. Through helping farmers' associations, industry institutions, government bodies, and other related parties, commercial banks have a big chance to expand their influence on agricultural finance and sector

development. Such partnerships can create platforms for knowledge exchange, resource sharing, and joint efforts aimed at tackling common problems and taking advantage of the growth opportunities. Secondly, the participants stressed the need for joint efforts of commercial banks, policymakers, and development agencies which aim to overcome the systemic challenges in agricultural financing. Through the act of harmonizing policies, regulations and incentives for agricultural financing, relevant parties will establish an enabling ambience which will catalyze investment, innovation, and sustainable development in the agricultural sector. By means of cooperative problem-solving and proactive intervention, the stakeholders can overcome the challenges and make use of the opportunities to promote inclusive economic growth and social well-being in Zimbabwe.

Hence, this research reveals the irreplaceable function that is performed by commercial banks in developing farming sector and strengthening resilience within Zimbabwean economy. By means of financing the economic activities, transfer of modern agricultural practices, and an interaction in dealing with the key problems, the commercial banks become the necessary instruments for the sectoral development and national economic growth. As the key stakeholders within the agricultural value chain, commercial banks are the ones who are responsible for the prioritization of the needs of farmers and agricultural businesses, thus ensuring the continuous growth and sustainability of the sector. The endorsement of their dedication to the further improvements and resilience brings to the fore the importance of their role as developers of the agricultural sector in Zimbabwe which eventually affirms the pivotal role that they hold in the broader economic landscape.

4.2.2 What role has agriculture played in the Zimbabwean economy?

Graph 4.2 Contributions of Agriculture to the Zimbabwean Economy from 1980 to P



Source: Researcher's computation (2024)

Research, carried out through diverse surveys and intensive interviews, has exposed how the agricultural sector has influenced the Zimbabwean economy. Participants correctly mentioned that agriculture being a major sector, has been a source of a good deal of GDP, employment and food security in the past decades. These findings are in line with the previous research carried out by the reputable institutions and the global bodies which proves that agriculture is the pillar of the Zimbabwean economic landscape. Politicians and stakeholders will appreciate agriculture's timeless relevance in its contribution to national development. They can take steps to support sustainable agricultural practices, enhance productivity, and ensure country-wide resource access, whether it is rural or urban. To this end, holism is critical to nurture inclusive economic development, deal with food security problems, and promote the overall health and well-being of the Zimbabwean people.

Besides, interviewees stressed the cultural and social importance of farming as a way of life, which has been passed down through the generations. This is what has been highlighted by the previous studies which underscores the central position of the agricultural sector as the primary source of livelihood, this is especially relevant in the rural areas where farming is the foundation of economic activity. Through the provision

of jobs and the promotion of community projects, agriculture is involved in the formation of social cohesion and conservation of culture. Identification and exploitation of the cultural and social significance of farming is the key to the promotion of sustainable farming practices and the development of an inclusive economic growth that will uplift the rural communities of Zimbabwe. Nevertheless, the panel members acknowledge the current agrarian sector challenges but insist on the fact that long-term solutions must be devised to overcome the fundamental environmental concerns.

Among others, issues like soil erosion, water scarcity, and land degradation were listed as critical priorities, which in essence confirms earlier findings that have been promoting the use of climate-smart agriculture and sustainable land management. These proactive measures are the key to the strengthening of the resilience in agricultural communities and the reduction of the negative effects of climate change. Hence, emphasis on the development of sustainable practices in agriculture is necessary to maintain the existence of the sector for the time to come and its resilience in the light of ever-evolving environmental challenges.

