An Evaluation of Indigenisation Policy in Zimbabwe

By

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Above all, I am very grateful to the Almighty God for helping me to complete my studies. Let Glory, Honour and Praise be to him.

Dedication

I dedicate this thesis to my mother for supporting me and being there for me always. Love u mum.

List of Abbreviations and Acronyms

BEE	Black Economic Empowerment
CSOT	Community Share Ownership Trust
ESAP	Economic structural adjustment program
ESOS	Employee Share ownership Scheme
ESOT	Employee Share Ownership Trust
EU	European Union
FTLRP	Fast Track Land Reform Programme
MDC	Movement for Democratic Change
MYDIE	Ministry of Youth Development, Indigenisation and Empowerment
NCA	National Constitutional Assembly
NIEEB	National Investment and Economic Empowerment Board
NIEEF	National Indigenisation and Economic Empowerment Fund
PLC	Parliamentary Legal Committee
UNDP	United Nations Development Program
Zanu PF	Zimbabwe African National Union Patriotic Front

Abstract

The need to redress the skewed ownership of productive assets has given rise to the process of indigenisation and economic empowerment processes in many previously colonized countries. Countries such as Zambia, Brazil, South Africa and lately Zimbabwe have embarked on indigenisation or economic empowerment initiatives, to varying degrees. The common aim of these initiatives is to increase the role played by the previously marginalized population groups in the mainstream economy and to correct imbalances in resource ownerships construed as a major cause of vulnerability and obstacle to economic growth and development. This paper seeks to analyze Zimbabwe's indigenisation policy. The controversial Indigenisation and Economic Empowerment policy in Zimbabwe has been dismissed by many as a statutory instrument designed to suit the interests of politicians contrary to assurances that it seeks to empower ordinary citizens. There are arguments that the indigenisation policy was only used to position individuals in political spheres to allow them to penetrate the countries' resources and it is not about the majority's benefit. The indigenisation policy has been used and continues to be used by the elite in order to commit or justify acts of economic banditry, expropriation and unfair practices. The paper discusses whether the indigenisation policy has provided the stated benefits to the majority of Zimbabweans. Secondly the paper also seeks to evaluate whether the indigenisation policy has achieved or on the right track towards achieving its intended objectives and also looks at the constraining factors in the implementation of indigenisation policies in Zimbabwe.

Table of contents

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 Introduction

The indigenisation of the economy in Zimbabwe is regarded as part of Third *Chimurenga* (Anderson , 2010). The policy consists of the land reform programme and the Indigenisation and Economic Empowerment Act of 2008 (IEE Act) (Chowa, 2013). President Robert Mugabe claims that the policy merely restores land which was misappropriated from indigenous people without compensation, to the rightful owners (Mazingi and Kamidza, 2009). Similarly, based on the ideology of empowerment, some argue that Zimbabwe's mineral resources belong to local people rather than foreign-owned companies, which leave Zimbabweans with ghost towns when the minerals are depleted. Thus the IEE Act is designed to protect mining communities and provide maximum value to Zimbabweans for their mineral resources (Murombo, 2010).

This paper will critically discuss the indigenisation policy in Zimbabwe with specific reference to the mining sector and the Fast Track Land Reform Programme (FTLRP). This will be done through the assessment of the legislative frameworks that guide the indigenisation in Zimbabwe, as well as the examination of factors that may be hindering the effective implementation of the indigenisation policy. Lastly, the paper will offer possible solutions of improving and modifying the indigenisation agenda in Zimbabwe.

The present chapter introduces the aforementioned subject, through the outline of the research problem, background, rationale, methodology and the research questions, guiding this research.

1.2 Background and history of indigenisation

The colonisation of Africa, by Europeans, irreversibly, altered history of the continent. Colonialists denied the existence of African history in order to dominate the Africans by bringing their innovation and technology to the colonized countries. Colonialism can be defined, 'as an extended domination by people over other people … and it includes issues such as intergroup domination, subjugation, oppression, and exploitation' (Horvath 1972, 33). The colonisation of Africa was important to the colonizers because it enabled them to exploit the physical, human and economic resources of their colonies (Hrituleac, 2011).

