MIDLANDS STATE UNIVERSITY

FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF POLITICS AND PUBLIC MANAGEMENT

ASSESSMENT OF THE CONTRIBUTION OF COMMUNITY SHARE OWNERSHIP SCHEMES OR TRUSTS ON THE ZIMBABWEAN ECONOMY: THE CASE OF MHONDORO NGEZI CSOS

BY

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R125113X

A RESEARCH SUBMITTED TO THE MIDLANDS STATE UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE BACHELOR OF SCIENCE IN POLITICS AND PUBLIC MANAGEMENT HONOURS DEGREE

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RELEASE FORM

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Assessment of the contribution of community share ownership schemes or trusts on the Zimbabwean economy: the case of Mhondoro Ngezi CSOS

I, acknowledge the above named student has consulted me for supervision of his research until completion. I do hereby advise the student to submit his study for final assessment.

Supervisor : Mrs. Mudzamiri

Signed……………………………                  : Date……………………………

Chairperson : Professor Chigora

Signed………………………………………… : Date………………………………
DEDICATIONS

I dedicate this study to my father and mother; Mr. and Mrs. Nemhara who value the importance of investment in education.
ACKNOWLEDGEMENTS

I would like to express my special gratitude to my supervisor, Mrs. Mudzamiri for his unwavering and undoubted support throughout the writing of this dissertation. Her guidance and comments were of paramount vitality to the production of this piece of paper. It will be unfair not to appreciate my father and mother for their support, motivation and for being my pillar and source of finance for all these four bumpy years. Thanks also go to my fellow graduate students at Midlands State University for the unity, oneness, intelligence that wasn’t for outweighing or competing against each other but as a platform of moulding, shaping, pruning, complementing and inspiring one another. The department of Politics and Public Management have worked so much hard in equipping me with relevant knowledge sufficient to this dissertation.
ABSTRACT
The article primarily analyses the effectiveness of the economic empowerment strategies targeted at the community of Mhondoro Ngezi Rural district. Despite abundant mineral resources, the indigenous communities living close to the mines have been deprived of the right to directly or indirectly benefit from the mineral resources. The study utilised a descriptive survey to collect data. The article gives a strong indication of how communities of Mhondoro Ngezi Rural district can utilise the Indigenisation and Economic Empowerment Act and the Statutory Instrument 21 of 2010 (Community Share Ownership Trust) to empower themselves. The findings of the study indicated that the Indigenisation and Economic Empowerment Act and Statutory Instrument for Community Share Ownership Trust were the pro poor mining policies that ensured the harnessing of mineral resources for the empowerment of local indigenous communities. It was also found out that the Indigenisation and Economic Empowerment Act needed to be harmonised with the Rural District Councils’ Act, the Mines and Minerals Act, and the Communal Areas Management Act. The article concluded that the development of infrastructure and provision of public utilities such as electricity, water, establishing micro-credit to small and medium enterprises and implementing broad-based indigenisation policies were some of the strategies of improving rural livelihoods and stimulating entrepreneurship in communities living close to mines. The article recommends that the harmonisation of these acts will ensure that empowerment is integrated in all legislation focused on rural development and promote sustainable ways of utilising the Community Share Ownership Trust.

DECLARATION
This research is my own original work and not been presented for a degree in any other University. All the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

LIST OF ACRONYMS

CSOS/T : Community Share Ownership Schemes or Trusts
CPIA : Centre for Peace Initiatives in Africa
EMA : Environmental Management Agency
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ESAP</td>
<td>Economic Structural Adjustments Programme</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>MERP</td>
<td>Millenium Economic Recovery Programme</td>
</tr>
<tr>
<td>MNRDC</td>
<td>Mhondoro Ngezi Rural District Council</td>
</tr>
<tr>
<td>IEEEA</td>
<td>Indigenisation Economic and Empowerment Act</td>
</tr>
<tr>
<td>TNDP</td>
<td>Transitional National Development Plan</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millenium Development Goals</td>
</tr>
<tr>
<td>ZANU PF</td>
<td>Zimbabwe African National Unity Patriotic Front</td>
</tr>
<tr>
<td>ZIMPREST</td>
<td>Zimbabwe Programme for Economic and Social Transformation</td>
</tr>
</tbody>
</table>
CHAPTER I

INTRODUCTION

1.0 Introduction

The chapter focuses on the introductory part of the research, which covers the background of study, the problem under investigation, objectives of the study, research questions, limitations, indigenization policy, a cold shoulder has been given on the community share ownership schemes. The death in research has forced the researcher to provide an insight on the role of community share ownership schemes on the economy of Zimbabwe. The study sought to provide an analysis of the impacts of community share ownership schemes on the economy of Zimbabwe in rural areas.

Community Share Ownership Schemes (CSOS) are a sub-policy of the broader policy of indigenization and economic empowerment where 51% of foreign owned companies should be sold to locals. Of the 51%, 10% goes to Economic Share Ownership Scheme and 10% goes for CSOS if the company operates in rural areas. Therefore, CSOS can be seen through the lens of the broader indigenization policy. The failure of the indigenization policy is a failure of CSOS and vice versa. The ANC Policy Discussion Document (2012) declares that mineral resources can be used as a basis for industrialization, job creation, poverty eradication, capacity building and community empowerment and improvement of people’s lives. Hence the ANC Policy Discussion Document (2012) address issues of harnessing mineral resources for economic development and community empowerment which is central in improving the quality of life for all citizens. Community Share Ownership Trusts (CSTOs) in Zimbabwe have been used as vehicles of broad based community social and economic empowerment. The study argues that CSTOs can be used as tools to harness mineral resources for economic empowerment in Zimbabwe in general and Mhondoro Ngezi Rural district in particular.
1.1 Background to the Problem

Zimbabwe was occupied by Europeans in 1890 and set in motion political and economic oppression of the indigenous people. This resulted in a liberation war to reverse the system. Independence was attained in 1980. It was followed by a host of empowerment policies by the new black government to redress the previous anomalies. The policies according to Government of Zimbabwe (2002: 13) are, land redistribution, Transitional National Development Plan (TNDP), Economic Structural Adjustment Programme (ESAP), the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST), and the Millennium Economic Recovery Programme and the Indigenization and Economic Empowerment.

In 1890 the British Pioneer Column pursuing the vision of Rhodes marched into Zimbabwe as a result of the Rudd Concession of 1888. Hart (1993: 104) proffers that in 1918, the Judicial Committee of the Privy Council in London ruled that the land of Southern Rhodesia was owned by the Crown. Mudenge (1997: 23) The Land Apportionment Act of 1930 divided the colon’s land into 3 tribal areas. There was adverse discrimination in towns where blacks were to carry passes around. Blacks engaged the colonizers in the battle field to address such grievances leading to independence of the country in 1980.

Independence gave the black government the power to correct the discriminatory economic governance of the past. According to works by the Centre for Peace Initiatives in Africa (CPIA) (2005: 126), there was a major boom to the economy for the first 2 years of independence. It argues that this was partly due to access to international assistance, favorable terms of trade, and increased aggregate demand due to increasing agricultural and wage incomes. A false sense of security and optimism resulted in the introduction of liberal policies of foreign exchange allocation, remittance of dividends and profits, and an expansionary incomes policy. According to the Zimbabwe Human Development Report (2000: 33) liberal economic policies resulted caused the deepening of the current account deficit from z$157 million in 1980 to z$440 in 1981. This is the background against which the government introduced the first of a series of national development plans covering the period 1982 to 1985. The first was the Transitional National Development Plan (TNDP) of 1982. This plan sought to provide equality of opportunity and prosperity for all Zimbabweans. During the first decade of its independence CPIA notes that Zimbabwe experienced mixed fortunes with the implementation of the TNDP. Tremendous
achievements were in the social development sector especially in health and education. However Kanyenze (2000:84) notes that economic governance in Zimbabwe since then is reactive “management-by-crisis basis”. By the late 80s it has become evident that the economy was not performing well and required some form of revamping.