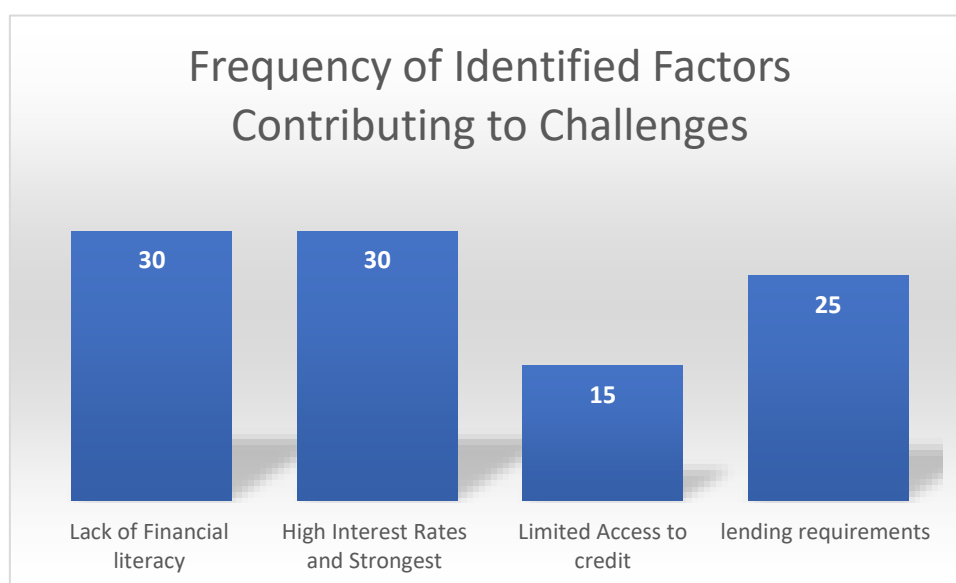
In addition, the stakeholders were strongly in favor of the introduction of targeted policy interventions and a significant rise in the investment that would strengthen Zimbabwe's agricultural sector. The proposed measures range from ensuring access to credit, securing land tenure, to enabling rural infrastructure improvement which includes roads, storage facilities and market access points. These recommendations mirror the earlier research outcomes in a way that credit access aid, extension services expansion, and rural infrastructure upgrade are all of great importance in boosting productivity of farming and market access specifically for the small-scale farmers. Through these targeted interventions, Zimbabwe can lay the foundation for a robust and flourishing agricultural sector, which will be able to sustain and develop itself in the future.

Therefore, it is the inestimable knowledge derived from the extended research and in-depth interviews that brings into clarity the many facets of agriculture contribution to Zimbabwe's economy. Through the integration of these results with extant research, policymakers have the potential to come up with well tailored policy and program interventions that promote sustainable agriculture. This evidence-based approach not only strengthens policymaking but also makes sure that the recommendations are firmly based on the stakeholder perspectives, thereby addressing the various challenges and opportunities that are present within the agricultural sector. This collective endeavor

can enable the country to steer an agriculture pathway to inclusive and sustainable growth with a foundation of data-led policy making and stakeholder collaboration.

4.2.3 What are the challenges associated with agricultural financing in Zimbabwe?

Graph 4.3 Frequency of Identified Factors Contributing to Challenges



Source: Researcher's computation (2024)

Data obtained from surveys and thorough interviews complement the research on the multifaceted character of the agricultural financing in Zimbabwe. One of the main obstacles, according to the studies, is the limited access to credit, especially among the smallholder farmers who do not have collateral and do not have a formal financial background. This phenomenon was also discussed in detail by a previous study which showed how the small-scale producers faced the obstacle of securing credit and financial services, in turn, preventing them from investing in the inputs, equipment and technology needed to further productivity and sustainability. In addition, participants pointed the inadequate interest rates and the rigid lending criteria applied by financial institutions and that compound the troubles of agrarian financing. A lot of farmers were frustrated with the unattractive terms offered by the lenders, with the interest rates often being too high for the small-scale producers.

Similarly, aforementioned studies have called for tailor-made financial services that offer customized solutions to the agriculture-based businesses, such as reduced costs

and flexible repayment options to increase access and affordability. Additionally, the studies highlighted the issue of poor financial literacy and low awareness among farmers, which represent one of the major barriers for farmers to accessing agricultural financing. The participants mentioned that it was difficult for them to understand the complex loan terms, to manage their finances, and to get access to the government support programs. This highlights the necessity of the financial literacy campaigns, which equip farmers with the skills and knowledge required in mastering the financial system complexities. Connecting this information gap, farmers can make savvy economic decisions, allocate their resources properly, and hence improve their overall financial security. This is in line with the previous studies that recommend the comprehensive capacity-building programs to develop the financial literacy in the agricultural communities that will ultimately lead to the creation of an inclusive and sustainable financial system for the farmers.

