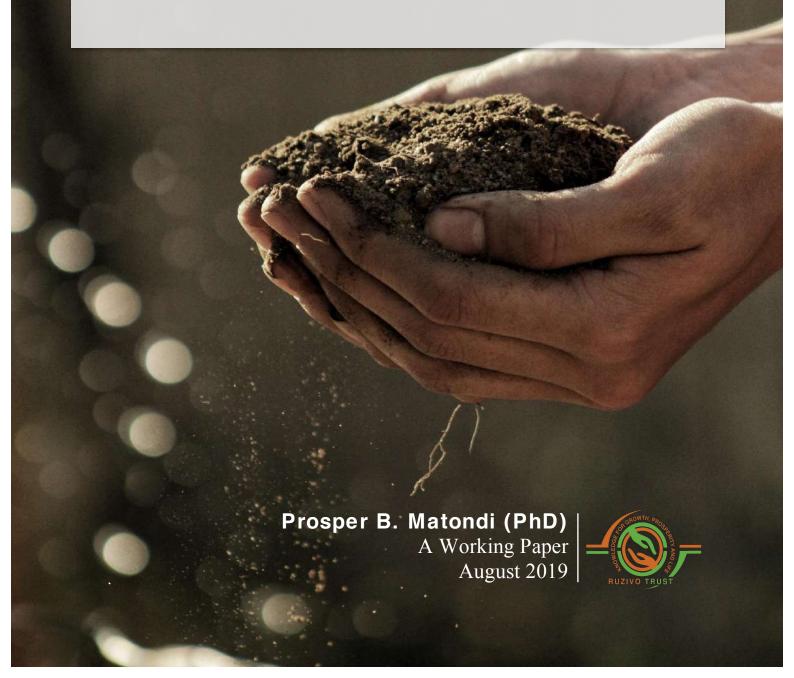
JOINT VENTURES AND LAND SUBLETTING IN THE FAST TRACK LAND REFORM PROGRAM IN ZIMBABWE

AN ANALYSIS





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Joint Ventures and Land Subletting in The Fast Track Land Reform Program in Zimbabwe: An Analysis

Prosper B. Matondi (PhD)

Abstract

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For the readers of the land and agrarian reform program, this instrument came as no surprise

On the 28th of June 2019, the Government of Zimbabwe announced that it has evoked a policy instrument that allows for Joint Ventures (JVs) and subletting of land for agriculture purposes. For the readers of the land and agrarian reform programme, this instrument came as no surprise because, the Second Republic of Zimbabwe administration has been on the offensive to attract investment in the economy, through its 'Zimbabwe is Open for Business' mantra. Politically, the JVs and subletting provide a win-win situation for the Government and especially the under-funded/resourced farmers. However, the greatest positive impact of this policy intervention will clearly the resuscitation of Zimbabwe's agriculture production which will obviously cascade down and kick start the broader Zimbabwean economy. The few JVs and land subletting that the Government had allowed to date only saw a very small fraction of the vast tracts of land acquired under the Fast Track Land Reform Programme being highly capitalized and equipped with modern agricultural technologies and development systems. Therefore, the decision to evoke the policy instrument may just be what the doctor ordered to help revive an economy that is heavily constrained and by all means, desperately needs all its productive potential across the board to be capacitated and unleashed. By embracing JV's, the Government has demonstrated good will of involving all the citizens in the agricultural supply chains, while also giving assurances to venture investors that their access and rights to use and benefit from the Zimbabwe land is guaranteed at law and by clearly enunciated and publicly declared policy pronouncements on this subject specifically. This paper discusses what the JVs mean for Zimbabwe's agriculture sector in particular and the broader economy in general. The ultimate objective of this brief is to establish the relationship between the JV and land subletting or leasing policy instrument, as well as interrogate the circumstances under which these thrive. I will also explore the possible effects JV's and subletting will have on Zimbabwe's agriculture value supply chains.

Key words: Joint Ventures, subletting or subleasing, agriculture land rights, tenure, agreements, finance, value, policy



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1. Introduction

The landowner
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The Government of Zimbabwe earlier this year announced its approval for Joint Venture (JV) farming and land subletting for mostly the beneficiaries of the Fast Track Land Reform Program (FTLRP). The policy is aimed at uplifting farm production on farms that have been underperforming. Before this policy pronouncement, there were JVs of private arrangement of farm "owners" as land beneficiaries who would let out their farms to those who wanted to produce for an agreed "monetary fee" over an agreed period of time. After harvesting and selling produce from the land, the user would pay the fee to the landowner. The landowner in the case of JVs, are individuals who were allocated land with an offer letter from government. The land allocation authority is the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement (MLAWCRR). It must also be recognized from the onset is that all land in Zimbabwe can be subjected to JVs, as approved by the land authority for national strategic reasons is elaborated in Zimbabwe's constitution. Customary lands that are presided over by local authority and traditional leaders, can be subjected to JVs, given that they are largely owned in trusteeship by the President of the Republic of Zimbabwe. Understanding this provision is critical given the past rancour over JVs that involved the government and private investors, and excluded people who live and use communal lands.

The "new" policy announcement by Government is a strategic intervention to get land back to production, which in turn avoids the political booby trap of reversing the distributional gains of the Fast Track Land reform program by seizing land from 'unproductive' farmers. Critical analysis and research would however point to the glaring inadequacies of the land policy and program to deal with the intricacies and vagaries of land underutilization. This challenge required the development of a JV policy that enhances the optimization of land use while being a transitory mechanism for re-skilling the land beneficiaries on modern farming. Yet, it would have been progressive to introduce JVs through a drip-feed approach by allowing some and not complete ban. Sam Moyo (2006) avers that it was perfectly understandable that the government, during this transitional phase of tenure reform, needed to prevent re-concentration of land control. It also needed to be creative by formulating strategies for



Government to broaden its perspective on land tenure by developing progressive...

promoting market sensitive land subletting and sharing to allow optimal use of land in Zimbabwe. Moyo (2006) further suggests that the Government needs to establish "benign land rental or leasing markets and/or off-loading land to new aspirants". In addition, Moyo (2006) calls on the Government to broaden its perspective on land tenure by developing progressive, legally secure land sharing arrangements and regulated but flexible land exchange systems. The objective of this paper is to review the JVs and how they can be aligned towards an incremental plan for sustainable land utilization that strengthens the capacity for competitive agricultural productivity. Thus, JVs need to be conditional to enhance the capacity of the beneficiaries of land reform who have struggled to meet production output due to a variety of complex factors.

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The expectation of "neat" policymaking in the context of land no longer holds for the new administration in Zimbabwe. An indepth consultative process is a must to get the reform on track, with objectives of unlocking value on all agricultural lands. No matter how monotonous it can be. It is essential

It is not surprising and unexpected that the Second Republic set out with the implementation of a raft of policies, which were meant to close the gaps of decades of policymaking, which, it would appear, ran on autopilot, thereby suppressing key economic sectors such as agriculture. The expectation of "neat" policymaking in the context of land no longer holds for the new administration in Zimbabwe. An in-depth consultative process is a must to get the reform on track, with objectives of unlocking value on all agricultural lands. No matter how monotonous it can be, it is essential. Hard pressed to deliver on the economic front, the Government does not have the luxury to dilly-dally around the land question. It needs to address and resolve with finality the contested matters such as land. Zimbabwe's restive citizens urgently demand and expect, and with good reason, too, enunciation and enforcement of clear policies and plans to halt and rescue, in a sustained, sustainable and predictable way, the deterioration in the provision of basic services. Invested in and strategically put to good use, the land is one great asset which the Government could leverage on to stabilize the economy and steer the nation towards the desired trajectory of growth. The national economy is littered with increasing poverty and worsening food insecurity, run away shortages of basic needs and services, which have ravished and traumatized both rural and urban populations. Although Government did set its interim developmental trajectory in the Transitional Stabilization Program (TSP) (2018 - 2020), these targets were not immediately realizable due to less than

¹ Moyo, S. 2006. 'Emerging Land Reform and Tenure Issues', AIAS Working Paper, Harare, Zimbabwe.

optimal rainfall season, the rampaging inflation, and suppressed productivity especially on land. This means that events on the ground are the main policy determinants. Without doubt, landsubletting policy is one of them. The TSP targets were highly ambitious, and can no longer be tenable in the current economic context. This calls for both politicians and civil servants to make tough choices and hard decisions that are aimed at unlocking value in the agriculture sector, such as land subletting policy measures. Government had previously taken the caveat of not dabbling in subletting fearing this would create the impression to its citizenry that their Government was reversing the Fast Track Land Reform Program, by giving back the land to the former land owners through the back door. However, if well implemented, the JV and land subletting policy framework can placate the wretched land beneficiaries who, for close to twenty years now, have unjustifiably shouldered the blame for poor land utilization. However, on closer analysis, beneficiation and optimum utilisation of land has been beyond this group of citizens' scope and capacity to deal with, principally given the contested nature of the FLRP and related economic crisis that Zimbabwe has faced since 2000.

Since 2017, there have been changes around land ownership with immediate action being to legalise the Zimbabwe Land Commission (ZLC), marking a departure from the past. The new administration has indeed provided space for discussion with current and former white farmers under the Commercial Farmers Union (CFU), with the minister encouraging dialogue on a range of contested issues such as compensations as prescribed in the constitution. A key objective of government is for the white farming constituency to get on the business of farming to increase productivity. White farmers were encouraged to apply for land because landholding was no longer based on a person's skin color but on one's ability to produce. Government has also extended the 99-year land leases to white commercial farmers, a benefit that was previously the preserve of black farmers, with white farmers only allowed five-year leases.