The next reform period spanned from 1990 to 2000. The Bretton Woods institutions became closely involved. They pushed for the Economic Structural Adjustment Plan (ESAPs) which fundamentally shifted Zimbabwe economic governance from a pervasive system of state intervention to one driven by market forces. Key targets of ESAP according to Hood (1995:33) were to raise savings to 25% of GDP, raise investment to 25% of GDP, achieve export growth rate of 9% per annum, reduce the budget deficit from 10% of GDP to 5% by 1995 and reduce inflation from 17% to 10% by 1995. Unfortunately overall growth during reform period was erratic according to CPIA (2005: 128). This was the context within which the government acknowledged the limitations of ESAP and proceeded to design yet another economic reform programme namely, the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST). It was launched in 1998. Drew lessons from the weaknesses and shortcomings of ESAP. Government report (1998:17) ZIMPREST sought to achieve the agent restoration of macro-economic stability, facilitating public and private savings and investment need to attain growth and pursuing economic empowerment and alleviation by generating employment and encouraging entrepreneurial initiatives. However its weakness include the fact that It was inaugurated at a time when resources had already been allocated through a 3 year rolling budget system. Overall the policy however failed. It was this background that yet another set of reforms was introduced- the Millennium Economic Recovery Programme (MERP).

The centre for peace initiatives in Africa (2005: 130) notes that MERP was launched by the government to address the declining economic performance and it was an 18 year project. Prime objective was to restore vibrant economic growth and remove fundamental causes of inflation. To a great extent it failed. A number of multinational companies closed and many people lost their jobs as a result. The macroeconomic environment had become turbulent and unpredictable. This led to the fast track land reform programme.

The land question had been central in the politics of Zimbabwe since 1980. Raftopoulous (2009: 123) notes that until the implementation of the “third Chimurenga”, the land reform had three
major questions, the unequal distribution of land, insecurity of land tenure and unsustainable and sub-optimal land use. In 2000 the government enacted the Land acquisition Act enabling it to acquire any designated land compulsorily. Eight years down the channel there was no considerable success of the policy and it was against this background that the government of Zimbabwe introduced the Indigenization and Economic Empowerment policy which brought about the CSOS/T which shall be the subject of inquiry of this paper and the problems bedeviling it so as to suffer the same fate and how it may best succeed.

1.2 Statement of the problem

The community share ownership schemes is mired with unfair representation of the community in question, lack of transparency, nepotism, corruption, politicization and patronisation of the trusts and delayed implementation of the schemes. Communities with natural resource are not benefiting from their God-given natural resources.

1.3 Objectives

The study seeks to:

• analyze the effectiveness of CSOS in achieving national economic goals.
• analyze the major challenges confronting the smooth implementation of CSOS/T in Zimbabwe
• examine the feasibility of the policy in a harsh economic environment.
• provide informed conclusion of the merits and demerits of the policy.

1.4 Research Questions

• What are the possible implications of CSOS/T towards national economic growth?
• How can CSOS/T be effective to realize their goals?
• What are the challenges that hinder the smooth implementation of CSOS/T in Zimbabwe?
• Are CSOS/T a panacea to economic underdevelopment and poverty in Zimbabwe?
• What are the merits and demerits of the policy?
1.5 Hypothesis

Community Share Ownership Schemes can be driving engines for economic development

1.6 Justification of the Study

Although a lot of literature has been written about the indigenization and economic empowerment policy, a cold shoulder has been given on the community share ownership schemes or trusts. The death in research has forced the researcher to provide an insight on the impacts of the CSOS/T on the economy of Zimbabwe. Therefore this study finds its relevance in the understanding that not much academic enquiry has been made in the subject hence it will fill the empty gap made by academic underdevelopment of the concept also reflected by scarcity of academic information in electronic or paper print.

This research may also be helpful in the development of the policy both for practical application and academic learning in Zimbabwe since indigenization is becoming a topical issue to economic development in third world states. It has been effected in Russia, Yugoslavia, Zaire, South Africa and now Zimbabwe. If there are to be amendments in the policy, this study has aimed to have an effect in the process by providing academic and reasonable critic of the current policy framework and the conclusion of this research aims to have an effect in the continuation, removal, amendment of the policy or restructure by giving informed consent.

1.7 DELIMITATIONS

Mhondoro Ngezi will be used as a case study in this study. The study will focus on the community share ownership schemes or trusts and its implementation. The study will also focus on who are benefiting from the CSOS/T, the impacts of the CSOS/T on the economy of Zimbabwe will be analysed focusing on Mhondoro Ngezi district. The research will also focus on the beneficiaries and signatories of the CSOS/T.
1.8 LIMITATIONS

Limitations of the study are those characteristics of design that set restrictions on results found. There are a number of limitations that hinder the success of a research. Financial constraint can be a major challenge to research. The researcher will fund, the research when collecting data. Poor participation is also another limitation. The researcher will look for volunteers who will be active in carrying out the research. The information gathered may be biased, so the researcher will analyze the facts and observe so as to have accurate information. The information required is highly sensitive since it is of national interest, but the researcher will insist that the information is to be used for academic purposes.

1.9 Ethical considerations

The researcher shall be honesty and respect the opinions of the respondents; only willing participants are to be interviewed and the information must be kept confidentially. The participants are to be given room for withdrawal from participation if their rights are violated. Protection of societal interests is very important, hence there is need to have a well-balanced view between the societal interests and those of the researcher. Rights to privacy and confidentiality of respondents will also be upheld.

1.10 Chapter Summary

This chapter presents and summarizes the background of study, research questions, research objectives, delimitations and limitations of the subject under study. The chapter initiates the introductory part of the research.
CHAPTER II
LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 INTRODUCTION

This part of the research will focus on opinions forwarded by scholars pertaining the community share ownership schemes or trusts. The researcher attempts to give detailed analysis of scholarly views on the matter under debate. Literature review, conceptual framework and are highlighted in this chapter, so as to explore various views from different scholars. Literature review is the evaluation and assessment of resources. According to Baglione (2012), is a text of a scholarly paper which includes the current knowledge including substantive findings. Thus, literature review attempts to position the problem under study in relation to other scholarly reviews on the same subject.

Over and above, this chapter also reviews conceptual issues surrounding the sub policy of indigenization and economic empowerment the CSOS/T. According to Miles and Huberman (1994) conceptual framework is a visual or written product, one that explains, either graphically, or in a narrative form. In this case the researcher will use the narrative or descriptive form. Conceptual framework can be described as concepts that support the research.

2.1 Literature review

Rigorous consultation of contemporary literature has revealed that the academic world and the media have all made a sound voice on the community share ownership schemes or trusts. There have been various scholars and experts who have revolved around the issue of indigenous and economic program. This section will look at the published work written around the topic. This section will analyse the contribution of community share ownership schemes to the Zimbabwean
economy especially the rural areas which have the minerals. Gaps left by other published scholars as well as providing effective recommendations to the impacts of CSOT will also be outlined by this research.

Mining laws must facilitate access to, and equitable sharing of benefits of mining. Since independence in 1980, Zimbabwe has lagged behind in terms of the establishment of an enabling legal and policy framework for sustainable and equitable mineral resource development. The country is now fast tracking the mining sector legislation which supports broad economic empowerment. Thus in 2007, government’s approach to empowerment took a new direction in response to the changing political and economic environment, (Saunders, 2007). Murombo (2010:571) asks whether Zimbabwe’s mining laws and the Indigenization and Economic Empowerment Act (IEE Act) are suitably tailored to promote intra generational equity in the mining sector in Zimbabwe. The article views CSOTs as a countrywide government initiative spearheading development and empowering rural communities by giving them 10 percent stake in all businesses that exploit natural resources in their areas, (Maodza, 2012). He adds that the schemes are “designed to control the selfish exploitation of the country’s resources for the benefit of multi-national corporations and other foreign businesses without benefit to indigenous Zimbabweans”. The article reiterates that empowering communities in mining regions enables them to participate in their own development.

However, Mate (2002:7) argues that the problem of informal diamond trade in Zimbabwe is exacerbated by the existence of a network of powerful political figures in whose interests is to maintain the illicit trade. Pedro (2005) expresses similar sentiment by revealing that Zimbabwe has seen the emergence of elite-driven, opportunistic asset grabs, rather than the articulation of a policy seeking the sustainable transfer of strategic production into accountable hands, (Saunders, 2007).

The Zimunya-Marange CSOT initiative which is provided for under section 14(b) of Statutory Instrument 21 of 2010 became the fifth after Mhondoro-Ngezi Trust in Mashonaland West Province, Gwanda Trust launched in Matabeleland South Province, the Zvishavane-Shurugwi Trust and the Tongogara Trust in Midlands Province, (Maodza, 2012). Maodza (2012:1) states
that the CSOTs seek to create conditions that enhance the status of the people through the development of competitive domestic private sector partnership through establishment of bodies that will hold shares in qualifying business on behalf of their respective communities.

