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Contract between the United Nations Industrial Development Organisation (UNIDO) and Horticultural Promotion Council (HPC) for the Provision of Services, Equipment and Supplies Relating to the Phase-out of Methyl Bromide in the Cut Flower Sector in Zimbabwe.

Contract No. 2002/056
Project No. MP/ZIM/00/105
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Final Report – June 2008

Introduction

This report should have been submitted by the end of April 2008. However, due to conditions on the ground and the prolonged elections in March 2008 in Zimbabwe and the equally prolonged run-off taking place on 27 June 2008, it has taken longer to carry out assessment work for the four boilers on the farms. Once more, a physical check has been made of the four boilers on the farms and they are in very good condition.

The situation on the cut-flower farms is not as conducive as it was, prior to 2001. During periods of political tensions such as we have had in the last four months, there tends to be an increase in disruptions in production. Despite all the odds, exports of cut flowers were close to 12 million killogrammes for 2007. This was almost equal to 2006 exports albeit slightly less. The macro-economic environment has worsened and growers are working under very difficult conditions. With inflation at a record level, labour costs escalating and margins squeezed, the slight expansion of 2007 has been cut back in 2008.

The little expansion that has taken place has been on established projects. Although HPC continues to receive a lot of enquiries from potential investors, it would appear that most of them are waiting for a resolution of the seeming political stalemate. There is no doubt as we have repeatedly spelt out in the past, that with the normalisation of the political and economic environment, the industry can regain lost ground within three years. The HPC is doing its level best to ensure that the industry survives these turbulent times.

Utilisation of Boilers

The reasons for the low utilisation of the boilers in the cut flowers sector has been explained before. The fuel shortages and the recent global fuel price increases have made the usage of the boilers less cost effective. The HPC is of the opinion that with normalisation of the economy and the trend towards larger units for cut-flowers now emerging, there will be an increase in utilisation of boilers for soil sterilisation in future. For these reasons HPC would still want to retain some boilers for use in the cut-flower industry. We have ascertained that those boilers still on the farms are being utilised to some extent and because of the profile of these companies we are satisfied that they are in safe hands.

Distribution of Boilers

The number of boilers according to reports handed over to HPC when we took over and the checks made thereafter, was 17. The distribution is as follows:

- 1 large boiler at HPC
- 2 small boilers at HPC
- 2 small boilers at Little Flowers Farm, Ruwa
- 1 small boiler at Swandales Farm, Norton
- 1 small boiler at Clairmont Estate, Nyanga
- 1 small boiler at Southern Roses, near Harare Airport
- 3 small boilers at Farmec
- 2 small boilers at Tobacco Research Board
- 2 large boilers at Tobacco Research Board
- 1 large boiler at KAITE Trust
- 1 small boiler at KAITE Trust

On 14 December 2007, Mr T Mushayandebvu, Head of UNICO Operations, Harare, wrote to HPC informing us that UNIDO had signed a Memorandum of Understanding (MOU) with KAITE Trust for the temporary transfer of one large and one small boiler for use in a pilot project to process and export essential oils. On 10 January 2008 KAITE Trust moved the boilers from HPC to their premises after carrying out the necessary visual checks. The accessories were also taken by KAITE:

- 4 large aluminium trays
- 4 small aluminium trays
- 8 large hoses
- 8 small hoses
- 2 chimneys
- 2 manifolds

HPC facilitated the smooth temporary transfer of these boilers.

Little Flowers Farm are located about 25 kilometres from Harare city centre along the Mutare Road and are the leading producers of asters, solidago, foliage and chrysanthemums in Zimbabwe and have expressed interest in the continued use of the boilers. Utilisation is not high, but they are being utilised and it is very close for HPC to check.

Southern Roses is owned by Flora Marketing and is at 50 hectares of roses, the single biggest cut-flower growing unit in Zimbabwe. Flora Marketing also manages a further 50 hectares for other farmers and also are the second biggest marketing agent for cut flowers. Southern Roses is located five kilometres east of Harare International Airport, right opposite Tobacco Research Board and are within 30 minutes drive from HPC.

Claremont Orchards are owned by Ariston Holdings, one of the biggest agricultural corporations in Zimbabwe and are involved in cut-flower production, vegetable production, deciduous fruit (apples, peaches, pears, etc), coffee, tea, trout fish breeding and livestock. The boiler is at their Claremont Estate in Nyanga about 275 kilometres from Harare. They grow field flowers at Claremont and work with a group of smallholder out growers of cut-flowers. They have also expressed interest in keeping, utilising and maintaining the boiler. Because of the sheer size of their operations and the fact that their Head Office is in Harare, it makes monitoring easier for HPC and good sense for them to continue using the boiler.

Swandales is about 50 kilometres west of Harare just off the Bulawayo road near Norton. They have a 10 hectare rose production unit and HPC would like to encourage the continued use of the boiler albeit at low utilisation capacity.

End of the project and the Future

With the coming to an end of the project and our submission of the last report, it does not necessarily mean the end of the phase-out of methyl bromide. HPC is of the view that in the foreseeable future with the normalisation of the political and economic environment, there is definitely going to be an increase in production of cut-flowers and an upsurge in the use of the boilers. HPC would like to encourage farmers who have boilers on their farms to share with those producers who are closer to them.

In our last report we had mentioned that we needed to move the boilers from the farms back to HPC, a decision we have now reversed. We will keep monitoring the situation very closely and work with the Ministry of Environment and Tourism and the UNIDO Office in Harare that we abide by the spirit of the Agreement. We will again be consulting with the two authorities on how to utilise the three small boilers still at FARMEC.

Conclusion

HPC would like to sincerely thank UNIDO for the co-operation extended to the cut-flower sector in Zimbabwe. Due to circumstances beyond anybody's control, the project has taken much longer than originally anticipated. It has, however, shown our producers that there are other alternatives to using methyl bromide. Farmers are always on the look-out for cheaper alternatives and hopefully in future costs of running the boilers will reduce.

Looking forward to the future, we are confident that Zimbabwe will soon resolve the current challenges and that this will lead to increased investment in the cut-flower sector.

In conclusion, HPC would like to once more express its gratitude to UNIDO, the understanding of our peculiar circumstances and hence the extension of the project period. If there are any outstanding issues, HPC will deal with these with the Ministry of Environment and Tourism and the local UNIDO Representative Office.



Basilio Sandamu
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Horticultural Promotion Council