Following the announcement of the JV and subletting policy, the Government went on to approve a JV with a private sector company to irrigate 10,000 hectares of sugarcane for ethanol production in Masvingo Province around the inland Tokwe-Mukosi dam. The dam has a potential to irrigate at least 25,000

hectares of land. The Government set aside 40 percent of that land for sugarcane. Based on the lessons from the Chisumbanie JV project that targeted 45,000 hectares (Matondi et al, 2011) the Government integrated smallholder out grower production on at least 4,000 hectares with 6,000 hectares being for corporate farming. The import of this JV agreement targeted the eventual stabilization of fuel supplies through ethanol blending, which in turn would cut on the bill of foreign currency bill of importing fuel, particularly petrol. Without doubt, the new JV would have a ready market, given the incessant shortages of fuel in Zimbabwe on the backdrop of a serious foreign currency shortage for general importation of petrol and diesel. The import substitution through blending is regarded as of national strategic importance to Zimbabwe's economy as a whole. The meaning of this JV policy instrument has been triggered by its strategic value and potential to get the economy back on its rails again. Energy remains a primary priority assert for economic growth as it also forms part of the green growth agenda of the country. It is therefore the purpose of this paper to unpack the nature of the JV and land subletting policy instrument, its potential impact and the circumstances under which this instrument is being applied.

2. Understanding the historical context of JVs?

He would admonish politicians and traditional leaders in areas where such subletting arrangements had been established.



10,000ha sugarcane field Irrigated for ethanol in Masvingo JVs and land subletting arrangements have been in the public domain for some years though a decision to embrace them was embargoed by the former President R. G. Mugabe through his utterances expressing his abhorrence arrangements. Former President Mugabe's argument was that JVs and land subletting would be a sign of reversal of the Fast Track Land Reform. He would admonish politicians and traditional leaders in areas where such subletting arrangements had been established. Despite his call for the JVs and subletting to be "banned", there was never a policy pronouncement to effect of banning JVs and land subletting in practice. Government simply pretended that the JVs existed and allowed based on a raft of laws in use. Interestingly however, the Government would publicly encourage State-run entities such as the Agriculture and Rural Development Authority (ARDA) farms, to pursue and embrace the JVs as one of the best avenues to boost commercial agriculture production in a sustainable and predictable fashion.

In the context of the FTLRP from 2000, the government was sized with JVs and subletting arrangements. Prior to 2000, the government had allowed tenancy farming under the Commercial Farm Land Settlement Scheme (CFSS), which was a sub-lease arrangement to commercial farmers. These were dated, and most were up for renewal in 1993, which land government to act and not to renew, but designed a new CFSS to new beneficiaries. Farms parcelled out for beneficiaries are at Wenimbi in Marondera, Coburn in Chegutu, and others. The farms under CFSS, were re-issued to beneficiaries with deeds of grants and therefore fall under the private land markets systems. For the unallocated land, the ministry administers the lease with an option to purchase. It when there are sellers and buyers that the Deeds Registry features. The number of such farms and their status is relatively unknown. In order to assist in the JV and subletting arrangements, such information is necessary of the development of this land market that promotes investments.

The Bilateral Promotion and Protection Agreements (BIPPA) need to be treated as a special category of investment through land sub-leasing to foreigners. The BIPPAs are normally

government-to-government that promotes and protects a raft of investments and signed through the Ministry of Foreign Affairs and International Trade. These have existed for many decades and pre-dates Zimbabwe's independence in 1980. Internationally these types of agreement are honoured and respected, even where reforms on the land is made. They still though are subjected to the same constitutional agreements, in the event that the state needs to acquire the land for national interests. It is perhaps, the only sector that is paid for both land and improvements and paid differently than when land is acquired for Zimbabweans. The BIPPAs have gone through contestations, with explanations provided directly to each specific BIPPA on land matters. A proportion of the farmers that were listed to compulsory acquisition were returned to the BIPPA owners.

The farms fall under the large-scale category, but have special conditions provided in the external investment as part of the Foreign Direct Investment (FDI) drive. According to MLRR (2009:64) BIPPA is an agreement establishing the terms and conditions for private investments by nationals and companies of one state in the state of another and therefore involves one contracting state in the territory of the other, while providing a number of guarantees, which typically include fair and equitable treatment, protection from expropriation, free transfer of means and full protection and security. The MLRR goes on to say that the distinctive feature of many BIPPAs is that they allow for an alternative dispute resolution mechanism, where by an investor whose rights under the agreement have been violated could have recourse to international arbitration, often under the auspices of the ICSID (International Centre for the Settlement of Investment Disputes) rather than suing the host state in its own courts. Zimbabwe wanted to attract foreign direct investment from other countries and improve the livelihood of its citizens. Zimbabwe has signed agreements with 51 countries and nationals from 13 of these countries who own 278 farms. These agreements are skewed in favour of foreign countries with regard to the land given the level of protection given more minimal investment. The BIPPAs though protected by international laws have to show evidence of direct inflow of foreign investment, which has to be protected.

Investment in agriculture requires considerable levels of derisking to attract money in the sector. The history of land reform

in Zimbabwe by itself is a key risk factor that requires to be derisked by clear policy enunciation, actions of protection the land users and the various arrangements that are encouraged through the JV and land subletting.

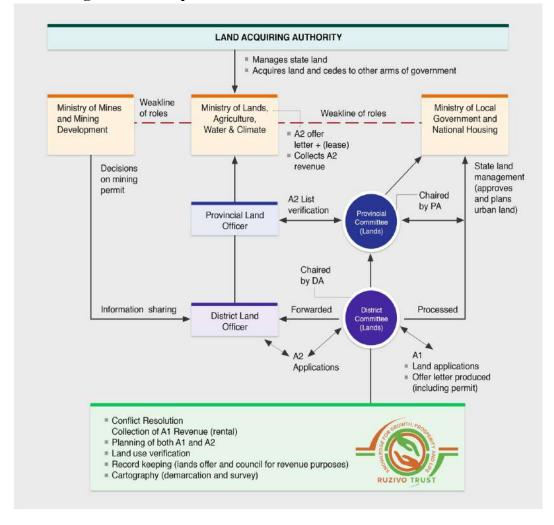


Figure 2.1: Complex administrative framework as a risk

A considerable effort on rebuilding trust in the domestic land market, and also international investments must be the mission of government and related stakeholders in the agriculture sector. In order for wide scale JVs in the agriculture sector, there is a need for an awareness and understanding of the laws regarding tenure security. This mechanism of de-risking by policy clarity will help for the existing land rights² to be known and addressed administratively. Currently, the citizens have difficulties to know where to start if they want to invest in agriculture. This in in addition to the opaqueness of how the process works, and how decisions are made to access land in the commercial sector. This

² MLRR progress report 2016

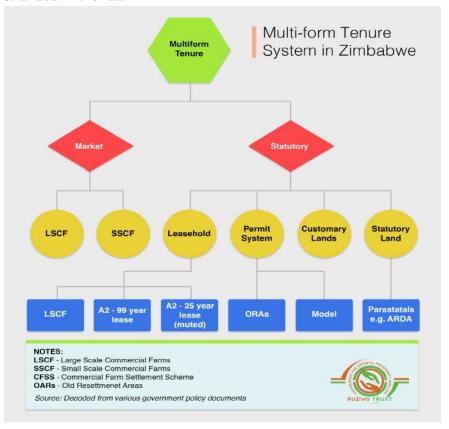
insecurity arises, because the government retains the rights to plan and replan farms, entailing moving some farmers for any reason as provided in the national constitution.

3. What is the meaning of Joint Ventures and what purpose do they serve?

Zimbabwe
agriculture
production base
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lives of
smallholders
through income
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empowerment
using readily
available
resources

JVs are not new in pre and post independent Zimbabwe. There are rafts of legal instruments that underpin them as will be shown in this exposé. During the colonial and post-colonial period, the JVs remained a key innovative strategy aimed at cultivating inclusive business relationships between smallholders and agribusinesses. They have been tried in a variety of value chains that form the core of Zimbabwe agriculture production base. Indeed, it has been proven that they can go a long way in positively transforming the lives of smallholders through income growth and empowerment using readily available resources. Previous efforts made to empower the smallholder income by simply allowing them to work the land and grow crops have not produced the desired results. There have been complaints on the nature of contracts and JVs, which many felt were premised on "overpromise" and "under delivery" right across the farming sectors and on the agricultural markets in particular. Some of the problems cited include: poor auctions (tobacco and livestock), collusion and price-fixing by buyers, low prices, high levies, limited export incentives with foreign exchange being seen as punishing the Farmers also complain of farmers and not merchants. ridiculously low prices imposed by cheats masquerading as middlemen in private farm-gate sales. Efforts by individual farmers to sell directly food products (e.g. livestock meat, eggs and milk) to high value urban markets are impeded by high transport costs, complicated clearing processes and uncertain prices, and low-quality produce. On the other hand, buyers identify poor quality as the justification for paying low prices to low inconsistent smallholder producers, and volumes. inconsistent supply systems, and high transaction costs as other contributing in making smallholder farmers uncompetitive. In all this, institutions like farmers' unions, local and central government have not been effective in assisting with creating an enabling environment for smallholder producers. The end result has been a group of poor, uncoordinated, voiceless and powerless smallholder farmers who literally grind out a living working the land and are inconsistent in providing competitive products on the farm markets. As a result, smallholder farmers do

not realize the full potential value of their livestock assets, as well as the land itself. Resultantly, poverty stalks them and keeps them stranded in the rut.