The concept of CSOT is noble in that it is an opportunity for the locals to enjoy the proceeds of the mining operations in their areas while the resources are still there, (Maodza, 2012). The proclaimed objective of CSOTs is that the community in the district of a mining operation could reap some benefits from the exploitation of the natural resources in the area they inhabit. However concerns have been raised by some analysts (see Saunders, 2007 and Maodza, 2012) who felt the empowerment drive is only aimed at benefiting people in the mining areas at the expense of the entire populace. Under the community share ownership scheme, companies operating in a given area cede a 10 per cent stake to the community and the money generated from the shareholding is then used to fund development projects such as building clinics, schools, roads and bridges, (Musarurwa, 2012).

Interviews conducted in 2012 with Chairman of the Gwanda CSOT, Chief Khulumani Mathema, revealed that the trust was planning to spend US $1 million to complete work on Mapati, Silikwe and Sitezi clinics as well as rehabilitate Guyu and Chelesa irrigation schemes. Musarurwa (2012) also added that in Zvishavane the CSOT had funded the construction of two classroom blocks as well as rehabilitation of some roads. In Shurugwi, the trust was funding the construction of four classroom blocks at Musasa primary school, three teachers‘ houses, drilling of a borehole at the school and the construction of a maternity ward as well as a mortuary at Zvamabande hospital. The Marange-Zimunya CSOT was expected to implement infrastructure development projects following a US $50 million pledge from five companies operating in the diamond fields.

However the researcher argues that communities on their part should put in place mechanism to prevent abuse of trust funds. For instance, communities should not allow what happened in Zvishavane where chiefs are reported to have paid themselves US $5 000.00 each as sitting allowances for the whole year from the trust fund. It is such abuse that will deny communities the benefits of trust funds, (Musarurwa, 2012). Mate (2002:12) asserts that community
participation in the management and use of mineral wealth at the local level “could speed up the process of community empowerment and lead to increased pressure on central government for better management of mineral wealth and for greater transparency and accountability in its management”.

Mate (2002) adds that most of the major mines had established foundations through which they are involved in the provision of health and education infrastructure as well as provision of non-mine training and education. For instance the Zimbabwe Platinum Mines agreed to transfer 51 per cent of its equity to indigenous investors in an empowerment deal where local communities will gain US $600 million in value from the mining giant. Through its South African parent firm, Implats, Zimplats agreed to shed 10 per cent to local communities, 10 per cent to workers, and 31 per cent to the National Indigenisation and Economic Empowerment Fund, (Matyzak, 2012).

According to Maodza (2012:3) the Zimunya-Marange share ownership programme became unique in that the trust was given mining rights and will partner with companies operating in the diamond fields. The new approach has a multiplier effect on the benefits to be accrued by communities in that they will benefit from value retention through direct ownership of mining concessions. This enables communities to fully participate in the economic spheres that surround them. Similarly the Zimplats Holding has agreed to a vendor finance deal, whereby it will provide an interest free loan to the Community Share Ownership Trust to fund the purchase of the issued shares, valued independently and the loan will be repaid from dividends, (Matyzak 2012). However the shareholding granted to the CSOT will not, in this event, render the community any better off financially. Accordingly, channelling money for development projects through the CSOT in the form of dividends, rather than grants, merely allows for some expedient public relations and politicking, and does nothing to advance community empowerment, (Matyzak, 2012).

According to Zanu PF Manifesto (2013; 42) indigenisation is a process whereby investors are obliged to transfer all or part of their investment into the hands of locals. According to the IEEA section 14:33 “an indigenous person refers to any person who before 18 April 1980, the date of
Zimbabwe’s independence, was disadvantaged by unfair discrimination on the grounds of his race and any descendants of such person.” The community share ownership schemes or trusts is necessary to the economy of Zimbabwe since it facilitates economic growth. According to Zanu PF Manifesto (2013:33) “economic empowerment is defined as the popular participation, a concept that has gained increased popularity within the development agenda, promotion of community development through self-help within emphasis on the [process, rather than on the outcome of particular developments and transformation of economies into self –reliant]. Politically, the proponents of indigenisation believe that enabling indigenous people to share in the ownership and control of their countries' resources creates conditions for the existence of peace and stability (Makoni 1994:1) notes that true independence can only be realised through economic independence.

According to Gwisai (2002:22) “economic decolonisation must be conducted by selfless people for the benefit of the economy.” Gwisai (2010; 12), posits,” true indigenisation involves the overthrow of the capitalist system and collective ownership of resources for the benefit of the majority. Hence this is the rationale why the CSOS/T was initiated by the Zimbabwean government with the support of various stake holders in a bid to uphold socio-economic and political values of the communities which have natural resources.

According to the Ministry of Youth Indigenisation and Economic Empowerment, community share ownership schemes or trusts are a vehicle for participation in shareholding in various business by our communities and they shall be established by businesses involved in the commercial exploitation of natural resources, including minerals since the relevant communities have the natural right to benefit from their God-given resources. The scheme is targeted for the communities which have natural resources for example the chiadzwa diamond, people in chiadzwa should benefit 10% from their natural resources which will be used for community building.

According to Gwisai (2002: 2) “economic decolonisation must be conducted by selfless people for the benefit of the economy”. His argument is very generous in nature but unfortunately the community share ownership schemes are not being implemented in such a way that every
Zimbabweans are benefiting. It seems as if the program is benefiting people who support Zanu PF simply because it spearheaded the program. In a way it seems as there is only a shift of powers from the whites to a black elite on the expense of the majority, thus there is no difference between the black government initiatives from those of whites.

“...... the general objective that every business of or above that prescribed value threshold must within the next five years from the date of operation of these regulations, or within five years from the commencement of the business concerned, as the case may be, cede a controlling interest of not less than 51% of the shares of interest therein to indigenous Zimbabweans, unless in order to achieve other socially or economically desirable objectives. A lesser share of indigenisation or a longer period within which to achieve it is justified.” [IEEA chapter 14:33 section 3(a) ]. Act Given such a scenario it is contestable that the programme will not be adapted by foreign owned companies in a pleasing manner. The CZI propose that the 51% be reduced to something like 20-25% because it seemed to be too high a target. This can also have an adverse outcome on the investors as they ought to pay also 10% to the community they will be operating on and this may result on investors opening their industries in some other countries. That shift impacts on the development of the economy.

According to the IEEA section 14:33 “an indigenous person refers to any person who before 18 April 1980, the date of Zimbabwe’s independence, was disadvantaged by unfair discrimination on the grounds of his race and any descendants of such person.” Against this backdrop it is unlikely to accommodate youths who are whites and have started their businesses without the assistance of lands or mines gain even if they started after 1980. It is in the view of this researcher that the policy’s stipulation of taking 51% shares from whites who did not enjoy the privileges which their fore fathers enjoyed is very unfair. This is tantamount to segregation along racial lines. The CZI proposed amendments to S121of 2010 recommend that the word autochthonous could have been used to describe the early settlers of the land. In such circumstances the policy does not include whites born in Zimbabwe as indigenous. In this regard it likely that youth especially white of white color will be left out the circles of the programme as they will not get employment opportunities.

According to Chengu(2012), the IEEA section 15(1) requires the minister to maintain a database of people who are potential beneficiaries of controlling interest in non–indigenous businesses
no criteria are set out for the purpose of determining who ought to be entered on the database and who ought to be excluded. Chengu (ibid) further notes that the legislation merely provides that, “if the minister is satisfied” that the application is made “in good faith” the applicant “shall be registered in the database”. He further comments that this arrangement leaves the possibility of plans being accepted rejected on basis of “who” rather than “what” is proposed in the community share ownership plan. Under such circumstances it is likely that the minister may use his discretionary power to give loans to those he wills probably on partisan basis. Some communities or constituencies who are known for supporting opposition parties may not be able to share the gains of the indigenization programme which they spearheaded with their so called adversaries whom they accuse of not protecting the revolutionary gain. The majority of youths therefore will be left unemployed.

Crow (1988:83) proffers that there is no way of providing a “blueprint” of a socialist and communist project for they come in different forms as influenced by different historical backgrounds. He argues that wherever they have been implemented they have yielded considerable success. The Soviet Union and China are typical examples where the success story of communism can be told. Therefore Zimbabwe’s CSOS is a typical Zimbabwean project specific to Zimbabwe.

However, Howard (1975: 159) indicates that Marxist theory of communism is just nothing but an ideology and a mask that transforming it will produce regrettable results He argue that Marxism is perfect as an ideology but not as a practice. Furthermore, he states that the celebrated relationship between ideology and economics remains mystical, illogical and unthinkable as long as ideology remains “subjective,” economy is conceived as an objective process and the two are not made to communicate hence all communist projects in light of this perspective are doomed to fail to deliver their intended objectives for they are mere ideologies which can’t be transformed into real practice.