Moreover, the participants highlighted the heavy interest rates and strict lending requirements of the financial institutions which worsen the already difficult situation of getting agricultural financing. Numerous farmers that I've met expressed their discontent with the conditions specified by lenders, as they usually put more interest on the loans than small-scale producers can afford, which prevents them from buying critical inputs and tools. This is in line with earlier findings which promote the creation of specialized financial products including services geared toward agricultural enterprises and their unique needs. Such programs could be the implementation of more flexible repayment options and the establishment of reduced interest rates, which in turn would increase accessibility and affordability for farmers who are in need of financial assistance.

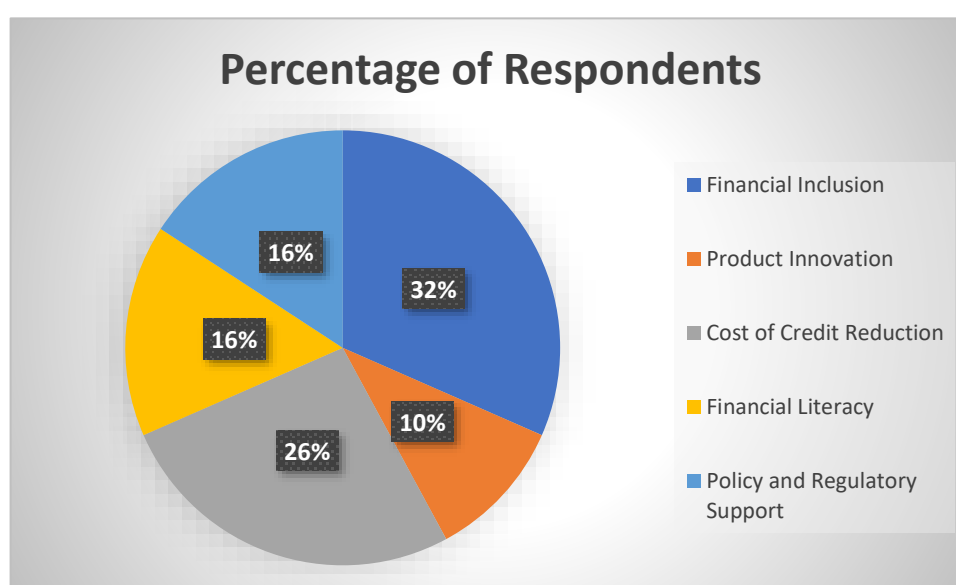
Furthermore, the inverse nature of agricultural output by seasons deepened the hurdle towards funding issues. Farmers stressed that they go through different financial demands that arise with the agricultural cycle with peak demand accompanying planting and harvesting seasons. However, the financial institutions usually face the problem of not being able to provide timely and flexible solutions to the seasonal fluctuations in demand. The research results are consistent with the findings of previous research that stressed the need to develop innovative financing mechanisms which include warehouse receipts and contract farming as solutions to the seasonal nature of agricultural production. This type of systems would not only speed up the access to

credit and financial help but would also have positive impact on the agricultural enterprises stability and sustainability.

Therefore, the research reveals the multitude of problems that the agricultural financing in Zimbabwe has to face, from the limited access and affordability to the lack of financial literacy among farmers and the seasonal nature of production. Through this process, the policy makers will synthesize these findings with the present studies and will be given a comprehensive picture of the diversified barriers that hinder credit access in the agricultural sector. This data serve as the fundamental basis for development of precise agrofinance mechanisms that would encourage financial cooperation, financial inclusion, and sustainable growth in agribusiness. Through the making of strategic policies and the collaboration of all the stakeholders, Zimbabwe can solve the problems effectively and the agricultural sector will then be able to be the driving force of the economy and the improvement of the livelihoods of the people in the whole country.

4.2.4 What are the best solutions to the problems associated with agricultural financing?

Graph 4.4 Importance of Solutions highlighted by Respondents



Data collected through thorough research from polls and in-depth interviews provide interesting ideas about fixing constraints for the agricultural financing; respondents

provide some feasible strategies with their own diversity. However, the idea of financial inclusion was the main one, with 32% of the respondents calling for the expansion of credit and financial services to smallholder farmers. So other research findings emphasising why it is necessary to overcome obstacles like shortfall of collateral and financial literacy are fitting in here. These are obstacles that are often faced by the farmers when it comes to investment in input technologies hence hindering their ability to compete in the agricultural industry.