"99-year-lease"

In the new policy prescription, a JV is an agreement between a "land occupier" on state land with formal recognition of occupancy (tenancy) in the form of an "offer letter" or a "99-yearlease". The agreement outlines and prescribes the conditions of occupation and the expected use of the land. Thus, joint venturing would be confined to a specific and defined piece of land. The parties that sign to the JV have to agree by written/verbal contract with clear terms and conditions of land and other uses, including the rates (monetary value) and agreed payment arrangements. For capital investment, sole of joint management of operations, marketing of the produce. However, the Environmental Management Agency (EMA) would need to spell out further prescriptions on environmental management responsibility, as an intervention to protect the environment. This stems from practices which contribute to Green House Gas (GHG) emissions and local concentrated pollution. A JV without good labour practices and environmental management ethos, may leave a black hole in the local community. Labour unions as well as the Ministry of Labour and Welfare must prescribe expected and correct JV



labour best-practices that are within the context of labour policy while adhering to the Constitution. This includes making provisions that JV players must pay their rates to local authorities as per the general laws and the by-laws that obtain at local district level. The venturer and local land occupiers granted subletting rights must not undermine local government regulations. This framework would enhance land governance while it also defines the responsibilities of all parties that would make the JVs and land subletting a success. This point is important because the occupancy of land in some of the farms is contested. State sanctioned land audits have revealed flaws and shortcomings around land occupancy, rights, responsibilities and obligations. Some of the weaknesses include double allocations, illegal selfallocation, incomplete procedures for some farms with occupiers having continued occupancy for ten (10) or more years. In the latter case, the "illegal" tenuring poses politico-legal challenges because such land occupiers cannot easily be removed. A venturer-investor seeking partnership for farming must be aware of these caveats when making a decision to undertake JV farming. It is the responsibility of the investor to do all due diligence and background checks to ensure that their investment is safe and secure

agricultural
practices
contribute to
Green House Gas
(GHG) emissions
and local
concentrated
pollution.

The state is also a "producer" and it should be remembered that a few years ago, the Agricultural and Rural Development Authority (ARDA) invited investors to be its partners in the 24 farms it ran around the country. Today ARDA prides itself of having put all its farms into production across the country through partnerships with different types of investors. Clearly, there is evidence that the ARDA JVs have delivered on sustainable and profitable production. The end result of such JVs is that all partners were happy with the final outcome of the deal. Evidently, what had looked like dead capital has been translated into full production with high mechanization (tractors, revived irrigation systems, combine harvesters farm road rehabilitation etc.), demonstrating a positive return for the investment. Just looking at the ARDA success story, invariably, some questions have to be asked. What has made the ARDA JVs work? Can it be replicated elsewhere by allocations to over 300,000 AI and A2 fast track land reform beneficiaries and linking them with investors? What are the essential conditions for success in JVs? The answers to these questions call for case studies across a variety of JVs including the ARDA JVs whose inspiring success can be used as models.

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Land allocations broke the 300,000 targeted threshold in all beneficiaries permutations across reformed tenures. Significant were the Al and A2 fast track lands



owners and ducers also ted in 2014against the statutory sition of **E20**

It is therefore necessary to note that there are varying relationships of the JVs instruments and effects and outcomes they produce. An immediate example of a JV is the project to produce ethanol from sugarcane, which was approved as a JV and regarded as a project of national strategic importance to sustain Zimbabwe's energy needs. Despite protestation over land displacement and some arising environmental matters, the Government fully backed the project with land guarantees. Although affected indigenous communities protested, these had no effect on the progress of the project. It will be recalled that in 2014-2015 car owners and producers also protested against the statutory imposition of E20, a fuel produced from blending ethanol with petroleum. Despite their vehement and impassioned protestations, the motoring public eventually 'got used' and gave up the fight. This example shows that there is a need to analyse processes schematically through linking the systematic approach, causal analysis and human response. It should be recognized that JVs are not new. They are an international business phenomenon, whose model is promoted by local and international investors, on side and Governments on the other. The conversations on JVs and land-subletting policy have been deliberately kept open, despite inconsistencies, paradoxes and robust if emotional contestations, both in favour of, and indeed against land tenure and use in the Fast Track farms. However, the bottom line, after all has been said and done, is that these conversations must translate into real traction and activity with evidence of productivity and profit, as well as happy land owners and satisfied investors!

4. Why is Joint Venture Farming necessary?

Joint ventures are an essential model in the agriculture sector that has gone through restructuring, such as the Zimbabwe experience. They do provide a stop-gap measure to deal with some of the production problems which persistently afflict the sector. These include:

- JV business partnerships: JV in the form of partnership are a business relationship where two or more persons carry on a business with a view to making a profit. This is an agreement to share the profits and losses of a business exists with each partner contractually bound and committed to keeping its side of the bargain, for better or for worse. This binding commitment includes both the land sublettor, sublettee and any other party playing a role in the JV. Here, there may be joint ownership of the crop/commodity. This is the type of JV agreement that the government allows, and not the never-ending cycle and culture of parcelling out of land, as if it were some kind of infinite resource. Land in this case under the 99-year lease remains a common state property, whose ownership and use, not even the lease holder may transfer or alter. The JV parties may have different operations such as administration, accounts and only deal with each other during financial planning and transacting based on the commodity output. There are clear advantages to the farmers in the JV. These include:
 - Provision of inputs and production services by the venturer.
 This is usually done on credit terms through advances from the venturer.
 - In an effort to maximize profitability while the JV lasts, the venturer often introduces new technology while also investing in farmers acquiring new farming skills and competences;
 - Farmers' price risk is often reduced as many JVs specify prices in advance;
 - JVs farming can open up new markets which would otherwise be unavailable to small farmers.
- Financing is a critical objective After the FTLRP probably the single largest investment in the agriculture was the Chisumbanje sugarcane production which needed capital outlay which ran into millions of United States of America (USD\$) dollars in the last decade. In a single stroke, this was by far the largest private

agriculture sector investment, outside of government funding of most of the farmers through a variety of state driven support program. This JV was a by Zimbabweans, and had a vision of providing supplementation to fuel energy in a country that had serious deficit in fuel energy for the economy. Government prioritized it because of the innovation, including the finances involved which exceeded over US\$300 million at the time of investment. This came after a government-led investment facility of US\$80 million had failed to kick-off with the processing of Jatropha oil seed plans for fuel³. The risks, taken by the private sector investors in Chisumbanje, showed that Zimbabwe in general needed private investments if the agriculture sector was to grow to meet the needs of the economy. Following the reduction of fiscal activities from 2009, and further austerity measures in 2019, the public sector is in need of JVs in the key productive sectors, of which agriculture is ranked the first priority. This calls for mobilization of finance to boost production based on farm development and mechanization. These farms would have failed to gain acceptance in financial markets due to the contested nature of land.

■ Mechanization and technological development and JV role: Most of the FTLRP farms were acquired between 2000 and 2005. Equipment was mostly inherited from previous owners, or for the beneficiaries who did not know how to use them, they either vandalized it or left it to decay and become obsolete. The challenge with mechanization is that it represents a general microcosm of a country's capacity to invest in replacing archaic tools such as the hoe that was first used in AD650, and was popularized many centuries later with more efficient technologies. Right now, many of the fast track farms require significant modern forms of mechanization, which the JVs can potentially provide. Limited documented information on the current status of mechanization in the country and the resources available makes it a huge challenge for planning purposes. This is one area which should really have been included during the several land audits which were undertaken. Zimbabwe has complex regulatory procedures but in general lack of good quality infrastructure, the dearth of scientific innovation with testing of various technologies in the agriculture sector is a main source of worry. Limited private and public sector investment in technology, reflects the high-risk nature of this type of investment and the

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³ Prosper B. Matondi, 2011. Biofuels and Food Security in Africa, ZED Books, London

absence of any incentives to share the risks. We do not have a rich legacy of availing and lending support towards basic research, business and product development and marketing mechanization and technology. The perceived small size of the local market and lack of a competitive advantage of mechanization applications have prevented and even frustrated the establishment of a local manufacturing industry and potential significant levels of participation and involvement of local universities and technical institutions. This terrain is blighted by lack of public awareness, participation and understanding of the scientific basis underlying the potential benefits, risks and ethical and environmental issues of different forms of technology and a negative perception that agro-technology is generally synonymous with genetically modified organisms. Scientists do not communicate biotechnology issues in a language understood by the public and media reports often do not contain sufficient details to inform and empower the public adequately. JVs offer a potential of bringing financial injections and outlays for the development of appropriate technologies, but only as long as the policy clearly enunciates and shows the benefits (incentives) of investing in mechanization. My best guess is that projects with a regional footprint provide the much-needed enticement for such an investment and development.

- **Reducing underutilization**: It is estimated that land utilization could be between 30-40% in the fast track farms. Farmers have basically faced challenges, not the least being the brutal effects of climate change and the irregular rainfall patterns at a time when government had ventured into large scale land acquisition and redistribution, and with limited or no financial wherewithal to support continued and sustainable productivity by the new land owners. There was also limited time to orientate and train the new land beneficiaries, let alone equip them with newer cutting-edge technology. This had the net effect that the new land holders remained with limited capacity, knowledge and skills to meet the large-scale production capacities the nation would have preferred and benefit from. Thus, the purpose of the JVs is to turn around this logiam by having investors who are capable of maximizing land utilization, take on the climate risk, but are also willing to employ locals and train the farm holders during the tenure of the JV.
- Skills-gap closure: A view shared by many is that JVs, just like sharecropping, can be exploitative to the land beneficiary. A venture-financier would bring all equipment and harvest to sell,

with a small percentage accruing to the "land holder". If the JV is badly negotiated and out of desperation of the landholder, both the landholder and the land itself will lose out. Venture-financiers generally have very little moral obligation or compulsion to improve the skills of the beneficiaries or even to abide by sustainable land use guidelines and policies. Their focus and bottom line are to get as much returns for the period they are renting the land. It is thus incumbent upon the beneficiary to learn all aspects of farming and supply chain systems so that they are able to cut deals with venture-financiers which will leave them and their land better off during the tenure, and upon the expiration of the JV deal. Government as the policymaker and enforcer, should put together a manual on JVs, with a provision that gives a cap to JV tenure of not more than 10 years per farm. This would allow for the appropriate reskilling of landowners, whose tenure is premised on the skills, plus capacity to take over equipment and infrastructure that would have been negotiated at the time of contracting.