However in what seems to be a contradictory perspective, Howard (1977: 161) argued that whatever is its practice, it must be admitted that communism’s critique of the hypocrisy of capitalism and the liberal society remains valid and can be valuable in crafting an alternative to capitalism.
Claudin (1975: 552) in a sharply contradictory perspective to Howard gave the Soviet Union case study arguing that United Soviet Socialist Republic (USSR) had a poor economy and impoverished citizens, but industrial and agricultural products increased rapidly after inception of communism. Total steel output in 1970 was 18 million tons and rose to 23 million tons in 1972. Earlier estimates for the middle and late 1960s had generally placed annual steel production at 10 to 12 million tons. In light of this it is justifiable that a state can be developed through communism rather than capitalism which develop an individual at the expense of the state.

Bowles et al (1997: 156) states that it is a well observed fact that there has been no successful socialist revolution in societies where capitalism was well developed. The first socialist capture of power occurred in 1917 in the Soviet Union and led to the funding of communism. Capitalism was underdeveloped in Tsarist Soviet Union compared with Western Europe, United States of America (USA) and Japan. The working class was highly concentrated in industrial towns just like Harare is densely populated with the overall national economy not resembling a capitalist economy Zimbabwe can be a safe destination for communist projects. The success of the Chinese and Russian models of socialism indeed can arguably might have prompted the government of Zimbabwe to implement communist policies. A pertinent question to ask now is whether communism is a panacea to underdevelopment. Haralambos and Holborn (1992: 872) assume that the USSR socialist approach to development was not only successful but marred with failures and weaknesses also. Corrigan (1978: 91) outlines that the USSR model of socialism even though its theoretical power was demonstrated in practices by the material achievements of industrial capitalism, its adherence to the logic of old orthodoxy, it provides a partial and incomplete alternative to capitalism, limiting the meaning of socialism as an ideology of human emancipation. The discourse of USSR socialism involves transformation of property relations without effecting sufficient revolutionary critique of the dominant forms of technology of capitalism and the organization of production they entail. Zimbabwe’s CSOS is affecting socialist principles in the existing capitalistic system

Furthermore according to Makwiramiti (2010; 8) “the community share ownership schemes, just like the Black Economic Empowerment (BEE) of South Africa, has been viewed as a black
elite enrichment program in that beneficiaries enrich themselves whilst the majority of people remains in poverty.”

Despite the said above, it can be deduced that there are varying perspectives and mixed feelings in relation to effectiveness of CSOS. However scholars have failed to provide how feasible it is to apply communist policies in a pseudo–capitalist society like Zimbabwe. The foregoing paper shall address the issue critically and how feasible it is. The paper will also proffer a critical analysis of sustainability and effectiveness of the Community Share Ownership Schemes in addressing economic underdevelopment in Zimbabwe.

2.2 Theoretical Framework

Communism owes its origins to socialist revolutions as philosophically predicted by theorists like Karl Marx and markedly Russian and Chinese. All States according to Kanl (1979: 34) which subscribed to this idea formed the second world block during the cold war times. Communism according to Marx (1918: 58) entails abolition of private property being replaced by communal ownership. The alternating block was the First World block. It advocated for capitalism which emphasized free market economy free from pervasive government involvement as suitable for driving the economy. These are the two economic systems which were fundamental in this research and shall be detailed in the foregoing section.

Haralambos and Holborn (2002: 869) argued that private property and ownership of economic means should be abolished and replaced by communal ownership of the means of production that is the replacement of capitalism by communism. Marx (1918: 55) saw communism as the positive abolition of private property and thus of human self alienation and therefore the re-appropriation of the human essence by and for man. In his manifesto Marx saw communism as the complete and conscious return of man to himself as a human being. Marx (ibid) proffers that communism drove towards equity as opposed to capitalism which results in social, political and economic inequalities hence the first more preferable. CSOT can therefore be a drive towards abolition of private property

According to Morgan (1972: 146), in a communist society, conflicts of interests will disappear and antagonistic groups based on material possession will cease to exist. Products of labour will no longer be subject controlled by the capital owners as David (1989: 47) shows but shared
equally among all stakeholders. Therefore workers will produce for themselves and others as has been proven by the successful Chinese communist economic model. Money transferred to the CSOS fund will be shared with other communities which do not have any scheme hence a perfect model of communism.

Marx (1918:54) further assets that in productive labour, each member of society would contribute to the well-being of all and so expresses their individual and social being. The objects that they produce are owned and controlled at once by themselves and their fellow humans. In CSOS, infrastructure is build by local citizens combined efforts such as roads and hospitals hence they will feel a sense ownership and responsibility.

Moreover, another theory that shall guide the study is capitalism. According to Martin (1984: 71), capitalism involves basic considerations of political economy concerning government role in relation to the economy as a whole. He further argues that the economics of capitalism include the industrial production of wealth in which capital is privately owned and is responsible for the major portion of the wealth produced and labour for only a small fraction of it. Production of wealth is achieved by the voluntary association and cooperation of private owners of the factors of production that is owners of labour and owners of capital.

The Kelso Institute (1996:3), states that in capitalism, distribution of produced wealth is in accordance with the property rights of the persons engaged in its production to the extent of the distributive shares accorded the various participants, determined by the extent of their contribution as that is evaluated through supply and demand under conditions of free competition. It also states that capitalism involves the progressive reduction of the labour force with the progressive automation of industrial production and a steady increase in the employment of men in non mechanical jobs.

Ernst (1994: 32) proffers that capitalism should not be inter- changed with laissez-faire which is a system of absolutely self-regulating system. A repeated and widespread demonstration and practice proved that competition or capitalism does not provide full employment therefore capitalism recognizes that free competition does not provide full employment. It recognizes that assiduous efforts of the government to regulate the economy are required to preserve free competition in all markets against the inherent propensity of free competition to destroy itself.
argued Ernst (ibid). Therefore the government has the obligation to maintain free competition in all the markets of the economy.

Johane (2009:34) states that the government should promote capitalism by providing the fullest protection to private property and property in the instruments of production whether capital or labour power. Government should surround the economic status of the capitalist as stockholder with legal protections and privileges analogous to those it has conferred on the political status of the citizen in order to make the capitalist like the citizen a man who can exert legal power in the control of his own affairs.

It is crucial to note that the foregoing work will only refer to concepts of capitalism which addresses effects of foreign capital in the local market, ownership and limitless profit accumulation irrespective of sustainable management, control of the means of production and capitalist’s social responsibility.

2.3 Chapter Summary

This chapter presents and summarizes literature on the impacts of political interference on service delivery. The assessment and evaluation of scholarly views by the researcher helps the researcher to recognize the existing knowledge gaps that has been left by other scholars, on the topic under study.
CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter highlights the methodologies used by the researcher in gathering the information relevant to the study. The researcher will use interviews and questionnaires to the targeted and relevant participants. The research will also use information from the internet, journals newspapers so as to obtain sufficient information on the problem under investigation. The techniques are to be used so as to complement each other. The researcher is forced to use more of qualitative research, so as to acquire relevant data to the subject under study. Qualitative research, involves collecting, analyzing and interpreting data by observation. A bit of quantitative research may be used so as to support qualitative research. This chapter presents research design, research methods and research techniques that might be used in gathering information during the research.

3.1 RESEARCH METHODOLOGY

According to Creswell (2009:147) methodology is generally guidance for solving a problem with specific components such as phases, tasks, methods and tools. The study shall triangulate the qualitative and quantitative methodologies. The qualitative methods which shall be used include
in-depth interviews and key informants interview. The quantitative method which shall be used includes documentary review. Purposive sampling shall be also used in the study. This allows the scrutinization and assessment of weaknesses and strengths of tools used during data gathering. According to O’Leary (2004) it is a structure linked to instruments that can used during a research to support the research design.

3.2 Target Population

This is a group of people or units where the researcher collected essential and relevant information during the study. The mines in Mhondoro Ngezi Rural District Council (MNRDC), sector ministries, the wards and villages situated close to the mines, constituted the population of the study. This study targeted the mining companies, local communities close to the mining companies, the Ministry of Mines, Ministry of Youth Development, Indigenization and Empowerment, Environmental Management Agency (EMA) and the District Administrator’s office. The list of mines in Mhondoro district, the list of wards and list of villages in these wards was used as a sampling frame for the study. The sampling frame was obtained from the MNDC, sector ministries and the mining sector in Mhondoro Ngezi district.