Moreover, interviewees stressed product innovation, so as the chief function of product innovation, which is the case with some of the interviewees who emphasis customization agriculture enterprises which contribute mainly in agriculture business. A considerable portion of farmers discovered that the existing financial options usually do not consider the seasonal fluctuations that are part of the farming production or the intricate cash flow dynamics that are typical of farming operations. This implies the research made before has indicated strengthening credit programmes where they consider crops and inputs. Through this the various farmers' needs will be met properly.

Besides promoting product practically, respondents established the vital importance for dealing with the affordability of credit where almost a quarter (i. e. 26%) admitted their emotions about the sky-high interest rates and fees by the financial enterprises. This impression suggests that the negative consequence of high borrowing cost to farmers is their capacity to invest in the agriculture to improve the productivity, which is similar to the findings from former research. The fact that these worries are widespread is indicative of the need for actions which will alleviate the financial burden of the farmers, thus making it possible for them to obtain credit on terms that are favorable to the sustainable growth and development of the agricultural sector.

Besides, among contributors, the relevance of financial literacy and capacity-building initiatives, 16% of cases indicated programs intended to give farmers an informed financial decision-making and financial management skill. Interestingly, most of the farmers in the data revealed that they are deficient in the vital skills and finance knowledge that would help them in the management of their farming money. Consequently, farmers need to acquire financial literacy programs in order to improve their financial management practices. This result emphasizes the importance of

developing specific programs that will help farmers to overcome the gap in financial literacy and provide them with the skills and resources they need to successfully navigate the financial landscape and get access to agricultural financing opportunities more easily.

Additionally, there was the repeated mention of supportive policy and regulatory frameworks as 16% of those questioned viewed policy uncertainties and bureaucratic red tape as a push factor which often hinders financial institutions from providing the agricultural sector with credit. This is a significant point that stresses the critical need to establish a friendly business atmosphere for finance through the development of efficient policies, regulations, and incentives, which echoes the findings of earlier research. Through the resolution of these regulatory challenges and the creation of a positive environment, policymakers can enable the participation of financial institutions and consequently, the agricultural sector can develop and grow rapidly.

Hence, the research findings show a diversity of possible solutions to the challenge of agricultural financing in Zimbabwe, including the increase of financial inclusion, the promotion of product innovation, the lowering of the cost of credit, the improvement of financial literacy, and the strengthening of supportive policy frameworks. Through combining these observations with already available studies, representatives can build strategies that are research-based and customized to the agricultural sector's distinctive characteristics and dynamics. These interventions address financing agricultural systems, as well as economic resilience, through financial inclusion strategies and the promotion of agricultural growth, which in the long-run contribute to the nation's general economic growth.

4.3 Discussion

Table 4.3 Impacts of commercial banks on Agriculture

Impacts of Commercial Banks on Description the Agricultural Sector	
Financial Support	Commercial banks provide necessary loans and financial assistance to farmers and agricultural businesses, enabling them to invest in inputs, equipment, and infrastructure. This support is crucial for the development of high productivity standards and the growth of the sector.

Increased Productivity and Output	Financial support from commercial banks leads to increased productivity standards, expansion of commercial output, and intensification of the agricultural sector. This enables farmers to enhance efficiency and boost output, contributing to the competitiveness and ongoing nature of the agricultural sector.
Dissemination of Modern Agricultural Methods,	Commercial banks facilitate the adoption of modern agricultural methods by providing credit for innovative technologies and practices. This enables farmers to improve efficiency and productivity, keeping the sector competitive and sustainable.
Accessibility of Financial Resources	Commercial banks play a vital role in ensuring the accessibility of financial resources for all farmers, regardless of their size or scale. This helps to address disparities and promote equitable access to funding, fostering growth and development across the agricultural sector.
Contribution to Sector Growth and Consolidation	Through their support and investments, commercial banks contribute to the overall growth and consolidation of the agricultural sector. This strengthens the sector's position as the foundation of the economy and enhances its resilience and sustainability in the long term.