The JVs must be regarded as incubations to assist the agriculture sector towards boosting value through mobilization of resources, skills and capacity building, as well as farm mechanization. Land occupiers are now allowed to set up a joint venture because they may need more resources such as capital outlay, machinery, inputs and specialized technicians. The JV would empower and enable an aspiring farmer to get a foothold as they develop their farm or boost its productivity levels, especially if, hitherto, the farmer had been struggling. The costs of these would otherwise be prohibitively high. However, a JV can help a family farm to navigate a potentially difficult period when performance at the farm is affected say, by a tragic eventuality. The JVs are bespoke agreements (tailor-made for specific contexts), which reflect the circumstances of the contracting parties and clearly set out their respective rights and responsibilities. In Zimbabwe, the JV should be open to any farming regime, because farmers in customary systems in particular, are ill-equipped to deal with complex JVs without recognized agencies to mediate and help both parties strike mutually beneficial deals. However, it is necessary and indeed strategic to commence with fast track farms because they are the ones grappling with overwhelming challenges in terms of actual agriculture output vis-à-vis their potential. The other farm regimes (customary, small scale commercial farms, old resettlement areas, etc.) do not face the same challenges as the fast track farms. The JVs need to be business-oriented with clear systems for monitoring and evaluating their performance and usefulness.

5. Models of JVs on resettled farms

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profitable for the individual venturers as opposed to the venture itself that is important.

The JV could be an ideal business structure with a flexible arrangement for a semi-formal but demanding business enterprise. The JV can be used to test a business relationship or allow a struggling "new" land occupier to gain management experience and ownership in business assets through a partnership with an investor. The purpose of joint venturers is to ensure that the venture operates profitably for the individual venturers who would have invested in it. Below, are the different models of JVs which I will assess in terms of their meaning to all parties?

5.1 Contracting as higher form of JV

In most of the Fast Track Farms, access and sustainable linkage to high value input and output markets has remained a challenge for smallholder farmers due to lack of information, high transaction costs and failure to meet high standards across of variety of production systems in both the A1 and A2. As a result, many smallholders remain stuck in subsistence production or participating in poorly rewarding informal markets. This is worsened by the rapidly changing climate, which adversely affects productivity and productive assets and food industry structure, which demands higher quality, quantity, health, safety and service standards from. In spite of the many identifiable constraints, the changing environment also presents opportunities for smallholders to be integrated into the market economy and benefit from business relationships with high value markets. Market opportunities are mostly driven by population growth, urbanization, urban income growth, pro-smallholder policies and the fact that smallholders hold the bulk of productive resources like land and livestock⁴. This implies that innovative approaches which can successfully cultivate inclusive business relationships between smallholders and agribusinesses can go a long way in uplifting the lives of smallholders through income growth and empowerment using readily available resources. Contract farming is part of a package that can deliver improved sustainable commercial outputs, as long as the contracts are understood by all parties, as being just and fair in a highly commoditized global environment.

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⁴ Peter Hazell, Colin Poulton, Steve Wiggins, and Andrew Dorward. (2007). The Future of Small Farms for Poverty Reduction and Growth. 2020 Discussion Paper No. 42. IFPRI, Washington, D.C; World Bank. (2008). World Development Report 2008: Agriculture for development. 1818 H Street, NW, Washington, DC 20433, USA; Kjell, Havnevik, Bryceson, D., Birgegård, L.-E., Matondi, P., and Beyene, A. (eds.): African Agriculture and the World Bank: Development or Impoverishment? Nordic Africa Institute, Uppsala, February 2008

To unpack the JV policy statement, it is necessary therefore to understand the form of contracting that lends partnership production. There are two types of models in this construct, that is:

- **Centralized models**: in this model the company is usually a centralized processor (or packer) that requires produce to feed through a processing procedure. Processing may vary in complexity from simple operations in the form of commercial diverse farm operations (cooling, grading, sorting and packaging operations) to sophisticated procedures (vegetable freezing and canning). As a result of the processing requirements these operations are usually vertically coordinated with stringent quota allocation and quality control. A directed farming approach is often used in these projects – directed farming occurs when smallholder farmers are managed or organized and requires a high level of management in the farmer's production. Company sponsorship varies from minimal input provision (e.g. seed) to the opposite extreme (land preparation, seedlings, fertilizers, agrochemicals etc.) where the company takes control of most aspects of the entire production process. However, the sponsorship of production inputs and production has of late been compromised due to inadequate adherence to contract terms and conditions.
- Nucleus estate model: has a central estate or plantation with contracting out growers to feed into the central processing plant. The central estate is usually used to guarantee throughput for the processing plant. This type of contract also involves directed farming since the core estate is usually in close proximity to the contracted farmers it often provides the majority of materials and management resources to kickstart the model. The contracted farmers therefore benefit from the central estate's economies of scale.

5.2 JV model and land subletting for the crop production



This is most suited to seasonal crop partnerships and typically in the horticulture sector where crop maturation is in the region of 4-8 weeks.

This is most suitable for seasonal crop partnerships and typically in the horticulture sector where crop maturation is in the region of 4-8 weeks. This could be a once-off agreement. However, where repeat cycles are envisaged, a JV contract spelling out each party's responsibilities and obligations must be written and signed by the parties. The advantage of this model is that the landowner retains the land rights, can parcel parts of the land for JV on a

rental basis. It is also possible for the landowners to quickly learn the best practices which they would be able to apply at the end of the JV deal, or on land they may set aside for themselves. The model has scope to discourage perpetual land renting out which defeats the purpose of land allocation to the landholder. This model found takers and application in Zimbabwe, as the successful producers allocated land based on the 2001 Farm Size regulations, who have learnt how to meet their land demands. This meant that effectively, some producers who went into this were effectively displaced from production. Unfortunately, this form of JV does not lend to skills development of the holder of the offer letter as they simply want a deposit from their share cropping as an agreed percentage. In this model there is no developmental prospects of land occupier, who may choose to live on the farm for housing and pursue other agricultural or provide related services for short time funds, including rentals of properties on the farm is they do come with the offer letter.

5.3 Spousal Joint Venture

The Government through the MLAWCRR is undertaking a consultative policy land review that is gender sensitive. From the onset of the FTLRP, women lobbied for the inclusion of spouses on the cover letter and the 99-year lease. While spousal partnerships are much more common as an alternative to paying a wage to a spouse, a spousal joint venture could also be used in the same fashion. This would permit each spouse to receive a share of the farm's revenue and expenses⁵. As long as each spouse contributes capital and/or labour and management, then a joint venture can be justified. A joint venture may be more advantageous than paying a wage to a spouse if the spouse's capital contribution is significant. In a high inflationary environment such as Zimbabwe the partners need to agree upfront on all aspects of asset purchase and ownership, their management, payment for labour and agree on the proceeds and how they are shared. The division of income between husband and wife should be reasonable given their respective contributions of capital and labour to the joint venture.

Let me say the specific caveat, usually lost in practices than would obtain in policy prescription on JVs. The fact that women



The government through the MLAWCRR is undertaking a consultative land policy review that is gender sensitive.

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⁵ R. W. Gamble - Finance and Business Structures Program Lead/OMAFRA, http://www.omafra.gov.on.ca/english/busdev/facts/02-069.htm

had dependent tenure does not invalidate the proposition for direct beneficiation and their space to voluntarily participate in JVs. Gender-specific issues should not be misconstrued by subsuming them under the general JVs. They can be addressed and indeed should be, without contradicting the egalitarianism implicit in both the A1 and the communal systems of land tenure. But it must be acknowledged that existing hierarchies within traditional societies lead to identifiable social inequities. instance, while producers had the right to land, chiefs with the responsibility for allocation of land can use their power to pervert the system. Likewise, policy is obscured by lineage elders, who often use their authority to restrict access to productive resources for women. This may seem to make the JV models limiting in terms of opportunities for women, and must be said and pushed at the national policy level, as well as in the JV practices. The point being that capital contributed must in fact belong to the spouse making the contribution. Capital given by one spouse to the other is really the capital of the giver. Such an arrangement by itself would not guarantee that future capital gains could be split.

5.4 Short term annual (seasonal) subletting agreements

The agreement is signed at the onset of the seasonal crop production. It is inclined towards crops such as maize, tobacco, cotton, wheat, soya bean, and small grains (millet, sorghum) and usually with high-income returns. This is based on per hectare price for the land for that season. The agreement does not specify the yield base, which is the responsibility of the venture-financier. The main advantage of this model is that it provides greater incentives for the venture-financier to optimize yields for a good return on the land. When the gap between the land rental price and crop output price (as the volume per ha) increases, so does the net income that obtains to the venture-financier. This model is the preferred one because it provides clear-cut security arrangement for the venture-financiers to get value for their investment. It also allows the landowner, who may have a "seasonal distress" to get back quickly into farming at the expiration of the contract. In this type of agreement there is not much long-term capital investment, except what is needed to produce the crop. Typically, venture-financiers may target a belt (region) and combine and conglomerate many farms around the shared geographical space into one project for the ease of moving their equipment. In this case, they sign up JV agreements with

several landowners within a specific area. This makes for great maximization on the economies of land size, better site management and cost-effective monitoring of the crop as compared to when the farms are spread out.