3.3 Sampling

According to Business dictionary (2015) Sampling is a statistical method of obtaining representative data or observations from a group (lot, batch, population or universe). Sampling is very crucial because it reduces unnecessary load on the research. It forced the researcher to focus on the targeted population. This eliminates bias and exaggeration from informants.

3.3.1 Sampling Techniques
Sampling techniques are grouped into two that is probability and non-probability sampling techniques and the researcher will use both techniques. In probability sampling there is a possibility that the participants have the same opportunity to actively respond to the questions under debate. Non-probability does not give the participants equal opportunities of being selected. Non probability is very useful because it clutches relevant data from the target population that is to be used in the study.

3.3.2 Random sampling

It is commonly known as simple random sampling, which entails that each individual is in a position to be selected. All the participations possess equal chances of being chosen. It is selecting of participants randomly, all groups has the equal chance of being represented regardless of status, political affiliations, race, age or gender. The researcher will use this method to obtain data from the targeted population.

3.3.3 Purposive sampling

This method will target CSOS management, councilors and other government ministries. The selected individuals are crucial because they are the key players in the delivery of services, and they represent the whole group. Information to be obtained is accurate and free from bias as the informants are the responsible authorities in steering service delivery. There is elimination of sources of bias and exaggerations.

3.4 SOURCES OF DATA

There are different sources of data, but in this research primary source and secondary source are to be used. This will help to get rid of weaknesses of each source. The weakness of primary source is complimented by secondary sources and vice versa.
3.4.1 Primary Data

Primary data is first-hand information gathered through an eye witness account. Primary data is gathered from the actual site of occurrence of events and this kind of data can be gathered through questionnaires and interviews. Primary data can be described as raw data.

3.4.2 Justification of Primary Data

The following are advantages of using primary data sources:

- The data collected is original and reliable.
- The data is more accurate and relevant to the current situation under study.

3.4.3 Disadvantages of Primary Data

There are some challenges labeled against primary data, these includes the following:

- It is expensive to effectively carry out. The researcher fund the research so as to get accurate and adequate information needed for the research.
- It is time consuming, because it involves a one on one approach.
- The information gathered is prone to bias as the participants need to impress the researcher.

3.5 Secondary data

Secondary data is second hand information gathered from journal, newspapers, pamphlets, textbooks and the Internet. It is also referred to as processed data. It also entails utilization of data from other scholars, which are of great value to the topic under study. Secondary data is useful because it act as a supplementary to primary data.
3.5.1 Advantages of secondary data

Secondary data sources are advantageous. Some of the advantages include the following:

- The information is sometimes reliable.
- It is too economic, since it save money as compared to primary data.
- It provides an in depth analysis of the subject under study.

3.5.2 Disadvantages of secondary data

Regardless of the above advantages, secondary data has some loopholes, which includes:

- Scholars are biased, for instance the Eurocentric and Afrocentric scholars tend to publish documents that safeguard their interests.
- Some of the books are outdated, hence irrelevant to the research.
- Some publications are too expensive and inaccessible.
- It lacks validity and reliability; hence give room for errors and inconsistence.

3.6 RESEARCH TECHNIQUES

Research instruments are tools used for data collection during a research, (Kumar 2011). In this research techniques such as interviews and questions are to be used for gathering relevant information from the respondents. The selected tools are of great value because the information to be obtained is likely to be accurate and reliable because each tool’s weakness is complimented by another tool. The researcher will use both interviews and questions so as to obtain accurate, reliable and valid information.

3.7.1 Interviews
These are techniques that give room for data collection through a face to face encounter. The researcher asks questions to the selected individuals and records the data from respondents. The information obtained is very important because it enrich the related topic under study. The interview is to be carried out verbally on one on one basis or through a telephone. The interview has an advantage that respondents have an opportunity to ask for clarification on unclear questions, Burglear (2005). The researcher also has an opportunity to ask many questions than in other methods. Structured questions are to be answered by CSOS management, and sector ministries. While unstructured questionnaire is to be answered by service users.

3.7.2 Advantages

Hopkins (2009:52) cited a lot of advantages of interviews as follows:-

- It promotes direct feedback.
- It fosters good communication and explanation of concepts relevant to the problem under study.
- It creates good relations between the researcher and the respondent.
- There is room for rectification of speech since; it is a one on one approach.
- Useful information can be gathered.

3.7.2 Disadvantages

Regardless of the above strengths, interviews are prone to weaknesses like any other research instruments. However there are some weaknesses to be encountered by the researcher when using interviews. Lesbondy (2011) cited the following disadvantages;

- Time consuming.
- It is too costly as it is a face to face interview.
• High emotions from the interviews were sometimes encountered.

3.8 Personal Interview

The researcher will use personal interviews to obtain data from CSOS executives, residents and Non-governmental institutions. The researcher will receive first-hand information that will be used to balance the information gathered from questionnaires. The data obtained during face to face interviews will be recorded.

3.8.1 Merits of Personal Interviews

• They offer continuous and instant feedback.

• The researcher can capture verbal and non-verbal gestures of respondents on sensitive topics.

• There is accurate screening of data especially on issues of gender, age and sex as the interviewer can observe.

• There is room for clarification of unclear questions by the interviewer.

• There is room for flexibility of information as the researcher will be using both unstructured and semi-structured.

3.8.2 Demerits of personal interviews

• Personal interviews are too costful as it allows a one on one approach.

• It is time consuming since it gives room for one on one dialogue.

• It limits the sample size hence prone to bias.

3.9 Questionnaires

According to Saunders (2003) it is written catalog of questions to be answered by participants. The questionnaire to be drafted has open ended and close ended questions. This helps the
researcher to collect all the relevant information from the participants. It provides room for participants to offer possible solutions to the problem under investigation.

### 3.9.1 Merits of questionnaires

Some of the advantages of questionnaires include the following:

- It promotes freedom of expression as the respondent can answer it in the absence of the researcher.
- As guided by the questionnaire.

### 3.9.2 Demerits of questionnaires

Regardless of the above strengths, questionnaires have some loopholes that include the following:

- It lacks validity
- Subject to bias and exaggeration.
- There is high probability of returning some questionnaires unanswered.
- It is time consuming.
- It is too costful, as it is a one on one approach.
- Some of the questions are misinterpreted

### 3.10 Chapter Summary

The chapter has attempted to provide an overview of research design, sources and techniques that can be employed by the researcher so as to gather relevant information. A sample size of fifty (50) people is to be used. Sampling techniques such as, simple random sampling and
purposive random sampling is to be used to get the most useful and relevant data. Questionnaires and interviews are to be used, as data collection instruments, so as to gather the relevant information.

CHAPTER IV

DATA ANALYSIS AND PRESENTATION

4.0 INTRODUCTION

This chapter presents all the research findings and results extracted from Mhondoro Ngezi community share ownership schemes. The chapter will try to highlight and provide possible answers to the research questions propounded in chapter one. The information obtained from field work will be linked to research objectives as highlighted in chapter one, and scholarly views in chapter two. There were a lot of agreements among the different participants that the community share ownership schemes have improved the community and helps to boost the economy of Zimbabwe. In most cases informants were blaming the government for failing to properly manage the funds pledged by mining companies to improve the community. Nevertheless, in some instances the respondents retaliated that CSOS are benefiting the community and help in infrastructure development.

4.1 Data collection process

The data was collected in all wards, that is from ward one to ward eighteen so as to have different opinions from different people. Two representatives per ward were randomly selected to answer the questionnaires. Questionnaires were completed by sector ministries while interviews were strictly answered by key informants such as council staff, councilors, traditional
leaders and other sector ministries that work hand in glove with CSOS. The following table shows the stages through which data was collected.

Table 1: Data collection process

<table>
<thead>
<tr>
<th>Stage</th>
<th>Activities done</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The researcher introduces herself and asked for permission to carry out her study.</td>
</tr>
<tr>
<td>2</td>
<td>The researcher met the management of CSOS, traditional leaders and some respected members of the community</td>
</tr>
<tr>
<td>3</td>
<td>The researcher distributes the questionnaires and interviews to different participants.</td>
</tr>
<tr>
<td>4</td>
<td>The researcher then records the information from interviews and collects the questionnaires. The information was analyzed to ensure that the answers were in line with research questions and objectives.</td>
</tr>
</tbody>
</table>

4.2 Response rate for questionnaire
The questionnaires were drafted and distributed to the District heads of the Ministry of Indigenization and Economic Empowerment and the Ministry of Mines and Minerals. Simple random sampling was used in all wards. This helps the researcher to make sure that all ages, sexes and races are represented fairly. A total of thirty six (36) questionnaires were distributed, about thirty (30) questionnaires were fully answered. The response rate was 83%, this shows that the response is good and justifiable and it gives room for creation of resolutions and recommendations of the research. Out of thirty six (36) questionnaires four (4) were not returned due to different reasons such as unwillingness of the participants to answer the questionnaires and illiterate of some participants. This is a common challenge in many researches. Whilst two (2) of the questionnaires were not fully answered, some of the participants did not understand the questions at all, and some were lazy to think. Over and above the response rate was impressive because the researcher was able to obtain the necessary information for the research. The pie chart below illustrates how the questionnaires were answered. Responded questionnaires amounted to 83.3%, unreturned questionnaires were 11.1% while some of the questions were not fully answered, and are equivalent to 5.5%.

