



ZIMBABWE

COMMUNIQUE ON THE AGREEMENT BETWEEN THE GOVERNMENT OF ZIMBABWE AND FORMER FARM OWNERS AS DETAILED IN THE GLOBAL COMPENSATION DEED FOR IMPROVEMENTS ON FARMS COMPULSORILY ACQUIRED FOR RESETTLEMENT DURING THE LAND REFORM PROGRAMME

BACKGROUND

1. In 2000, Zimbabwe embarked on a Land Reform Programme for the resettlement of people on agricultural land.
2. The Constitution sets out the circumstances under which Zimbabwe will pay compensation in respect of compulsory acquisitions of agricultural land. In particular:
 - 2.1 Section 72(3) provides for the payment of compensation for improvements only on compulsorily acquired agricultural land;
 - 2.2 Section 295 provides for payment of compensation for compulsory acquisition of agricultural land and any person, other than a person referred to in subsection (1) or (2) of that section, whose agricultural land was acquired by the State before 22 August 2013 is entitled to compensation from the State only for improvements that were on the land when it was acquired.
3. Government and the former farmers' representatives engaged in extensive negotiations over the global compensation figure for improvements, including biological assets and land clearing costs, on the land compulsorily acquired from the former farm owners.
4. Funds for this exercise will be raised largely in the international capital markets through United States dollar denominated long term debt instruments as well as other suitable non debt-instruments and financing structures. The

Government, through the Ministry of Finance and Economic Development, will work together with farmer representatives in this regard, through a Joint Resource Mobilisation Committee that has been set up by His Excellency, the President of the Republic of Zimbabwe, Dr E.D Mnangagwa.

5. The conclusion of the Global Compensation Deed (Agreement) which was signed in Harare on Wednesday 29th July 2020 is in compliance with the Constitution and Government's respect for the rule of law. It is also a reflection of the Second Republic's political commitment to the successful conclusion of the land redistribution process in a dignified manner that restores the integrity and dignity of all the people of Zimbabwe who were affected by the necessary land reforms.
6. In his inauguration speech delivered on 24 November 2017, His Excellency, the President of the Republic of Zimbabwe, Dr. Emmerson Dambudzo Mnangagwa re-affirmed this position and asserted that, **"while we cannot change the past, there is a lot we can do in the present and future to give our Nation a different, positive direction"**.
7. Amongst the things that needed to be done was to bring finality to the compensation of former farm owners for improvements on the land which was compulsorily acquired for the resettlement of the land-deprived indigenous black population.
8. Thus, after re-affirming that, **"the principle of repossession of our land cannot be challenged or reversed"**, His Excellency, the President Dr. E. D. Mnangagwa went on to say:

"My Government is committed to compensating those farmers from whom land was taken, in terms of the laws of the land. As we go into the future, complex issues of land tenure will have to be addressed, both urgently and definitely, in order to ensure finality and closure to the ownership and management of this key resource which is central to

national stability and to sustained economic recovery. We dare not prevaricate on this key issue."

9. True to his word, on 5 March 2018, His Excellency, the President Dr. E. D. Mnangagwa constituted an **Inter-Ministerial Compensation Committee**, (IMCC) under the leadership of the Vice President of the Republic, Hon. Gen (Rtd) Dr. C. G. D. N. Chiwenga, as its Chairperson.
10. The mandate of the Inter-Ministerial Compensation Committee was to give overall policy guidance and direction to the compensation negotiation process and the determination of a global compensation amount. The IMCC was to be assisted in its work by a Joint Technical Compensation Negotiation Committee (JTCNC) comprising senior Government Officials from the Office of the President and Cabinet, Ministry of Finance and Economic Development, the Ministry of Lands, Agriculture, Water and Rural Resettlement, the Ministry of Local Government and Public Works, and members of the Compensation Steering Committee representing former farm owners.
11. The establishment of the Inter-Ministerial Compensation Committee and the JTCNC, formalised negotiations on compensation, which had begun earlier through an Ad Hoc Working Group on Compensation that was born out of an All Stakeholders Consultative Workshop that was held on 31 March 2016 at the Harare International Conference Centre.
12. Following this workshop, there was broad consensus that the best way to resolve the long outstanding issue of compensation for improvements on farms compulsorily acquired by the Government for resettlement was for the

Government and former farm owners to find each other and work together to re-build trust to reach agreement on consensus-based mechanisms for compensation.