5.5 Medium to long-term JVs and land sub-leasing

The Government of Zimbabwe has gone into JVs with local and international companies in various sectors of the economy. The most prominent JV is a Built-Operate-and Transfer (BOT) of the Plumtree to Mutare highway. The JV had immediate benefits of a rapid road redevelopment program making it efficient to transport humans and goods, including agricultural produce, as well as industrial and commercial goods. Transport development including railways and air are usually the primary beneficiaries of BOTs. What makes them different is that they are long-term, which allows the investor to recover the money invested and the profits that go with it. Medium to long-term projects have a lifespan of between five (5) to more than twenty (20) years. These are complex agreements on large projects, usually of national strategic importance, such the Chisumbanje project, which is a deal between the Government of Zimbabwe and Greenfuel Pvt. Ltd., or even the ARDA estates as alluded to above. Given that significant amount of agricultural land remains unused, it would therefore be appropriate to design regional scale JVs that are commodity specific. The key priority would be to ensure production of staple foods for Zimbabwe, such as maize, soya beans and small grains. Already, the production of tobacco and cotton is covered with the "contract" model by various private sector companies and underpinned by financing from banks. In the case of State Farms held by ARDA the main way land rights are allocated is through the tenant farmer lease scheme whereby farmers receive leased plots, usually on irrigated areas. ARDA also operates an out-grower scheme where farmers are also offered leases for identified plots. ARDA contributed to the FTLRP by releasing farms either directly to developing schemes, or through livestock model in Matabeleland South. The fact that ARDA's parent ministry is the MLAWCRR would enable proper coordination and management of the JVs. It has to be appreciated at the outset that the idea behind the JV policy instrument is to spread the benefits in a manner which does not, in the medium to long term, result in the displacement of land beneficiaries by default.

which allows the investor to recover





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A lot of middle-income people have been seeking land for cattle production, as cattle is seen as less risky to the effects of climate change.

5.6 Livestock based JV models

The demand for land for livestock (particularly cattle) production has been rising. A lot of middle-income people have been seeking land for cattle production, as cattle is seen as less likely to be affected by the effects of climate change, or the risks associated with a change in the government policy on land. Young people in the middle-income bracket are renting land close to urban areas, and they combine jobs with cattle management being a second income activity. The majority prefers to keep their jobs while they engage in agriculture because they are alive to the risks associated with a single income stream. It is worthy to note that those who have invested in cattle through renting land have used personal incomes and are not funded by financial institutions. This means that the projects have been small-scale based on incomes that the entrepreneurs can release into the projects. It would be interesting to study this group and find mechanisms through which their private JVs can get official recognition and thus be eligible to be underpinned by financial institutions. However, developmental organizations with international funding are vehemently opposed to supporting agricultural activities on "contested" lands. The JVs on livestock (poultry, dairy) that require smaller units of land could be negotiated away from the land quagmire by investing in value chains rather than on land itself since it is still an unresolved contested resource. The peri-urban farms are ideal, in the sense that they are also a target for urban expansion and do not lead to long-term agricultural plans. Zimbabwe stands in complexity given that agricultural supply chains that look liberal are highly concentrated in the upper level of the value chain. This is clear in the livestock sector that forces investors into particular segments of the livestock supply chains.

5.7 BIPPA as a model for international partnership

In going back to history, let us not forget that the government had issues with donors and foreign governments which had invested in Zimbabwe's land over the takeover of BIPPA farms. At an international level these were regarded as clear testimony of international cooperation on agriculture development, where private external citizens were given access to land and paid for it, with guarantees of financial retains. The FTLRP proceeded without consideration in the first 5 years, and in 2007 the government began the process of formally resolving the BIPPA farms policy question by upholding those whose legal status was clear. The Government of Zimbabwe also began the eviction of

The GoZ also began the eviction of some land occupiers; negotiation of land sharing in problematic cases where the removal of settlers appeared difficult

some land occupiers; negotiation of land sharing in problematic cases where the removal of settlers appeared difficult; and, offered to pay compensation in some of these latter cases. The political commitment to and pace of BIPPA policy correction has tended to be weak, considering that international relations needed to be maintained. A major case that requires the reconsideration of the BIPPA farms is their contributions to agriculture. Anecdotal evidence in the past showed that they were highly productive and needed to have been spared from compulsory acquisition in the first place, if the productivity principle had been widely applied. However, it was not and thus some BIPPA farms were occupied by war veterans and others, production was disrupted, and some ended in national and international courts. This outcome was unfortunate, and needed the Government to clearly spell out its policy position on BIPPAs that it had signed and committed to, as part of international agreements and property rights law. The new policy has the potential effect to affirm this position and encourage more JVs in the form of BIPPAs with the advantages already mentioned in the paper.

The JV is intended to serve as an incentive to grow the livestock sector. However, in a context/circumstance where a few monopolies control the chain, the intended objectives may not be met. However, in the last decade, many small producers invested in chicken meat and egg production. However, many were left counting their losses as the dominant chicken producers rendered their big competitors bankrupt, while small individual producers were integrated into the big monopoly players as contracted producers. Those not accommodated completely closed shop with huge losses. This boggles the mind in a country that produces less eggs than it consumes, and has the lowest consumption of egg and chicken meat in rural areas. Can JVs in the small livestock sector survive? As of now, it is a tough call because of the contractions of the economy and particularly the electricity power cuts (of up to 18 hours per day), which cannot sustainably support the expansion of supply chains that require consistent electricity energy supply. Only established bigger players can endure in this constrained market.

6. Understanding JV and sub-letting – the legal and constitutional perspective



Currently, the JVs

are based on Zimbabwe Investment Authority Act (Chapter 14:30), Special Economic Zones Act (Chapter 14:34), Joint Ventures Act (Chapter 22:22). Understanding the legal parameters that promote or hinder JVs is critical⁶. Currently, the JVs are a creation of the Zimbabwe Investment Authority Act (Chapter 14:30), Special Economic Zones Act (Chapter 14:34), Joint Ventures Act (Chapter 22:22). The Act provides for the implementation of joint venture agreements between contracting authorities and counterparties. It defines the types of joint ventures governed by the Act i.e. build and transfer, build lease and transfer; build operate and transfer; build own and operate; build own operate and transfer; develop, operate and transfer; rehabilitate, operate and transfer in the specific sense. Entities that want to do JV on land have options under the Companies Act [Chapter 24:03] and the various companies and Cooperatives Societies Act [Chapter 24:05] governs cooperatives in Zimbabwe. There is a total of 54 Acts that regulate agricultural activities and each Act has numerous Regulations and Statutory Instruments. The most notable ones are the Agriculture Marketing Authority Act [Chapter 18:04], Animal Health Act [Chapter 19:01], Dairy Act [Chapter 18:08], Fertilizer, Farm Feeds and Remedies Act [Chapter 18:12], Plant Breeders Rights Act [Chapter 18:16] the Maize (GMB?) Act, and the Tobacco Marketing and Levy Act [Chapter 18:21].

There is also the ZIDA Bill which seeks to harmonize all the laws into one principal Act as measures to ensure that all investment applications and licensing is executed under one roof in line with international practice. ZIDA bill is in line with the Transitional Stabilization Program which is underpinned by the call to undertake structural reform measures to mitigate the challenges and risks faced by the economy, in particular, the low investment uptake in the country.

In all the models of JVs, the underpinning factor is land possession, which in this case is held under an offer letter or a 99-year lease. The supposition for this policy to take effect is the substantive revision to the two documents that legally confirm

 $^{^{6}}$ I acknowledge Darlington Tshuma a legal counselor for sharing the legal perspective in this section.

and authenticate occupation of state land by beneficiary landholders. A major issue that arises is the clarity of the State's policy position and political will on the duration of land ownership and the rights it would apportion to the land occupiers. To date, the State has not engaged on matters of freehold land titling which was the tenure before the massive land transfer. It is important therefore to reflect on national covenant provisions agreed to by Zimbabweans in the constitution on the meaning of land occupancy. Chapter 16 of the Zimbabwe Constitution of 2013 explicitly states that:

This part of the constitution acknowledges and gives rights to the land occupiers and the actions that they can potentially take, which includes lease of such land. These rights are qualified in the case of commercial land that was compulsorily acquired by government and now subsist as state land. This means that the government retains much of the rights in terms of how such land is allocated. The policy pronouncement by the MLAWCRR on JVs and allowing land subletting is within its power of domains on the land resource as per constitution. In granting a policy to sublet, it does not mean the withdrawal of the state from land management, rather the provisions are retained in constitutional terms. The man question that arises is how the history of forced land acquisition from 2000 shapes the nature of JVs and subletting. The spill over of contested issues into the second republic has a particular meaning to property rights and perceptions of insecurities that are dominant and largely affects agriculture production.

Public perceptions on land reform are heavily positioned between victims (white former land owners) and victors (land reform beneficiaries). The hardwired positioning played out in the making of the 2013 constitution remains a sensitive political matter. The JV framework comes also in the context of long and elaborate negotiations over compensation. The Constitution provides for just and fair compensation for improvements and not for the land (for former Zimbabwean landowners) and for land and improvements for investors that came under the Bilateral Promotion and Protection Agreements (BIPPA). The Constitution is clear on the protection of land beneficiaries from arbitrary displacement. This long-standing negotiation has largely shaped wide views in public including the growing influence of social

media, with strong views against taxing Zimbabweans for payment of compensation on land which some contend was stolen during the colonial onslaught at the turn of the twentieth century. Of course, these public views do not factor in some of the farms compulsorily acquired after independence had been legitimately acquired by the former owners with concurrency of the Government with Certificate of No Present Interests (CONPI) after independence in 1980. The policy choices that the current administration will have, is influenced by the history and shaped by the constitutional imperatives as well the actions that aggrieved parties will take to resolve the historical legacy of the FTLRP.

The constitution provides for just and fair compensation for improvements (for former Zimbabwean landowners) and for land and improvements for investors that came under the Bilateral Promotion and Protection Agreements (BIPPA).

The Zimbabwe public in mainstream media and on social media have particular views on the way forward of the FTLRP, including JVs and land subletting at a time when there is high demand for land. After the mass land allocations in the first 5 years from 2000, it seems that government mooted mass land allocations. In September of 2002 the then former President declared that the FTLRP had been concluded. However, many challenges have contributed to its persistence and continuity as a fast track program. This largely prevented the consolidation of the JVs due to the attendant political sensitivities and uncertainties. Interestingly, some Zimbabwean twitterers have opined that occupiers failing to use the land should simply be removed! But in terms of the Zimbabwean constitutional provisions, this may not obtain, given that:

No person may be deprived arbitrarily of their rights to use and occupy agricultural land. (p113).