**Fig 1: Pie chart shows the response rate for questionnaires**
4.3 Response Rate for Interviews

Interviews were distributed to councilors, mines in Mhondoro Ngezi Rural District, District Administrator, traditional leaders and sector ministries. Councilors from ward 1, 2, 11, 14, and 16 were purposively selected. Government ministries such as ministry of mines and ministry of youth and indigenization and economic empowerment were selected to answer the interviews. Some of the respondents were not free enough to air out their views on how the trusts benefits the economy of Zimbabwe especially the councilors. Table 2 below shows the response rate from different stakeholders.

**Table 2 Response rate for interviews**

<table>
<thead>
<tr>
<th>Targeted Group</th>
<th>Targeted</th>
<th>Responded</th>
<th>Not Responded</th>
<th>% Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mines in Mhondoro Ngezi</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>100</td>
</tr>
</tbody>
</table>
The participation of the respondents was good and impressive. All the representatives from mines turn up for the interviews and the response rate was 100%. They evidenced that they are pledging 10% of their shares to the community of Mhondoro Ngezi. On the other hand, the traditional leaders and sector ministries scored 100%, they were able to analyze and criticize how they are benefiting from the community share ownership schemes in the district. Some pointed out that, they do not know who the signatories of the trusts are and some say there is little infrastructure development from the trusts. The research seems to be of national interest especially on the part of councilors as showed with lower response rate of 80%. Such response rate is sufficient to be representation of reality on the ground.

Out of 14 interviews 1 person did not turn up for the interview, due to several reasons. Some of the councilors were not willing to participate because they regarded the research as a trap on their duties and actions. Some of councilors who turn up for the interviews were not willing to exhaust all the information. Thus, a total of 10% unresponded interview was recorded. Over and above the response rate (92.8%) was generally high and impressive because the researcher was able to acquire appropriate information needed for the research.

4.4 Major contributions to the economy
4.4.1 Positive contributions

a) Employment opportunities

In an interview with Tapiwa Gomo a development consultant based in Harare, he argues that indigenization and CSOS provide employment opportunities. This is a green light to the national economy. However an employment opportunity remains a chance or possibility and does not always translate into a job, but the mere existence of an opportunity makes the policy worth pursuing.

In the case under study, employment has already been created through construction of Island dam in the Silver Star resettlement area for the Mhondoro community. This has created employment for the locals who provide manual labour and skilled professionals in the field of civil engineering and contracted companies. However many jobs are short term but the dam can create further jobs when finished. Fishing and irrigation are the most probable long term employment opportunities.

b) Increase domestic capital for local companies

In an interview with the chief executive officer of Brainworks Capital after allegation highlighted in the media of corruption activities, he highlighted that the company pocketed 4.5% of the MNCZ CSOS empowerment deal which amount to $45 million. These multi-million dollar deals can generate massive working capital for the companies involved which will lead to a strong money market if the companies are listed on the stock exchange.

It is also crucial to highlight that capital is not tantamount to money. It can be skills. The indigenization policy has been crafted in such a way so as to leave 49% in control of foreign stakeholders who have the technical knowhow. Maintenance of executive powers in foreign control give time to local counterparts to acquire skills from the foreigners. After a considerable time, total acquisition of the company stakes will have no effect in operation of the mine.

c) Increased tax income for the government

Every government collect tax from its employed citizens and profit making organizations. Increase in business opportunities for local companies means increased tax revenue. The
schemes leads to creation of companies which will add listed companies on government tax roll. Pay as you earn tax revenue from new employments will increase government revenue. More so, creation of real jobs for the people will increase their purchasing power leading to increase in value added tax.

**d) Increase standards of living**

CSOS leads to improved standards of living. This comes through increase of purchasing power of the local citizens. Income increase results from increased sources of income through projects created by funding from the scheme. Employment of people at Island Dam in Mhondoro is a typical example.

**e) Reduction in crime rate and prostitution**

Criminality and indecent social activities like prostitution usually are geared towards earning of income. CSOS are likely to halt such activities through employment creation.

**f) Prevent brain drain**

Lack of employment is likely to lead to emigration of citizens. Usually the educated emigrate more because they have a higher chance of being employed elsewhere. This will ultimately result in what is known as brain drain, which is likely to worsen the economic condition by striping the country of the academic haves. Therefore CSOS are likely to prevent brain drain in the MNCZ communities.

### 4.5.1 Negative effects.

**a) Corruption**

In an interview with John Robertson, a leading economist in Harare, he lamented that, “…there are no possible benefits that will accrue to neither the economy nor the general populace. The policy on its own is predatory in nature as it takes away the opportunity to create employment but brings income to a few connected people in government”. It is evident and clear that the indigenization policy has legalized theft on foreign company’s investments instead of helping
thousands of young people who are currently unemployed. Therefore the schemes do not necessarily create employment but a strategy by some politicians to rob state money. Daily news of February 15 indicated that government was grossly shortchanged in the $1 billion Zimplats indigenization deal due to a combination of contradictions, misrepresentations and deliberate blunders. Therefore the CSOS are neither in the interest of the economy nor the intended beneficiaries on paper, but the purposes of corruption.

b) Another negative effect risked by the policy includes prevention of foreign direct investment (FDI). It is investment analysts argued that no investor will like to invest where he does not have the controlling stake especially in a country with a government whose policies are inconsistent and whose precedence has proved that it can be as ruthless as far as attacking non indigenous in pursuing its interests and does not respect international statutes. FDI is crucial in creating employment and stabilizalization of the balance of payment and capitalization of the economy.

FDI is also relevant in that it comes with technical skills and though excess of FDI can lead to possibilities of “economic boycott”, it is fundamental in any economy and it also keeps check and pays attention on the governance system of a state except Chinese investments.

c) Rule of precedence

In addition, the precedence that is being set by the government can be self-defeating in the long run. If the CSOS and the indigenization policy at large fails and we try to back off, investor confidence would have diminished. Any more efforts to lure investment especially before government change might fail because great efforts of marketing took place to attract the current foreign investments. Therefore, this policy had to be successful for the good of the state in future so as to be economically independent. It’s also critical to note that this is being executed as a state policy not a party policy hence even if another party come into power it might make little difference to restore investor confidence especially if chances are high that the previous government will rebounds back to power.

4.6 Problems that might hinder the success of CSOS

There is no dispute among Zimbabweans as to the nobility of the CSOSs. Even though Tendai Biti acknowledges them as illegal, he concurs that the arrangement was an after- thought aimed
at sanitizing a predatory and elitist programme. However the problem comes from a lot of misconceptions about the indigenization law and the process as one top government interview highlighted. She content that there is lack of appreciation of the process by the stakeholders. “There is a lot of discord in the inclusive government yet this is a government programme, and, obviously, insufficient funding and lack of support from treasury are among some of the problems,” she highlighted. Therefore this divided approach where one government side is sabotaging the programme and the other is in a glory seeking gear by pushing on with the policy is a great defeat to the success of the policy.

A focused group discussion in Mhondoro found that the empowerment programme has taken a partisan turn. The programme is no longer implemented according to the statutory definition of the beneficiary. Findings highlighted that projects managers are Zanu PF since no MDC-T wants to be part of it and the MDC-T national consensus is against the policy. If any job vacancies arise, only those who attends Zanu PF meetings benefits. Therefore this line of approach will hurt one section of the community while benefiting the other. In the long run if the government hasn’t united for this policy, if it succeeds will create social classes based on material inequality which is a recipe for civil violence as Karl Marx proffer.

Moreover, there is lack of transparency haunting CSOS. Everything is shrouded in secrecy and that is a fertile ground for corruption. In an interview with one Harare economist, he highlighted that government has to be open about all its dealings if the country is to progress in a sustainable manner. There is therefore a great need for a serious audit to see who is benefitting from all the indigenization transactions that are taking place. Therefore the problem is of lack of transparency which will lead to corruption and will have negative ripple effects on companies, potential investors and the general populace who are supposed to benefit from the scheme.