The colonialists also divided land amongst themselves and established property rights. Through security forces like the police and secret service, Africans were constrained from revolting against colonialism and its many forms of discrimination (Alemazung, 2010). The colonizers imposed their economic and political systems in the administration of people and their acquired property. Whilst economic policies were intended to keep prices low, agricultural production became highly commercialized (Toyin, 2005). This commercializing of agriculture demanded cheap labour to be sustainable; which was forcibly acquired through coercive measures of getting reluctant Africans off their homes to work in farms and mines. This availability of cheap labour in agricultural production increased the value of land by reducing the costs of production (Alemazung, 2010). The increase in land appropriation resulted in the rise of landless blacks and the subsequent increase of the number of black people looking for jobs in white farms and mines. Ultimately, the black community became disempowered, disenfranchised and landless, while the white community usurped more and more power and resources (Simensen, 1999).

Zimbabwe has always had fierce contestation over the control of resources, way before even the first white man set foot in the territory between the Zambezi and Limpopo (Mazingi and Kamidza, 2009). Bloody tribal and ethnic wars were fought, solely, for the right to control the resources like land, mines and hunting territories. The two tribes that dominated this context were Shona and Ndebele. However, the gross inequalities created as a result of monopoly of resources was only effected as a result of racial discrimination imposed by white settlers in 1890 (Mazingi and Kamidza, 2009). Cecil John Rhodes, through his friend and business associate Charles Rudd, managed to trick the illiterate King Lobengula into signing a concession (1888) that gave him rights of land and other resources found in Zimbabwe (Moyo, 1986). This reality, decisively, changed the dynamics of the conflict in the territory.

The arrival of the Pioneer Column (made up of Rhodes' British South African Company and sections of South African Police) in Fort Victoria (presently Masvingo) on the 11th of September 1890, marked the beginning of the era of racial conflict between the white settlers and the indigenous black communities. Even though different black communities tried to resist (through two wars, 1893 and 1896), the white settlers were determined to establish themselves and make their mark in region (Settles, 1996). It would only take a more protracted and organized campaign (1966 – 1979) to change this, and try to redress the imbalances of the past ninety (90) years.

Against this background, indigenisation, as a policy of redress, is justified, especially in countries colonized by settler regimes, like Zimbabwe (Kasunugure, 2012). Indigenisation is thus understood as both a redress and reconstruction strategy for former colonies; enabling post-colonial government to correct past imbalances of racially biased social and economic policies (Wilson, 1990). In this regard, indigenisation is conceptualised as;

> *'…the increase of local participation in or ownership of their resources or established entities, [and] one of the most popular measures of economically empowering the previously disadvantaged (Wilson 1990, 20).*

The local ownership of resources includes the transfer of shares from foreign owned companies to indigenous people or ring-fencing certain social and economic activities for the local people (Kobrin, 1985). Indigenisation principles are premised on the need to eliminate poverty and promote economic development (Mawowa, 2007).

With agriculture considered as the basis of Zimbabwean economy, indigenisation meant that land had to be at the center of redress. As such, the government embarked on a land reform programme, in an effort to decongest communal lands and increase the number of black farmers involved in commercial farming enterprise (Mazingi and Kamidza, 2009). Owing to the failure of other forms of land reform implemented since 1980, the Fast Track Land Reform Programme (FTLRP) was officially launched in 2000; where local communities, under the leadership of war veterans and local traditional leaders, invaded and seized white owned farms. Later in the year, government jumped into the bandwagon by targeting several white-owned farms for acquisition, excluding those owned by indigenous black people and churches. In late 2005 all land despite its status was allocated for redistribution, this meant that farms under Bilateral Protection Agreements were also redistubuted (Pazvakavambwa, 2012).

The other core aspect of Zimbabwe's indigenisation agenda is the Indigenisation and Economic Empowerment Act (IEEA) of 2008, which mandates all foreign owned companies operating in Zimbabwe to cede 51% of their shares to indigenous Zimbabweans, through partnerships with business people, community share trusts and worker share trusts (The Indigenisation and Economic Empowerment Act, 2008).