This raft of constitutional provisions means the landholder currently has power and authority to transfer and hypothecate on the land that they have been given. A major talking point and bone of contention by the public is that if the land was given for "free", then the least the beneficiaries can do is to produce for the nation. The close to two decades of the fast track land reform show that on average, the farmers have underperformed, and failed to deliver. Here the Constitution puts it succinctly in Paragraph 289 (*Principles guiding agricultural land*), which states that:

- (d) the land tenure system must promote increased productivity and investment by Zimbabweans in agricultural land;
- (e) the use of agricultural land should promote food security, good health and nutrition and generate employment, while protecting and conserving the environment for future generations;

To meet these two constitutional requirements requires policy measures that facilitate production with all conditions such as environmental protection being fulfilled. In principle, the JVs and sub-letting of land must remain strictly within the ambit of section 289 of the Constitution and all other relevant provisions. Yet, it must not be forgotten that the land subletting could be a huge opaque business in the case of multiple-farm/land possession of oversized land which is illegal as clearly enunciated in the relevant policy and legal instruments governing and regulating farm sizes and multiple farm ownerships. The Minister of Lands in the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement (MLAWCRR) seems to be aware of the occupations and underhand arrangements. On the 1st of June 2019 he ordered the withdrawal of an offer letter to one, Simbaneuta Mudarikwa of subdivision 3 of Wenimbi Farm in Mashonaland East measuring 67.50 hectares. The Minister made reference to the fact that the Member of Parliament and former minister owned another farm in Mashonaland Central⁷

It would seem from this action, that Government has also escalated eviction of illegal settlers, particularly those without offer letters especially for the Fast Track Farms. Government has given the JV and land subletting policy, apparently as a strategy to give assurance to the land beneficiaries on the irreversibility of the land reform program. The sticky issue, which the State must move in to resolve quickly is on contested land, which may have been targeted for subletting and JV's. The policy measures on multiple ownership and oversized farms has been contested, while also being the target of many land audits, after which no remedial action taken by government to reverse the trends. In general, critics of the Zimbabwe land reform program have called for the complete removal of underperformers and their immediate

⁷Zimbabwe mail, 1 June 2019



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replacement with those who are capable. In addition, possession of land is viewed speculatively as another income revenue over and above the primary income earning occupation as a civil servant, or even as a private businessperson. This is seen as unfair "passive" income earning, with the majority of these 'new farmers' being 'cell-phone farmers' with no faithful stewardship to the land or the free agricultural input schemes rendered by the State. A major argument has been that the land reform program, should rather provide opportunities for the unemployed who can be made beneficiaries and are then skilled through training and agricultural extension services on better land utilization. Nonetheless, Government badly lacks, and needs the financial resources to turn around the land reform program into an intergenerational success story. Thus, the venture-investor can capitalize and increase production in the short-term of their subletting agreement, which needs to be agreed upon as a temporary measure as government charts a land policy to address the problem outcomes of the FTLRP. If subletting becomes permanent, it would conspire against Government's objective of reskilling farm beneficiaries to develop their productive capacity for full land utilization.

7. Will JVs transform the agriculture sector?

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However, this is just but the beginning!

This is by far the most difficult question to answer and needs to be unpacked in relation to the circumstances of its introduction. State authorities have been on the offensive presenting Zimbabwe as an ideal destination for investment by declaring at every engagement and during every state function and rallies the now famous mantra - "Zimbabwe is open for business". The policy enunciation on JVs is not far from this radical change in behaviour by Government. However, this is just but the beginning! Government still has to undo a plethora of policies, legal instruments and an anti-progress culture developed in the 37-year rule of former President Mugabe. The unbundling and dismantling of this culture will not be a "day's job" but needs ample time. This still does not excuse the Government from immediately undertaking reforms that translate policy statements into action with attendant results showing on the ground. Given that the farmers were already "illegally" subletting their properties, it comes as no surprise that this policy has now been clearly pronounced. Criminalizing the practice would have placed the Government on a political conundrum. On the one hand, the proverbial hard rock of appearing to be frustrating entrepreneurial innovations by the beneficiaries of the land program through refusing land subletting arrangements, and yet on the other, the hard place of appearing to be decidedly ambivalent about committing to committing to JVs which would come across as a backdoor facility to empower and benefit the former commercial farmers!

The JVs have not displaced all the models in the agriculture sector, but are an important part of the current production system going forward. It must be recognized that Zimbabwe is a huge net importer of food that it can produce across all farming sectors, be it small or the qualified large scale after the FTLRP. The ICT (2019) released figures in the horticulture imports for Zimbabwe that show that Zimbabwe imports 80% of its horticultural needs, which translates to US\$7,8 million alone paid to South Africa for fruits and vegetables. This is an indictment on the agriculture production system that needs turn around by all means necessary including the promotion of JVs in the Fast Track Farms in particular. It must be recognized that after the FTLRP there is the



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predating the
land reform in
any case

coexistence of different forms of land ownership or landholding, and there has been very little capital investment. The few JVs seem to prefer to invest in and through large corporate entities which present the face of capital and technological intensity, while the smallholder sector is highly dependent on the state for thinly spread out input support. The smallholder farmer struggle to achieve improved yields across value chains, and require support for skills and appropriate extension systems that accompany them through the production processes.

It is clear that this new policy on JV's is meant to incentivize potential investors willing to enter into agreements with land occupiers who have offer letters and leaseholds for massive production and effective land utilization. The question, which arises in the public domain, is whether it makes senses to have both the JVs and underperforming landholders in the agricultural sector. Why not simply give them the boot? Such narrow views of remove and replace is unhelpful, as there are a variety of rights that all players have, and these require policy balance. The clarity on land policy and legal adherence, is a critical stage. Certainly two wrongs wont make a right. The beneficiaries on land for decades have rights too, predating the land reform in any case for Government that is a second republic, it that faces an enormous task of correcting the wrongs that have persisted for decades, not by design but by inheritance of a poor system of policy management in the First Republic, this is a hard call. They would rather protect the farming constituency and undertake reforms that would be long-drawn. The expectations are a natural attrition in the farming population, as the beneficiaries' age, and are overtaken by complex agricultural systems that are smart in the use of technologies. By 2030, the population of farmers is expected to shrink than grow, and the expectation to achieving upper-middle income will mean significant investments in agricultural technology. This effectively means that those who farm by the "hoe" would be rendered uncompetitive with more modern agricultural systems.

8. Is there an alternative?



Zimbabwe has a serious food deficit, with a requirement of at least 800,000 metric tonnes of maize in the lean season from September 2019 to March 2020.

Government has very limited alternatives to the actions that it has taken on JVs. The circumstances that will determine the success or failure of the JVs is the extent to which the current land occupiers have available alternatives and the information they have on these alternatives to add value and capacity to their productive use of the land. In addition, the pros and cons of the alternatives matter in a context in which the Government is economically squeezed with limited or no avenues to boost agricultural production and yields. In this case, Government badly needs investors on commercial farms to bring at least 12.3 million hectares of commercial land back into high production across a variety of value chains. Zimbabwe has a serious food deficit, with a requirement of at least 800,000 metric tonnes of maize in the lean season from September 2019 to March 2020. The answer to the food deficits lies in turning around the commercial farm sector, which is a guaranteed alternative if the agriculture sector is better organized. The JV and land subletting are part of government efforts to redirect investments to this strategic alternative investment window. Therefore, Government remains the central actor in promoting the JVs. This irrefutable fact is the single most important factor influencing the existence and consequences of alternatives. Poignantly, these alternatives are very limited for government and concomitantly for the land occupiers.

The single most harmful effect of a "noble" policy is being naively oblivious to any over-exaggerated optimism around of the JV instrument.

Government as the central decision maker on land will need to do the following: First, it must weigh the cost and benefits of the JVs and the existing alternatives, among a raft, which is continuous land underutilization. Second, it needs to assess whether the JV and land sub-letting conforms to, or deviates from the objectives of the Fast Track Land Reform Program. Third, Government must undertake an ethical or altruistic evaluation in terms of what its actions would mean to those who stand to gain or lose by this JV option it has embraced. The implementation process does matter, as it will be influenced by a variety of circumstances and realities obtaining on the ground. The single most harmful effect of a "noble" policy is being naive and oblivious to any over-exaggerated optimism around the JV instrument. The need for level headedness by Government in the implementation and management of the JV's cannot be overemphasized. Fourth, as

government aspires to attract investment through expanding corporate farming, it must averse to the implications of having JVs that are foreign entities and could significantly retake much of the best and large farms and thus contribute to displacement through promoting corporates.



Government is moving with the extreme caution of maintaining the gains of the land transfers, while opening the same to JVs and other forms of investments.

To add to the complexity of the caveat, on the 17th of June 2019, the Minister of MLAWCRR gave a directive through a letter for reservation of at least 15000ha for war veterans across Zimbabwe's 8 agricultural provinces⁸. This directive provides for the protection of land for this category of prioritized beneficiaries. It comes at the same time when Government has approved land subletting and JVs. Therefore, it is not far-fetched to assume that Government is moving with the extreme caution of maintaining the gains of the land transfers, while opening the same to JVs and other forms of investments. It therefore needs to be said upfront that while the protection of sensitive groups such as war veterans is necessary, it raises the contradiction of wide promotion of corporate farming. A range of interest's groups such as women, youths, disabled etc. are likely to raise the need for consideration of prioritization as well. It is therefore pertinent for the land authority to start negotiating upfront with the variety of groups in terms of how their land rights are to be given in the current FTLRP. The greatest fear for such interests' groups, is the loss of land rights in the face of attracting the JVs, and further such fears are premised on the fact that those with offer letters are allowed to sublet. The main question will be: what if the government then decide to rescind offer letter of sublettors in preference of the sublettees who are actually using the land? In often cases, the former white landowners are the majority that are beneficiaries of subletting arrangements, creating insecurities for those who hold on to offer letters.