Another critical problem which has started to hinder success of the CSOS appears to be unilateral actions by NIEEB. As revealed in February 14 Daily News that the board did not consult relevant government arms like the Reserve Bank of Zimbabwe (RBZ) and the ministry of mines. This further shows how secret the deals are which is another problem. This is likely to permit theft of money and hinder successful execution of the policy. Also the secret nature of the policy is a result of some secret agendas behind which might be exposed by following the correct procedure.
In addition, the MNCZ CSOS is set to benefit four rural districts. This might chock the effectiveness of the Zimplats fund because of the theory of “sharing the national cake”. The more the cake is divided, the more it loses significance. Hence it is crucial to develop two districts from the Zimplats fund. This might yield sustainable and considerable result particularly profit making projects which will then be used to develop other rural districts especially considering the fact that its only 10 million for 5 years.

### 4.7 Synchronizing CSOS with Millennium Development Goals (MDG)

MDGs originated from the millennium declaration by United Nations in the year 2000 to improve social and economic conditions in the world’s poorest countries. They are eight international development goals which are to be achieved by 2015.

Of the eight millennium development goals, the Zimbabwean government has identified 3 goals as the national priorities and has synchronized them and others with the national indigenization and economic empowerment policy. The goals are eradication of extreme poverty and hunger, promote gender equality and empower women and combat HIV and AIDS, Malaria and other diseases. The following section came from an interview with the NIEEB CSOS manager.

In broad terms, the MDGs declaration asserts that every individual has the right to dignity, freedom, equality, a basic standard of living that includes freedom from hunger and violence and encouraging tolerance and solidarity. The indigenization programme through community share ownership schemes seeks to restore the dignity of the indigenous Zimbabweans by making sure that they have ownership of their natural resources.

Through CSOS poverty and hunger is addressed with a particular focus on rural areas where statistics indicate that the prevalence of poverty and hunger is high. NIEEB has set up funds from CSOS fund that will benefit the most vulnerable groups, including women, disabled, children and youth who are prone to suffering and the economic challenges in the country. These initiatives will help in fighting unemployment and ultimately poverty and hunger.

MDG 3 which focuses on promoting gender equality and empowerment of women is in line with the third principle of the charter of the Act which seeks to provide equal opportunities for all, including gender sensitive ownership and participation in the economy by indigenous
Zimbabweans. Women mostly in rural areas, are responsible for the economic well-being of the families hence empowering them as what CSOS are doing will help achieve the goals of poverty eradication and hunger. Empowering women will especially help in meeting the other MDG goals such as reducing child mortality and maternal mortality rates.

MDG 7 seeks to achieve environmental sustainability and this have been integrated in the indigenization policy particularly CSOS. Sustainable natural resource utilization is defined in the indigenization charter. The collaboration between foreign investors and local investors and communities is to ensure sustainable resource management and economic growth at the same time. Therefore it’s apparent that CSOS are a milestone towards achievement of MDGs.

### 4.8 Perceptions

It’s critical to note that the indigenization policy belongs to Zanu PF. Its policies are based on a philosophy built on a curious perception that the country is under attack of some sort. That there are certain countries that are having sleepless nights plotting how to invade Zimbabwe. Such a philosophy has dominated the past decade and people are now looking for solutions to the current problems. The indigenization policy is indeed a plausible starting point if it is properly implemented and accompanied by a well thought out national plan.

An interview with the Chief Executive Officer of NIEEB, reflected that CSOS were registering tremendous success and that eight provincial trusts have been established raising above $120 million and acquired equity to the tune of nearly a billion dollars. He also highlighted that CSOT have created more than 200 jobs with the MNCZ having created more than 50 jobs. Considering that the trusts are not yet in full swing, it is arguable that they can be fundamental in bringing back the economy on development track and bring sustainable development in rural areas if they are to be complemented by other effective policies.

Moreover, the CEO in responding to the question as to how they are dealing with issues of abuse of funds earmarked for the CSOT, he said there are systems in place and anyone who breaks the law will be arrested. Furthermore all the trustees formed have and still are receiving capacity building covering areas such as financial management, accounting or record keeping and so on. This ensures effective and proper use of resources. More than one signature is required in transactions; this facilitates transparency and guards against abuses of funds. With this line of
approach, CSOT can help considerably in the economic development of Zimbabwe since abuse and misappropriation of funds is prevented through laws which punish anyone for misconduct and the professionalism of technocrats employed will be relevant in management of projects and funds.

However in as much as the policy formulators and implementers of indigenization who forms the other part of our government would want us to believe that indigenization is the solution to our economic woes, critics argue that there is no light at the end of the tunnel, we are for a dead end and the general populace is just being taken for a ride to accompany a few elites to a wealthy graduation ceremony.

Firstly, the government could have been cheated in the Zimplats deal which establishes the MNCZ CSOS deal. According to a certain impeccable source, the indigenous people must pay $971 million within 10 years. Failure of this, shares will revert back to the owners of Zimplats including the CSOS 10%. This seems to be likely because one can not think of any place where a billion dollars will come from in Zimbabwe. Part of the clause says payment of the shares will come from 85% of dividends declared by Zimplats over the 10 year period. However reports indicate that Zimplats has in the last 10 years paid a total dividend of $50 million making it almost certain from the onset that indigenous people will not be able to pay the 1 billion repayments from the dividends to secure their 51% shares. Provided this, a question that boggles the mind is, did the government knew this when it negotiated the deal, if not, their level of incompetence is so outrageous so as to disqualify them for their roles, if yes, the public was not notified of this condition and some authorities have already pre-meditate a big pay day and prevented the public from the truth. It will be a pity to note that midday robbery is taking place and the public is doing nothing about it as usual. After suffering at the expense of a few progressing political and military elite, society under the leadership of an opposition party or a demonstration by an organized social setting like the university will start the revolution against the elites which will fight hard to maintain its power. Lower ranking soldiers will defect to the general masses that with the help of foreign entities will triumph over the elites starting a new era of political governance in Zimbabwe. Therefore it is arguable that if it turns out that the policy is a calculated thieving project, it will trigger a violent uprising and a bad end to a seemingly incredible policy.
The policy of indigenization has a tendency of discouraging people to be creative by promoting grabbing what already exists. Tsvangirai Morgan used the phrase “killing the goose that lays the golden eggs”. Indigenisation policy is likely to lead to nationalization because the general populace that is expected to buy the shares is financially incapable, this will give the government the leeway to purchase the shares on behalf of the citizens leading to nationalization which might end up disastrous for the economy as before. Therefore the policy of indigenisation which consists of 10% for CSOS for companies in rural areas can lead to bad endings.

Having 51% local ownership of formerly foreign owned companies has effectively become the definition of indigenization according to the Act which is sometimes as the 51/49 policy. But, while 51% represents majority shareholders, the 49% in the hands of foreigners is not negligible. It has never been paid attention to, but what will happen if the 49% pulls out of the partnership. If this stake will withdraw, the action will definitely cripple the companies. We can safely assume before hand that the 49% may at any time withdraw since tension has been building up between some investors and the minister of indigenization. Failure of the banking sector to comply drawing support from the finance minister and reserve bank governor might imply that, giving away 51% will be tantamount to withdrawal of investments by the banking sector investors which is consistently defiant to the policy. Provided this it is arguable that the indigenization policy might be facing a bleak future. If any law is to be successful and unchallenged in courts of law it should apply equally to all, defiance by the financial sector might trigger a series of legal battle by the complying companies. Therefore indigenisation and CSOS may not be the way to go if it fails to be enforceable on other companies.

Moreover, CSOS only promises employment opportunities. Tapiwa Gomo argues that an employment opportunity remains a chance or possibility and does not always translate into a job or meaningful employment for the people. Therefore since CSOS haven’t produced anything considerably meaningful, they might not do much than they had already achieved. The ANC of South Africa used the same tactic to promise their people millions of job opportunities during 2010 World Cup. When no such jobs were created, the response was simple; the party did not promise jobs but opportunities. This can be the response Zimbabweans might get if the policy fails to bring any considerable change from Zanu PF.
Also it can be predicted that, the 51%-49% is only the beginning of total control of formally foreign owned companies. This initial arrangement seeks to keep skilled foreigners, the sense being to prepare the locals for complete takeover when they have acquired relevant skills in the field. The government might have learnt its mistake when it completely took political power from whites filling government with inexperienced black ministers and bureaucrats which led to a myriad of poor policies. Provided this, it is arguable that the 51-49 policy is an initial arrangement to a total control of foreign owned companies.