Source: Researcher's computation (2024)

The participants of the research posited that agricultural financing through commercial banks plays a central and indispensable role in enhancing performance and resilience in Zimbabwe's agriculture. This perspective aligns with studies by Moyo et al. (2015) and Chigumira (2018), which underscore the importance of financial support in agricultural development. However, unlike these earlier studies that often highlighted microfinance institutions or government subsidies, this research emphasizes the comprehensive support provided by commercial banks. The broad range of services offered, including loan provision, financial aid, and customized banking services tailored to agricultural needs, demonstrates the crucial role of commercial banks. This robust financial backing, detailed through meticulous surveys and interviews, is vital for farmers in challenging economic environments. By enabling farmers to access essential capital, commercial banks facilitate the transformation of operations, adoption of technology, and implementation of best practices. This infusion of funds catalyzes a shift in paradigm, resulting in improved productivity and efficiency, which are crucial

for competitiveness in the agricultural industry. Thus, there was consensus among participants that commercial banks are pivotal in driving agricultural transformation.

Participants also passionately emphasized the transformative and wide-ranging effects of agro-financing on modernizing agricultural practices and increasing crop productivity. Unlike previous studies that often noted incremental improvements, this research underscores significant advancements facilitated by commercial bank credits. These credits allow farmers to invest in modern equipment, high-quality seeds, fertilizers, and cutting-edge irrigation systems. Such investments enhance farm operations' efficiency and strengthen their resilience against environmental hazards. By channeling funds towards innovation and progress, commercial banks drive the adoption of advanced agricultural technologies and environmentally friendly practices. These practices are vital for the sector's longevity, sustainability, and prosperity. The critical role played by commercial banks in these advancements contrasts with earlier findings that did not fully capture the extensive impact of banks on the agricultural sector's overall transformation.

However, respondents identified numerous obstacles hindering farmers, especially smallholders and rural communities, from accessing credit and financial services. These barriers include limited access to credit facilities, high-interest rates, strict lending criteria, and pervasive financial illiteracy among farmers. Overcoming these challenges requires concerted efforts from financial institutions, policymakers, development agencies, and other stakeholders. Unlike earlier studies that mainly suggested incremental policy adjustments, this research calls for a holistic approach to dismantling these barriers. Developing and implementing targeted policies to enhance farmers' financial inclusion, ease access to credit, and improve financial literacy is essential. Only through such concerted efforts can the obstacles to agricultural financing be effectively overcome, paving the way for sustainable growth, equitable development, and enhanced resilience in Zimbabwe's agricultural sector.

Participants also underscored the importance of crucial policies and investment projects designed to improve the agricultural financial system and sector development. They highlighted measures such as reducing interest rates, providing flexible repayment options, and comprehensive financial literacy training programs. These steps are

essential not only for broadening credit availability but also for developing a stable agricultural sector. This comprehensive approach contrasts with previous studies that often recommended isolated interventions. Addressing these challenges through responsive policy implementation can solidify commercial banks' role as pillars of agricultural sector development. This will enable them to contribute significantly to sustainable economic growth, food security, and rural livelihoods improvement across Zimbabwe, positioning them as main drivers of positive change in the agricultural landscape.

As a result, the findings of this research are significant because they demonstrate the vital role that commercial banks play in Zimbabwe's agricultural sector. These banks serve as pillars for farmers and agricultural businesses, providing the financial support necessary for crop investment and sector growth. Overcoming challenges and seizing opportunities in agricultural financing will allow commercial banks to continue supporting sector development, promoting economic growth, and contributing to food security and poverty reduction. This study's insights offer a more comprehensive understanding compared to earlier research, showing how thoughtful interventions and joint initiatives by commercial banks can transform Zimbabwe's agricultural sector to a higher level. Thus, commercial banks reinforce their indispensable role in agricultural development.

4.4 Chapter Summary

The chapter discussed the main role of the commercial banks in facilitating investments to increase growth and productivity in the agricultural sector of Zimbabwe. Interestingly, however, excessive lending rates and lack of funding for small-scale farmers are still challenge. The chapter emphasizes the historical significance of agriculture to the Zimbabwe economy, in addition to difficulties like climate change and land reform laws. To achieve sustainable growth and development in the agricultural sector, it winds up by suggesting solutions to these problems, like specialized financial products, risk-sharing arrangements, and infrastructural investments.