Mass removal of underperformers, in a context of limited investment in capacity building is a matter that is not easily resolved.



In the last two (2) decades, access to land and the issuance of offer letters have been opaque with numerous claims and allegations that many high profile and influential people have many more farms than the law and constitution allow. It was also apparent that actors with vested interests in accessing land would also be appointed into bodies managing the redistribution of the same land. It goes without saying that without stringent guidelines on managing JV and subletting, some people could and

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⁸ MLAWCRR/Z/1, 17 June 2019

would manipulate and subvert the JV and subletting processes through abuse of both formal power and informal influence. The questions that arises then is how is Government going to deal with issue, so that this noble policy position can see the light of day and is not dead in the water? In the current economic jinx, there is no alternative other than to make land productive. At the same time, it's a catch-22 situation to commence on wide scale evictions of underperformers. The problems become cyclical, as to what Government must start off with; that is: should they first provide skills and capacity development of the land occupiers? This question is pertinent because many of the beneficiaries have been on land for over a decade and were recipients of several government inputs programs. Skills development was not much emphasized, as government was in a rush to get the land reform production output. program success through government in its current position is averse to total displacement of the unproductive landholders with new potentially more productive and proactive owners, because of the political sensitivities of performance evaluation that leads to mass evictions.

This option to reallocate and based on the 2013 constitution that protects all racial groups is a sensitive matter in the political environment of land beneficiation. Mass removal underperformers, in a context of limited investment in capacity building is a matter that is not easily resolved. Further, the economy is now demanding that land be put to serious production as Government largely depends on internally generated resources to address the economic malaise. The actions of removal of under performers has a potential to increase the number of people needing government social assistance, which in the current austerity environment government is both unwilling and unable to provide. The government is proceeding with a two-pronged approach that is, first of consolidating the land given and guaranteed to the war veterans as per the agreed 20% quota system. Secondly, it is introducing JVs with the provision for land subleasing. This provision is aimed at enhancing production through a fresh and bold new dimension of progressively building the farming capacities and competencies of land beneficiaries.

9. The degree to which the policy will sanction behaviour

This is not yet clear, as the JVs and land subletting are a relatively new "phenomenon" that government has not hurried to introduce with the onset of the FTLRP

By and large the statement from the ministers provides of incentives to the beneficiaries of the land reform program. This policy could lift many of the under producers out of poverty by sharecropping arrangements. It needs to be said that in any of the JVs adopted, land tenure is a code according to which behaviour is regulated. Like all social codes, it is subject to control and manipulation. This can bring about a discrepancy between what is prescribed and what happens in actual practice. The concentration on cash cropping in the JVs may lead to particular food security and nutrition challenges, expressed in high levels of stunting in communities that are making money from commercial mono-cropping. The question that linger is the extent to which the JV and land subletting arrangement can subsist forever, without government being punitive on the one offered the land originally. This is not yet clear, as the JVs and land subletting are a relatively new "phenomenon" that government has not hurried to introduce with the onset of the FTLRP. There are however three important measures of the tool that government has re-introduced: 1) an important measure is how the MLAWCRR as the land authority will behave; 2) the degree to which the authority response is in proportion to the behaviour of the land occupiers with a land offer; 3) the comparative severity of the authorities reaction to some JV that do not worm within the prescribed parameters for a number of reason, which in the case of Tokwe-Mukosi being the overpricing of the commodity and demands of increased blending to deal with operational challenges that require money.

It is no longer business as usual. Days of upholding and maintaining regressive and opaque policies seem to be numbered for the second republic. However, the applied JV and subletting policy instruments are generally less stringent on the land reform beneficiaries and do not set out clearly what will be happen to speculative and idle landholders. Sanctions on underperformance have hardly been implemented, and decisively too, despite several "audits" from 2003. Despite the transgressions of land underutilization, the instrument sought other means to deal with food deficits through introducing corporate farming arrangements through JVs. There are several issues that arise: first, the degree to which those land occupiers are morally bound to play a fair

deal with venterers and the state authority; Second, the proportionate response of the state to support the JVs beyond juts facilitating the signing of agreements; The state seems to have a stronger authority in overseeing the JVs, as numerous conflicts may result based on past incidences of the relationship between displaced white farmers who are back seeking JVs. Yet, some land occupiers with offer letters who have stayed for decades my see them as a threat to their survival on the land. However, by allowing less than optimal production on the fast track farms has cumulatively damaged the economy, because the same farms had previously been the mainstay of Zimbabwe's agricultural productivity and basis for Zimbabwe's basket of Southern Africa's status. The economy would have been healthier to deal with the vagaries of contraction had at least 60-70% of the 12.3 million hectares been under high optimal land utilization.

This calls for a multi-stakeholder approach of incentives (JVs) and sanctions, which will recalibrate the genuineness of the farming interests of beneficiaries with the capacity and commitment to work the land and produce for the nation.

The challenge, which Government faces is how to make the JVs and subletting work in an environment where it simply needs all the farmers on all land to perform at their optimum without bleeding the financial resources of Government. This calls for a multi-stakeholder approach of incentives (JVs) and sanctions, which will recalibrate the genuineness of the farming interests of beneficiaries with the capacity and commitment to work the land and produce for the nation. Government needs to design an appropriate and responsive "social" scheme for those who may be displaced from prime land through JVs and subletting in the long-term planning and re-planning in the Old Resettlement Schemes (ORS) and small-scale commercial farms. This will be based on specific variables that largely downsize the land holdings for different categories as may be necessary.

In summary, the JVs and approval for land subletting are at this stage attempts at "managing" the behaviours of the land occupiers who are yet to be full land users. The central objective of Government revolves around influencing behaviour, and is a context in which Government has solely been the largest contributor to the short-term agriculture production interventions that it has shouldered since 2000. In view of the food shortages and a very weak production base, the economy has been the biggest causality. It is therefore telling that the Government is expanding the instrument to get the land to be productive as it should be. Apart from the land audit, which has been on the table for too long after the 2013 Constitution, Government has finally

realized that that threats are not working, and generally do not work. In addition, it has avoided prohibitions and surveillance of the land occupiers. As a result, it has used all sorts of conditional approbations and evictions of those it regards as illegal land occupiers. The bottom-line for Government is that it urgently needs a comprehensive land policy to be backed by a strong land governance and resolute administration systems if the JV and subletting approval. This has to come along with a raft of policy measures to make Zimbabwe's land productive and thus empower it to meaningfully and sustainably contribute to the broader economic transformation.

10. Balancing political sensitivities in JV and land subletting



Land reform beneficiaries have not enjoyed the gains of the land reform program, though they have received empowerment.

Let me turn to a highly sensitive matter that remains in the heart of most beneficiaries of the land reform program, as well as those who lost the land. The fact of underperformance is known to place them on a constant of uncertainty. Land reform beneficiaries have not enjoyed the gains of the land reform program, though they have received empowerment. At the same time, they remain uncertain, unsure and constantly on the lookout for threats. Security has not yet been guaranteed, and on the contrary, the agony of survival continues, with fear of potential loss of the assets they have acquired. In fact, studies⁹ show that settlers in the land reform program are seeking their own asset security that ordinarily should be provided by the government. In a livestock marketing study in southern Zimbabwe, Mavedzenge et al., (2008) concludes that continued uncertainties over land ownership and tenure security, posed problems for diverse producers across the study sites. In Mazowe studies showed that beneficiaries preferred freehold title deeds as a basis some for investing their own personal money in farming activities in both A1 and A2 (Matondi, 2005). In general, the beneficiaries remain uncertain, because they are currently basing their stake on an offer letter, which is an administrative and not legal document to claim land ownership. However, the offer letter on its own is not secure and beneficiaries are waiting for the final legal offer of land, which has been promised through leases and improved permits and these are being drip-fed by the land authority as it deals with wide variety of administrative requirements.

It is however, the delay in the issuance of land permits and leases with adequate legal status to the newly created farms that creates insecurity. The FTLRP land occupiers prefer secure tenure on the basis that it will be the final conferment of land rights. However, a major stumbling block is that new farmers are aware that most former land owners, who lost land and property have largely not been compensated because the government has no money. At the

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⁹ Matondi, P. B., 2005. Agriculture and Rural Development Transformation: Findings from Mazowe District. A comprehensive 5 volume report that examined land reform, agricultural production and marketing, institutional and social services after implementation of the land reform program in Zimbabwe. Mavedzenge, B.Z. Mahenehene, J. Murimbarimba, F. Scoones I., and W. Wolmer, The Dynamics of Real Markets: Cattle in Southern Zimbabwe following Land Reform, Development and Change 39 (4)

same time, the international community has been unwilling to fund the resettlement program because they say it's contested. The former mostly white farm owners using their right to natural justice argue for compensation or some return to farming land. Some after a decade from 2000 to the land conflicts with the Zimbabwe government to the regional and international courts seeking redress. This meant that the legality of the land transfers and compensation for acquired farms are still being contested. At home the financial institutions have not been willing to fund short- and long-term programs for resettled farmers. In fact, the financial institutions became the channel for giving out government money to resettled farmers in the same manner that state agencies such as the Grain marketing Board (GMB) was doing. They have avoided lending depositor's money to new farmers because of scepticism over land tenure security and the on-going land conflicts. The financial institutions argue that they are uncomfortable with aspects of tenure, especially the "land transfer" provision in the 99-year leaseholds they view as state ownership of land through the backdoor. The current land administration system is seen as heavily political, non-transparent and opaque. Over the years, there has been little information on land matters in the public domain, which makes it difficult to provide assistance. The land policy should therefore unlock land matters to be an area of public domain, so that different stakeholders, especially those who want to make investment in agriculture can do so.