1.2.1 Rationale for Indigenisation in the Zimbabwean Context

In justifying Indigenisation Policy in Zimbabwe, the government looked back at the injustices of the colonial period and traced the penurious situation of majority of Zimbabweans to some of the racially skewed developments. A glaring legacy of this era was lack of resource control among the indigenous people and this limited the capacity of black people's participation in the mainstream economy (Chowa, 2013). Thus, the indigenisation policy seeks to ensure that indigenous people own and utilize their resources, so as to broaden the base of Zimbabwe's economy. The policy mainly targets residents from rural areas, and aims at the improvement of their socio-economic conditions through infrastructure development, small and medium enterprise development, local ownership of natural resources, as well as improving academic standards (Matunhu, 2012).

An indigenous Zimbabwean, as defined in the National Indigenisation and Economic Empowerment Act (2008), is 'anyone who, before independence in April 1980 was subjected to unfair discrimination presumably in Zimbabwe on the grounds of their race, and includes a descendant of such a person'. The definition foregrounds the status of being underprivileged and racial discrimination that occurred during the colonial era. The Act (2008) also defines indigenisation as a purposeful attempt to involve the indigenous people in the economic arena of the country, to which previously they were denied access, so as to guarantee the equitable ownership of the country's resources (Murombo, 2010).

The government claimed that indigenisation is a way of empowering the indigenous population for a 'truly independent Zimbabwe, whose resources and economy will be controlled by the Zimbabweans' (Ministry of Youth, Indigenisation and Empowerment, 2013). The aim of this policy trajectory is to reduce the aid-dependency syndrome currently endemic in the country. The policy will, therefore, allow local people to contribute to the economy, not just as employees but also as shareholders (Ministry of Youth, Indigenisation and Empowerment, 2013). Workers, as per the IEE legislation, ought to be regarded as strategic business partners in order to motivate them and enhance their participation is strategic economic decisions; as such they have to empower themselves through education and training to fully carry this task. Ultimately, Indigenisation aims at reclaiming people's patriotic commitment and national pride (Murombo, 2010). When all these are attained, the result, according to the Ministry of Economic Empowerment, is sustained long term growth and economic development, which will eradicate poverty and other social-economic challenges (Magure, 2012).

1.2.2 Objectives of Indigenisation Policy in Zimbabwe

There are three aims of Indigenisation in Zimbabwe; creation of wealth and employment; poverty alleviation, and; expanding the domestic market. As such, the government aims at achieving these through:

- Economically empowering ordinary Zimbabweans, so as to increase their participation in the economy and addressing issues of equity in the distribution of productive assets in order to eradicate poverty.
- Creating circumstances that will enable disadvantaged indigenous Zimbabweans to partake in the economic development of their country.
- Developing a vibrant domestic private sector which is significant in promoting economic growth and development.
- Democratizing ownership of productive assets (The Indigenisation and Economic Empowerment Act, 2008*)*

1.2.3 Challenges of Indigenisation Programmes

If implemented inappropriately, Indigenisation programmes are likely to scare away potential investors. This negative impact on foreign direct investment (FDI) may affect employment creation and economic growth (Magure, 2010). In extreme cases, governments may turn their countries into least favorable investment destination. In its current form, indigenisation in Zimbabwe may not be capable of achieving its future objectives due to political interference (Thouvenot, 2014). Most foreign investors are not willing to invest in indigenisation contracts, where they will become minority shareholders and effectively have no power to secure property rights on their investments (Bell, 2010). The other set back is that ‘indigenisation’ can be seen as reverse discrimination, since the term may have divisive implications. Critics further argue that indigenisation programmes give preference to previously underprivileged groups at the expense of other sections of the same society, who are regarded to be previously advantaged groups (Thouvenot, 2014). In any case, the determination of who is genuinely ‘indigenous’ is itself problematic; leaving many such programmes to the whims of political elite and their extensive networks of patronage.