Movement for Democratic Change-headed by Tsvangirai’s position is that the programme only benefits the already wealthy elites. This was based on the contention that the legal confines of the policy are dodgy and that they permit percolation of corrupt activities leading to what they have termed “legalized theft”. This is given credibility by allegations of unlawful awarding of a tender by NIEEB and the indigenization ministry to Brainworks Capital worth $45 million. If these allegations are to be true, the policy achievements will be a far cry from benefitting the beneficiaries listed on paper and will amount to conspiracy to rob the country and foreign investors which is very likely given the corrupt history of that section of government which had to be equated to a kleptocracy by some scholars and the end might be a national uprising against the government.

In addition, the MDC-T does not subscribe to the policy since it defines the values of its opposition party. Therefore all odds may predict that an MDC-T government may not continue with the policy. Politically, once the MDC-T continues with the policy, it will give credibility to Zanu PF, a move which will be unwanted. However, it’s also likely that continuation with the policy by MDC-T may act in its advantage by pre-empting Zanu PFs come back call to power especially when properly restructured. Also if an MDC-T government decides to back off the policy if it wins 2018 general elections, this might lead to dangerous repercussions considering that, contracts and deals had been signed by government representatives rather than Zanu- PF representatives. In this regard it can be argued that CSOS life is unpredictable and caution need to be exercised by the next government.

4.9 Legal Framework
Tendai Biti in answering the question on the legal framework of CSOS said that, they may be illegal. He argued that it rests on dodgy legal grounds. “There is nowhere in the indigenization Act that compels companies to donate money to a CSOS/T”. This translates to mean that it’s coercion. Biti said CSOS were an after-thought aimed at sanitizing a “predatory and elitist programme”. The name CSOS/T does not appear in the Indigenisation and Empowerment act. Furthermore it does not appear in the regulations, statutory instrument number 30 of March 2010 that was passed by minister Saviour Kasukuwere.

Therefore, CSOS are not backed by the empowering act, the Indigenisation and empowerment Act and CSOS don’t have legal existence visa-vis the indigenization and Empowerment Act.

CHAPTER V

RECOMMENDATIONS AND CONCLUSION
5.1) Recommendations

Indigenisation and economic empowerment’s Community Share Ownership Schemes (CSOS) is one of the best policies the government has ever crafted. However the danger with a policy is that if there are flaws in implementation whether real or deliberate, the policy risks death penalty rather than revision especially in a democracy where a party may not have parliamentary majority for more than ten years to support a policy. It is therefore the task of this research to give recommendations to policy makers and implementers to ensure success of the policy.

Albert Einstein once said, to successfully solve a problem, society needs to move to a level higher than the level they created the problem in. Today part of our government thinks by allowing foreign investment we created a problem which can only be solved by getting rid of them. However one thing he did not note was a situation where the people are part of the problem. Though painful, but it might be true that no black nation has ever been successful. Evidence attests to this. No African state or South American state is first world despite Africa being the most resourceful than any other continent. This may mean that black people can’t do without whites especially now when the West had resources we need to develop like technical knowledge, capital and the resources to boycott Africa like determining prices of raw materials, United States and United Kingdom have manufactured artificial diamonds, they control the Bretton Woods institutions and ability to sanction any country. Provided this it is note worthy to advise policy makers that no matter how bright a policy may be, but one which sidelines the West may end up as a failure. If the government could take white commercial land, and could take 51% of foreign investments, it can also take the remaining 49%. This can be suicidal considering that we have always depended on foreign aid.

It is crucial to recommend to the ministry of indigenization of the importance of foreign capital. It’s a pity that foreign investment or capital has been replaced by the term neo-colonialism in third world states. This might have been done to promote policies promoting indigenization policies. However, politics and economic think tanks argue that every country develop through a combination of local and foreign capital. The United States of America and China are typical examples of states which have large amounts of external investments in their economies. Our government therefore needs to be advised that without external capital, our economy will
become very weak and if the economic downfall sets in without foreign capital with strong backing in their home states, the economy will suffer greatly.

Moreover, In an interview with one prominent and successful local investor, he hinted that ownership is not tantamount to success. You may own majority stake and remain poor. Instead of grabbing majority stake, these companies can be coerced into financing employment creation projects, increase tax payable to the government and other policies. President Mugabe in acknowledging this fact said Zimbabweans should create their own companies if meaningful ownership is to be realized and to ensure that 100% of the earnings from resources remain in the country than concentrating only on grabbing what already exists. It is the finding of this study that it is more profitable to start new investments which will complement already existing investments. If a group of locals can raise a billion dollars to purchase a stake in Zimplats, the same people could unite to form a new mining company with that amount of capital which is more reasonable.

Furthermore, another issue of critical importance is the relevance of foreign control to local investment. If there is a locally or internally economic dilemma, companies with offshore stake holders and financial accounts survive more than locally owned companies. Provided this finding, it will be an ill advise to permanently do away with foreign investments, which is exactly what the policy is aimed at (discouraging new investors) and punishing already existing investors.

In addition, the legal framework with which CSOS were created is not well defined and is a complete mockery of the legal system and a weak part of the CSOS. Stringent legal conditions should be set to prevent illegal activities to permeate. This is one thing that is lacking in the CSOS where their legal bases can’t even be found hence CSOS should be redefined to enable sustainable development and full support of the three arms of government.

Also it should be put forward for consideration that foreign capital does not only relate to monetary terms. Capital can be in form of skills. Professionalism is very critical for any meaningful success to be achieved. Third world countries usually ask for technical assistance from first world economies. Usually majority shareholders in any company determine who should run the affairs. Black majority is likely to change the executive authority from white
leadership to black leadership. This is likely to negatively affect the skill personnel of the companies. Therefore it is critical to argue that, indigenization policy make up likely to dilute the skilled personnel if not carefully implemented.

Furthermore, it can be put forward that indigenization policy as a lone antidote can fail to be an effective panacea to underdevelopment in Zimbabwe. Indigenisation policy has to be complemented by other policies such as education especially in natural resource and environmental management, transparency, accountability and project management, regional and international integration and a vibrant civil society to check any signs of corruption, governance system, and development of many other sectors because development can not be understood in one sector alone. Therefore, even if indigenization and CSOS succeeds, it can fail to bring meaningful and sustainable development if not complemented by other sectoral development.

5.2) Conclusion

Conclusively, the above study was fundamental in explaining the rationale behind indigenisation and CSOT. Poor economic growth in a country hosting thriving international companies compelled the government to implement indigenisation policy which contains CSOS. Zimplats, a subsidiary of Impala of SA is a victim of the policy. Communities which benefited from indigenisation of this firm are Mhondoro, Ngezi, Chegutu and Zvimba. Positive effects which can result from implementation of this policy include creation of employment opportunities, increase of domestic capital for local companies, increase in tax collected by the government, increase in standards of living, reduce crime rate and prevent brain drain. Negative effects include possibilities of corruption, discourage foreign direct investment and it sets a bad precedent.

The study also showed that there might be problems which will hinder success of the policy. These are lack of sufficient funding, lack of appreciation of the policy, absence of transparency and unprofessional contact towards signing of deals. The study also critically analysed the importance of CSOS in achieving millennium development goals. The research ended with predictions on the future of CSOS using current events which are building up.
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APPENDIX

Appendix I-Questionnaire for sector ministries

QUESTIONNAIRE ON THE ASSESSMENT OF THE CONTRIBUTION OF COMMUNITY SHARE OWNERSHIP SCHEMES ON THE ZIMBABWE ECONOMY: THE CASE OF MHONDORO NGEZI.

My name is Blessing Moses R125113X, a Politics and Public Management student at Midlands State University. This research is being carried out in partial fulfillment of the above stated degree program. The research is an assessment of the contribution of community share ownership schemes on the Zimbabwe economy: the case of Mhondoro Ngezi.

I guarantee you that the information provided will be treated with strict confidentiality and will be used for academic purposes. Thank you.

1) What are community share ownership trusts (CSOT)?

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2) Are there any achievements that have been scored by the Mhondoro-Ngezi CSOT?

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3) What are the problems bedeviling the proper implementation of CSOT?

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4) What are the strengths and weaknesses of the policy?

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5) What are the contributions of CSOS to the macro and micro economy of the nation and the locals?

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6) Briefly comment on the contribution of the CSOS on the local community

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7) What is the legal framework of the schemes?

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8) What measures have been taken to prevent misuse of funds and corruption?

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