Any policy decisions that Government will take will predictably have some level of unpopularity with land beneficiaries who are uncertain under the current land rights. The same who would be against JVs that may imply returning land to the former owners and international development partners who supported an economic embargo aimed at frustrating and impeding the progress of fast track farm beneficiaries for almost two (2) decades. In the context of policy lacuna, the maintenance of the land policy position with "little" reforms is no longer tenable. The Government is thus "forced" to act to have the wheel agricultural production turning to underpin what is essentially a domestic driven economy in order to create sustained and sustainable flow of financial resources. Clearly, the Government is being pushed out of its comfort zone in which it had lured for two (2) decades. The degree of the state response through JVs and subletting is in proportion to the pressure applied by the overall economy that is



The government is thus "forced" to act to have agricultural production to underpin what is essentially a domestic driven economy in order to create sustained and sustainable flow of financial

looking for salvation from mining, tourism and agriculture. Government is saddled by a huge liability of attempting to subsidize a large weighing population with diverse and urgent basic needs. It cannot leave the land lying fallow and unproductive. For that reason alone, it is taking measures of necessarily punishing interventions, which saw it introduce policy instruments such as JVs and land subletting that in the past had been outlawed and abhorred for being politically incorrect.

Invariably, this may not be good news for some land beneficiaries whose only claim to fame was being perennial poor performers holding onto large quality land, as if their life depended on it when it clearly did not! They will view JV partners with the discomfort and hostility of enemies to their economic empowerment. This is because if the JV partners are Zimbabwean citizens, the Government may over time consider them for permanent allocations of state land. Thus, the Government promulgation of the 17th of June 2019 affirming the protection of land set aside for war veterans may be a clear signal of the radical direction Government intends to take to ensure maximized agricultural land utilization and productivity. Corporate farming is regarded as a priority in the context of systematic and wide failures in land utilization despite Government availing inputs and equipment as well as financial support that it has directed towards farm occupiers more than a decade. The government has the intent of largely at protecting its main and economically vulnerable, most strategic constituency: the war veterans. This constituency may not be competitive in dog eat dog situation where JVs and subletting of land is unleashed without critical social protection. However, they yield undeniable political influence to bear upon the State and Government, having declared themselves 'stock-holders' of the Zimbabwe's nationhood.

Let us not forget that despite the prescription of this policy instrument, these will never replace the influence of various officials and private entities, which select and implement a set of policy instruments after some mutual interactions. Certainly, the former white landowners, after trying the JVs in the past have seen them working are not a threat to profitable farming and new streams of wealth creation. What really matters is the prediction of the impact of the JV and subletting policy instrument on agriculture. The questions to be asked and answered are: Will it boost agriculture productivity? Which value chains are likely to



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succeed? What are the implications on food security, given that Government has a statutory instrument on grain buying and movement that may discourage investment? The other big issue would be, what are the circumstances under which the JV policy and land subletting is being implemented? It seems from this analysis, that they are positives to be gleaned by getting the land back into production in order to support the economy. Through recalibrating forms of JVs, Government is clearly alive to the negative implications of poorly crafted JVs that do not consider the social impacts of the exclusion of the beneficiaries of the FTLRP.

11. JVs and land subletting: an agenda for transformation

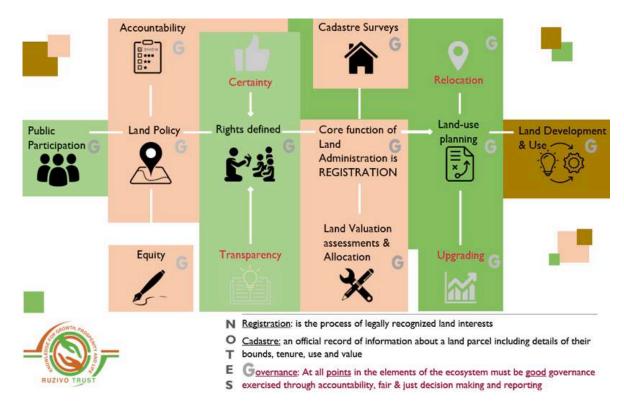
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There is no easier route out of the land crisis, other than to get the land productive. The government has taken a firm and strategic position on JVs and subletting in a context in which its decisions on land are a matter of life and death as it has been since 2000. Government had, with regards to the land policy, been extremely patient, to the extent of "muting" information that it shares with the public. There is no easier route out of the land crisis, other than to get the land to be productive in a sustained, sustainable and predictable way. In an ordinary, functional economy, JVs and subletting are all in a day's work and are never an issue. In urban areas, the phenomenon of house subletting is widespread. It comes with a variety of agreements with disputes being referred to the Rent Board or otherwise amicably solved between the concerned parties. Tragically in agricultural land, it was and still is a practice without administrative recourse. Individuals would simply make verbal agreements for land and agricultural property rentals. The fact of the matter is that Government has no capacity to administer land rentals, and it has never had this capacity since 1980. Worse still, over and above the needs and challenges of resettlement which are stretching its resources to the hilt, Government still must deal with the commercial farm settlement scheme which requires at least two (2) annual official recorded assessments. Thus, would it be ideal to build a strong administration to exclusively deal with and monitor JVs and subletting practices? This is difficult to tell and needs more analysis with clear cost and benefit analysis to the public.

It has to be said that, with the few examples this paper shared, that the State might after all have the capacity to manage large leases. The examples of Greenfuels, ARDA and some large A2 farms come to mind. It, however, would be too costly to manage small subletting and JVs and would be more strategic to leave that to contracting parties. In allowing for policy backing for outgrower farming, being specified in the JV as in Tokwe-Mukosi the Government has shown respect and appreciation for general protection of beneficiaries who are prepared to be productive and not hold on to land that they are unable to use, except for speculative purposes only. However, what the State can do is to set the benchmarks for the expected productivity output per

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region, per farm, per value chain based on specific case-by-case considerations, while it sets systems to manage the evolving JVs, subletting and regular farm production by all farmers who occupy strategic land. In this context, the JVs are seen as employment multipliers. One of the primary benefits expected from JV and corporate agriculture is formal employment. The JV policy is seen as having employment benefits especially in sugarcane farming. The levels of mechanization and the spill-over effects into processing jobs, up to the fuel pump is a business model seen to have greater returns to the value supply chain. Despite the high levels of mechanization, the perceived net livelihood outcomes among supply chain employees are often positive due to increases in decent jobs, household income, more regular income flows, and/or social services available to employees. However, there is a need to check the tendency for corporate modes of production to push down on the price of labour and the poor quality of jobs generated. The onset of the Chisumbanje project with the preference for extra-local hiring and the displacement of income generating activities of local people weighed far too heavily against the local communities than the positive outcome of unlocking the value of sugarcane for ethanol value gains.



Government is severely constrained on resources for land administration. However, it has started to show positive intent through prescribing land rentals on agricultural land in the last few years but still needs to improve on the administrative capacity. There is incremental growth on the number of farmers who are already paying the stipulated statutory land rentals. However, these amount amounts cannot event cover the cost of land administration. In view of poor agricultural performance exacerbated by poor rainfall season in the 2018/19 season, most farmers without diversified production failed to pay the land rentals, and some may need state food assistance during the lean food season. This means a greater effort is needed for comprehensive climate proofing. Equally important is the fact the strategic intervention of attracting long-term investors to partner local land occupiers is long overdue. The JVs have the potential to proffer an answer if they are implemented with clear commitments to their tenure and fairness in the distribution of the proceeds as agreed to by the farmers. Nonetheless, it would be ideal that above the current rentals, a farmer who sublets be charged an additional percentage of the standard fee. This idea is to discourage land occupiers from earning "passive income" with collateral damage without an effort or commitment to maximizing the land for improved production. You may call this some sort of land tax, but the idea is to build a resource fund for land administrative services and technical support through extension services to boost performance of the farming sector.



where austerity measures are to be shelved end of 2020

In the context of the current economic growth and projections of the Transitional Stabilization Program (TSP), where austerity measures are to be shelved end of 2020, Government has very limited time. Maintaining the current land arrangement with associated underproduction is simply untenable. However, the likelihood of sanctions on under-users is also limited due to a variety of political uncertainties. To avoid the political backlash effect of radical policy measures, the JVs and land subletting come as a strategic and convenient option. The degree of compulsion to take this route appears to be well thought-out in terms of its broader political intentions. The question is whether there will be massive interest in competitive corporate farming with optimal financial domestic and international investment. The few JVs noted in this analysis have largely performed beyond expectations. Therefore, there is some reference for success and applicable and practical best practices to draw from. Nonetheless, there is uncertainty around JVs or subletting in the current austerity economic environment due to scarce foreign currency

for importation of equipment. The Government seems to have no option except to make the land deliver foreign currency earnings and therefore economic growth through farming, mining and tourism. The response of the investors, to the willingness of the State to play no role other than ensuring land rights to parties is now up for serious practical testing.

Since 2000 the fatal flaw with public sector matters on land issues is the absence of a concise communication strategy and its implementation. The policy announcement though confirmed the dominant but never publicly pronounced subletting practices during the first republic. It has to be recalled that large tracts of land owned by a few individual white farmers instigated the land takeovers from mostly white commercial farmers from 2000. The configuration of sub-lettees in some of the reported cases are mostly white farmers, though this needs further research and probing to establish the scale of the subletting arrangements. The Government, despite facing an international backlash, diplomatic isolation, withering investment inflows and death of investment in agriculture, particularly on the land that was compulsorily acquired. As the JV policy is unlocked through corporate farming, there is a need for complete policy clarification of the code of conduct in land subletting. This will provide beneficiaries of the land reform, as well as the potential investors to know the legal and policy framework within which they are allowed to set up and run their JVs. There is a need to promote public participation through public debates in relation to the application of JV principles at the national level. This means promoting public awareness of the rights and responsibilities of all members of society, including parties that join in the JV. The landholders of public land must also know their responsibilities too in view of the pressure by other potential beneficiaries and investors who also desire access the land for wealth creation.

About the Author



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