As can be imagined, in most cases, indigenisation programmes, including Zimbabwe's one, are both political and economic. They are political in their focus on redressing colonial injustices, and economic in their aspirations of harnessing local potential for economic growth (Matunhu, 2012). However, scholars have been debating whether indigenisation in Zimbabwe provides the country with sufficient mechanisms to deliver sustainable economic emancipation for current and future generations (Magure, 2010). In implementing the indigenisation policy, emphasis has been put on the land reform, community share ownership schemes and employee schemes, as way of benefitting the majority but with limited efforts made towards achieving broad based economic empowerment and sustainable growth (Sibanda, 2013). Additionally, the way foreign owned companies are being forced to comply with the indigenisation policy shows that the policy is a political strategy rather than an economic programme aimed at empowering indigenous Zimbabweans (Murombo, 2010).

1.3 Problem Statement

The Indigenisation policy in Zimbabwe has been criticized by many as a policy designed to enrich the elite from the ruling party, contrary to assurances that the policy aims to empower indigenous people. The indigenisation of land was done in a chaotic manner, with the majority of expropriated land allocated to senior politicians, officers and other party loyalists (Mawowa, 2010). Thus some argue that the land policy deviated from supporting the underprivileged to rewarding senior party officials and other Zimbabwe African National Union – Patriotic Front (ZANU-PF) loyalists. After the agricultural production plummeted, the ZANU-PF government turned its attention to the mining sector. Through the IEE Act (2008), the government tried to compel foreign-owned companies to transfer the majority of their shares to ordinary Zimbabweans. However, it is argued that it was mostly the politically connected who managed to acquire shares in foreign-owned businesses in the name of indigenisation. As such, many critics contend that the indigenisation policy in Zimbabwe is only a way of keeping the elite happy and permit them to loot the countries' resources so that the ZANU-PF government retains power; at the expense of the alienated majority. The policy is continuously being used to perform or rationalize acts of economic banditry, expropriation and other unfair practices; in a way enshrining the injustices of the past rather than ameliorating them. Thus, this study aims at interrogating whether; *the Indigenisation has policy provided any state-directed benefits to the majority of Zimbabweans.*

1.4 Research aim and objectives

This aim of this study is two-fold; on the one hand, the study will assess the objectives, contents and structure of indigenisation legislation in Zimbabwe. On the other hand, the implementation and impact of this policy will be assessed, amidst accusations of corruption and mismanagement.

1.4.1 Research objectives

The specific purpose of the study will, therefore, be;

1. *To critically analyse the structure and implementation of the indigenisation policy in Zimbabwe;*
2. *To contribute knowledge and insights on opportunities and challenges of the indigenisation policy in Zimbabwe; mainly focusing on the Fast Track Land Reform Programme and the mining sector, and;*
3. *To identify and discuss the extent to which the indigenisation policy benefits the people or improves economic empowerment.*

1.4.2 Research questions

i. What is the legal framework of the indigenisation policy in Zimbabwe?

ii. Is the indigenisation policy achieving its intended objectives?

iii. What are the constraining factors in the implementation of the indigenisation policy in Zimbabwe?

iv. What can be done to improve the indigenisation policy in Zimbabwe?

1.5 Research Methodology

1.5.1 Qualitative research

This is a qualitative research study, which uses secondary data collected from university libraries, books, discussion papers, conferences, newspapers and academic journals. Qualitative research explores the aspects of social life in depth by situating a study in a particular social setting (Yin, 2009). Qualitative research uses an inductive approach; which means that a conclusion is arrived at by observing a certain phenomenon (Bryman, 2004). Thus qualitative research tries to grasp the importance that people attach to the environment they live in. Through qualitative research, a researcher can triangulate sources of data in order to increase the rigor and reliability of the assertions and assumptions made (Bryman, 2004). However, the information needed to answer the research questions ought to be gathered systematically. Due to the political sensitivity of the subject in Zimbabwe, this study will rely on secondary data, without risking fieldwork.

1.5.2 Advantages of Qualitative Research

The researcher identifies contextual and setting factors as they relate to the phenomenon of interest. The researcher can study dynamic processes (i.e., documenting sequential patterns and change). Data is usually collected in naturalistic settings in qualitative research and qualitative researchers are responsive to changes that occur during the conduct of a study (Fielding and Lee, 1992). Qualitative approaches also have the advantages of flexibility, in-depth analysis, and the potential to observe a variety of aspects of a social situation (Babbie, 1986). This research methodology is useful for studying a limited number of cases in depth and describing complex phenomena. There is also a provision for individual case information and it enables a cross-case comparison and analysis. Thus qualitative research helps researchers to describe in detail phenomenas, as they are situated and embedded in local contexts (Epstein, 1988).