CHAPTER V

CONCUSSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter will provide a summary of the main findings of our study regarding the contributions of commercial banks in the efficiency and sustainability of Zimbabwe's agricultural value chain. By incorporating a synthesis of participant feedback and textual validation, this research has compared and contrasted the complex role of agro-financing in contemporary agriculture, as well as its effects on yield rates. To this end, this chapter seeks to synthesise the main findings arising from our analysis of the empirical data and provide policy implications and suggestions for future research for policymakers, financial institutions and other relevant actors. These observations are meant to respond to the existing problems affecting agricultural development and offer the possible relevant measures toward stability and food security. Therefore, in this section we discuss the potential implications of the findings to shed light on the dynamics of agricultural financing and their central importance in Zimbabwe's overall economy.

5. 2 Summary

The research sought to establish the effectiveness of the Zimbabwean commercial banks in supporting the agricultural sector, to establish that indeed the banks play an important role in the support needed for increased productivity and modernization of the agriculture sector given the factors such as high interest charges and stringent credit requirements. It also described how agriculture contributed immensely to the Zimbabwe's economy in terms of Gross Domestic Product, employment and food security especially in the rural regions. Further, the research analyzed impediments to agricultural funding where some of the factors included lack of credit facilities, high

costs of borrowing, and tight credit standards, and low levels of financial literacy among the farming populace. In order to alleviate these problems, the study proposed recommendations such as increasing the uptake of financial services, encouraging the development of appropriate products that would meet the needs of agriculture players, cutting on the cost of borrowing, increasing financial literacy, and putting in place policies that would facilitate easy access to credit and other financial instruments with the ultimate aim of strengthening agriculture and food security in Zimbabwe.

5.3 Conclusions

With regard to the first objective of the study, the analysis finds that commercial banks in Zimbabwe positively affect agriculture through the provision of essential funding to farmers and other agricultural related businesses to procure necessary inputs, modern machinery, and facilities. This financial support is important in increasing yields, using new technologies and practices as well as practicing proper sustainable farming. However, the study also reveals that other impediments including high interest rates and stringent credit standards still exist to hinder optimum achievements of these contributions. Hence, the need for more customized products and services by the commercial banks enabling adequate support towards the agricultural sector.

On the second objective, the study finds out that agriculture has indeed contributed immensely in the Zimbabwean economy in terms of GDP, employment, and food basket. The input that the agricultural sector provides is not only limited to the economic aspect but runs into the social and culture of the people especially those in the rural areas where most of them depends on agriculture. However, the sector has challenges for example climate change, soil erosion, and water scarcity are real challenges to the sustainability of the sector. Mitigating these problems through organic farming and policies is crucial for preserving agriculture as a dominant and relevant sector.

Regarding the third objective, this study found that there are some issues with agricultural financing by banks in Zimbabwe such as limited effective credit access, high-interest rates, strict credit standards, and low levels of farmer financial literacy. These hurdles are worst felt in the small holder farmers and rural based populace who

do not have the required security and financial track record to guarantee loans. To address these challenges, financial institutions, policymakers, and development agencies must work collaboratively to design specific interventions that enhance financial access, credit, and literacy in farming.

On objective 4, the study concludes that the best solutions to the problems associated with agricultural financing in Zimbabwe include enhancing financial inclusion, promoting product innovation, and reducing the cost of credit. Specifically, tailored financial products and services that consider the seasonal nature of agriculture, flexible repayment options, and reduced interest rates are crucial. Additionally, comprehensive financial literacy programs and supportive policy frameworks are necessary to empower farmers with the skills and knowledge to manage their finances effectively and navigate the financial landscape. Implementing these solutions through collaborative efforts will foster sustainable growth and resilience in the agricultural sector.

5.4 Recommendations

Upon the above conclusions, the study recommends that:

- **Enhancing Financial Inclusion:** Financial institutions should develop and implement inclusive financial products tailored to the needs of the agricultural sector. This includes flexible loan terms, lower interest rates, and collateral requirements that are realistic for smallholder farmers. Establishing more rural bank branches and mobile banking services can also improve access to financial services for remote communities.
- **Promoting Product Innovation:** Banks should innovate by creating specialized agricultural financial products such as weather-indexed insurance, seasonal credit lines, and value chain financing. These products can help mitigate the risks associated with farming and provide farmers with the necessary capital at critical times in the agricultural cycle.
- **Reducing the Cost of Credit:** The government and financial institutions should work together to reduce the cost of borrowing for farmers. This can be achieved through subsidies, low-interest loan schemes, and the provision of guarantees

to banks for agricultural loans. Additionally, establishing credit cooperatives can help pool resources and provide cheaper credit to farmers.