13. Negotiations were expected to have been completed by 30 September 2018, but due to the complex nature of the matter, the negotiations extended beyond that date, with a brief stalemate being reached in 2019. The Government of Zimbabwe, therefore, sought the services of independent assessors of international standing to review the computations by both Parties and to recommend a global valuation figure for the improvements.
14. The independent assessors undertook their valuation review from 9 September 2019 to 2 December 2019. This was done with the technical assistance of experts seconded by the World Bank.
15. Against this background, the Inter-Ministerial Compensation Committee mandated the JTCNC to review the valuations under the following broad terms of reference:
 - a. To come up with a consensus based global compensation amount through negotiations taking into account the recommendations from the Regional Independent Assessors.
 - b. To propose and recommend payment modalities including currency of valuation and payment.

KEY TERMS OF THE AGREEMENT

16. Following protracted negotiations, the JTCNC on 26 May 2020 agreed to recommend a global compensation amount for improvements under a structure with the following key provisions:-
 - a. A global compensation figure of **USD3.5 billion** with a **50% down payment within 12 months** of signing the agreement and the **balance** to be paid **over a period of 48 months thereafter**.
 - b. Government and the former farm owners would establish a **Joint Resources Mobilisation Committee** to work with the Ministry of Finance and Economic Development for Government to raise funds through **long term debt and other financial instruments with a tenure of up to 30 years**. In the event that the funds are not raised within the envisaged time, the payment periods may be extended by written agreement of the Parties.
17. The parties are proceeding to jointly develop and implement a roadmap for the implementation of the Agreement. This will include the formulation and implementation of measures and reforms necessary to ensure that the country develops sufficient capacity from productively working the land to repay without distress such additional national debt as may be contracted.
18. Government will continue providing for the payment of interim relief payments in the National Budget until sufficient funds for the down payment of the global compensation amount have been raised.

IMPLEMENTATION OF THE AGREEMENT

19. ESTABLISHMENT OF THE JOINT RESOURCE MOBILISATION COMMITTEE

Against the above background, on Wednesday 29th July 2020, upon conclusion of the Signing Ceremony of the Global Compensation Deed, His Excellency, the President of the Republic of Zimbabwe, Dr E D Mnangagwa directed that a Joint Resource Mobilisation Committee be set up by the parties to the Agreement. The Minister of Finance and Economic Development, Hon Prof Mthuli Ncube will chair this Committee.

The Terms of Reference of the Joint Resource Mobilisation Committee are summarised as follows:-

a. CONSTITUTION

The Joint Resource Mobilisation Committee that shall assist the Ministry of Finance and Economic Development in raising an amount of US\$3.5 billion, for the purpose of paying compensation to former farm owners, in terms of Clause 3 of the Global Compensation Deed.

The Committee shall subsist for a period of 5 years or until the full amount of US\$3.5 billion has been raised, whichever is later.

b. MEMBERSHIP

- i. The Chairperson shall be the Minister of Finance and Economic Development.

The members shall consist of not less than 3 members representing the Commercial Farmers as defined in the Agreement and not less than 4 members from within Government.

c. RESPONSIBILITIES OF THE COMMITTEE

The Committee shall:

- i. Draw up a Roadmap, in conjunction with relevant external partners, for the implementation of the Agreement.
- ii. Work with resource mobilisation advisors ("Advisors") appointed by the Ministry of Finance and Economic Development to advise in the resource mobilisation exercise.
- iii. Participate in roadshows to potential financiers and other stakeholders approved by the Minister.
- iv. Make recommendations on strategies to be adopted in respect of the resource mobilisation exercise.
- v. Draw up a stakeholder engagement strategy and participate in stakeholder engagement meetings.
- vi. Identify potential financiers and make recommendations thereon.

Stakeholders shall be kept fully apprised of further developments and progress in the implementation of this important and historic agreement.

ISSUED BY:-



Hon Prof Mthuli Ncube
MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT AND CHAIRPERSON OF THE
JOINT RESOURCES MOBILISATION COMMITTEE

4 August 2020