- **Strengthening Financial Literacy:** Implementing comprehensive financial literacy programs is crucial. These programs should focus on teaching farmers about budgeting, financial planning, and the importance of credit. Training sessions, workshops, and collaboration with agricultural extension services can enhance farmers' understanding and utilization of financial services.
- **Policy Support and Collaboration:** The government should create supportive policies that encourage banks to lend to the agricultural sector. This includes tax incentives for banks providing agricultural loans, regulatory frameworks that support agricultural financing, and public-private partnerships to develop infrastructure that supports agricultural growth.
- **Improving Agricultural Infrastructure:** Investment in infrastructure such as irrigation systems, storage facilities, and transportation networks is essential to improve productivity and reduce post-harvest losses. Improved infrastructure can enhance the overall viability of agricultural investments and make the sector more attractive to financial institutions.
- **Encouraging Sustainable Practices:** Promoting sustainable farming practices through training and incentives can help mitigate risks such as climate change and soil degradation. Financial products that support sustainable practices, like loans for purchasing eco-friendly equipment or inputs, can also be beneficial.
- **Data Collection and Monitoring:** Establishing a robust system for data collection and monitoring can help banks assess the viability of lending to the agricultural sector. Accurate data on crop yields, market prices, and climate conditions can reduce uncertainty and improve decision-making for both farmers and lenders.

By implementing these recommendations, Zimbabwe can enhance the effectiveness of agricultural financing, support the growth of the agricultural sector, and ultimately strengthen the broader economy.

5.5 Areas for Future Research

Future studies should try to examine other ways through which the financial institutions can enhance financing of the agricultural sector in Zimbabwe by, among others, online lending and use of blockchain technologies for enhanced secure and clear agreements. Furthermore, grouping the identified products within certain categories can create an understanding of which agricultural financing products work best and why within the long term while studying concrete effects of those products on farm productivity and rural livelihoods further complicates the matter. There are also theories on microfinance institutions and cooperatives as the providers of financing to agriculture, as well as on how those institutions can be linked in the formal financial channels more efficiently. Additionally, research on the various policies that have been implemented by the government in the attempt to improve the growth and sustenance of agriculture will be essential. Therefore, understanding other relevant aspects of the agricultural financing and its socio-economic consequences for gender equality and youth employment in the rural regions might provide true insights into the problems of inclusive development.

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Appendix 1

Semi-Structured Interview Guide

Introduction

Good [morning/afternoon], thank you for participating in this interview. My name is Tatenda Mandaza, and I'm conducting research to explore the relationship between Zimbabwean Commercial Banks and the agricultural sector, as well as the broader impact of agriculture on the Zimbabwean economy. The objectives of this interview are as follows:

1. To assess the impacts of Zimbabwean Commercial Banks on the performance of the agricultural sector.
2. To examine the significance of agriculture in the Zimbabwean economy.
3. To evaluate the challenges associated with agricultural financing by banks in Zimbabwe.
4. To discuss potential solutions to the identified problems associated with agricultural financing.

Your insights will provide valuable perspectives on these topics. Your responses will be kept confidential and will be used solely for research purposes. Before we begin, do I have your consent to record this interview?

[Wait for verbal consent.]

Thank you. Let's proceed with the interview.

Objective 1: Assessing the Impacts of Zimbabwean Commercial Banks on the Agricultural Sector

1. How would you describe the relationship between Zimbabwean Commercial Banks and the agricultural sector?

2. In your opinion, what are the primary ways in which commercial banks impact the performance of the agricultural sector?
3. Can you provide examples of specific initiatives or programs implemented by banks that have positively influenced agriculture?
4. Are there any negative impacts or challenges that arise from the involvement of commercial banks in the agricultural sector?
5. How do you perceive the overall effectiveness of Zimbabwean Commercial Banks in supporting agricultural activities?

Objective 2: Examining the Significance of Agriculture in the Zimbabwean Economy

6. From your perspective, how significant is the role of agriculture in the Zimbabwean economy?
7. What are some key contributions of the agricultural sector to the overall economic development of Zimbabwe?
8. Have there been any notable shifts or changes in the importance of agriculture to the Zimbabwean economy in recent years?
9. In your view, how does the performance of the agricultural sector impact other sectors of the economy?

Objective 3: Assessing Challenges Associated with Agricultural Financing by Banks

10. What are the main challenges that farmers or agricultural businesses face when seeking financing from banks in Zimbabwe?
11. Are there any specific barriers or obstacles that banks encounter when providing financial services to the agricultural sector?
12. How do these challenges affect the overall accessibility of agricultural financing in Zimbabwe?
13. Have there been any notable trends or developments in agricultural financing practices by banks in recent years?

Objective 4: Suggesting Solutions to Identified Problems Associated with Agricultural Financing

14. Based on your experience, what do you believe are the best solutions to address the challenges associated with agricultural financing in Zimbabwe?

15. Are there any specific policy changes or regulatory measures that could help improve access to agricultural financing?

16. What role do you think international organizations or partnerships could play in supporting agricultural financing initiatives in Zimbabwe?

17. Are there any innovative approaches or alternative financing models that you believe could be effective in addressing the needs of farmers and agricultural businesses?

Conclusion

Thank you for your valuable insights and contributions to this interview. Your input will be instrumental in informing our research findings. If you have any additional thoughts or comments, please feel free to share them now.

[Allow for any final comments or questions from the interviewee.]

Once again, thank you for your time and participation.

Appendix 2

Questionnaire: Assessing the Impacts of Zimbabwean Commercial Banks on the Agricultural Sector

1. Introduction

Please provide your consent to participate in this research by checking the box below.

I consent to participate in this research. [Yes] [No]

2. Participant Information

Name:

Occupation:

Years of experience in the agricultural sector:

Position in the banking sector (if applicable):

3. Assessing the Impacts of Zimbabwean Commercial Banks on the Agricultural Sector

How would you describe the relationship between Zimbabwean Commercial Banks and the agricultural sector?

Strongly Disagree

Disagree

Neutral

Agree

Strongly Agree

In your opinion, what are the primary ways in which commercial banks impact the performance _____ of _____ the _____ agricultural sector? _____.

Can you provide examples of specific initiatives or programs implemented by banks that _____ have _____ positively _____ influenced _____ agriculture? _____.

Are there any negative impacts or challenges that arise from the involvement of commercial banks in the agricultural sector?

_____.

How do you perceive the overall effectiveness of Zimbabwean Commercial Banks in supporting agricultural activities?

Ineffective

Somewhat Effective

Effective

Very Effective

4.Examining the Significance of Agriculture in the Zimbabwean Economy

How significant is the role of agriculture in the Zimbabwean economy?

Not Significant

Somewhat Significant

Significant

Very Significant

What are some key contributions of the agricultural sector to the overall economic development of Zimbabwe?

_____.

Have there been any notable shifts or changes in the importance of agriculture to the Zimbabwean economy in recent years?

[Yes] [No]

In your view, how does the performance of the agricultural sector impact other sectors of the economy?

Positive Impact

Neutral

Negative Impact

5. Assessing Challenges Associated with Agricultural Financing by Banks

What are the main challenges that farmers or agricultural businesses face when seeking financing from banks in Zimbabwe?

_____.

Are there any specific barriers or obstacles that banks encounter when providing financial services to the agricultural sector?

_____.

How do these challenges affect the overall accessibility of agricultural financing in Zimbabwe?

Significantly Limits Access

Limits Access

Does Not Impact Access

Have there been any notable trends or developments in agricultural financing practices by banks in recent years?

[Yes] [No]

6.Suggesting Solutions to Identified Problems Associated with Agricultural Financing

Based on your experience, what do you believe are the best solutions to address the challenges associated with agricultural financing in Zimbabwe?

_____.

Are there any specific policy changes or regulatory measures that could help improve access to agricultural financing?

[Yes] [No]

What role do you think international organizations or partnerships could play in supporting agricultural financing initiatives in Zimbabwe?

_____.

Are there any innovative approaches or alternative financing models that you believe could be effective in addressing the needs of farmers and agricultural businesses?

7. Conclusion

Thank you for completing this questionnaire. Your input is valuable to our research. If you have any additional comments or insights you would like to share, please feel free to do so below. (Open-ended)

Please confirm your consent to use the information provided in this questionnaire for research purposes by checking the box below.

I consent to the use of my responses for research purposes. [Yes] [No]

Thank you for your participation. Your input will greatly contribute to our understanding of the relationship between Zimbabwean Commercial Banks and the agricultural sector.

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