1.5.3 Disadvantages of Qualitative Research

Among the most cited criticisms of qualitative research are the presumed lack of reliability and validity of its findings. In regard to field research, critics question the ability of qualitative research to replicate observations (reliability) or to obtain correct answers or correct impressions of the phenomenon under study (validity) (Bogdan & Taylor 1990). Also of concern has been the researcher's inability to observe all factors that might influence the situation under study (Fielding and Lee, 1992). For example, agency time, staff, and financial constraints may limit an agency's ability to provide the researcher with the opportunity to review the entire range of cases pertaining to a particular topic. Sometimes the knowledge produced might not generalize to other people or other settings (i.e., findings might be unique to the relatively few people included in the research study). It is often difficult to make quantitative predictions and data analysis is often time consuming (Bogdan & Taylor 1990). However qualitative researchers also confront issues of reliability and validity through triangulation by using different strategies to approach the same topic of investigation. Thus it allows for the inclusion of many different kinds of data collection and analysis techniques, as well as the diversity of theoretical and epistemological frameworks that are associated with qualitative research (Rotchford, 2002).

1.5.4 Thematic analysis

This study will use thematic analysis to analyze data, thematic analysis is usually employed as method of data analysis in qualitative research and it is mainly used in analyzing secondary data. Thematic analysis is a technique that is used for identification, analysis and reporting of patterns (themes) within data. "A theme captures something important about the data in relation to the research question and represents some level of patterned response or meaning within the data set" (Braun and Clarke 2006, 35). It systematizes and explains data in detail; thematic analysis also interprets diverse features of the research topic. The theoretical position is made clear by using thematic analysis. A well researched thematic analysis will make transparent the assumptions about the nature of data and what researcher wants to find out (Braun and Clarke, 2006). This shows that thematic analysis requires more participation and analysis from the researcher. Thematic analysis is valuable in capturing the difficulties of meaning within documented data. Since this study relies much on secondary textual data, thematic analysis will be the prime method of analyzing and interpreting the data.

1.5 Structure of dissertation

This dissertation consists of seven (7) chapters, conceptualised as follows;

Chapter One – General introduction and background

This chapter provides the basic introduction and background to the study and outlines the research problems, objectives, and questions. Furthermore, the methodology used for the study shall be part of this chapter.

Chapter Two – Literature review

This chapter shall explore how the subject of indigenisation has been discussed by scholars. This includes the assessment of indigenisation policies (by whatever name they are known) in comparative contexts, in a bid to establish points of convergence between those contexts and the under study, Zimbabwe. The chapter also discusses the significance of this research.

Chapter Three – Theoretical framework

This chapter discusses the theoretical framework and analytical framework that will be used to underwrite this research. The research will focus on Selectorate theory by Bueno Masquita and analytical framework , with the main focus on summative and formative evaluations.

Chapter Four – The legislative framework for indigenisation in Zimbabwe

This chapter discusses will limit its discussions on laws and policies guiding the Fast Track Land Reform Programme and the mining sector transformation. The chapter will assess the major assumptions in these statutes, as well as their implementability.

Chapter 5 - Factors hindering the implementation of indigenisation policy in Zimbabwe

This chapter will discuss the reasons behind the implementation deficit of indigenisation policy in Zimbabwe; given the assumption that a lot of what the preceding statutes promise is not delivered to the intended beneficiaries.

Chapter 6 - Possible solutions to the implementation challenges of indigenisation in Zimbabwe

This chapter will discuss possible solutions to how the indigenisation policy can be implemented/ improved so that it can be beneficial to the majority of Zimbabweans.

Chapter Seven – Summary, Recommendation and Conclusion

This is the last chapter of the study, and as such it will provide a synopsis of the dissertation; summarizing the main findings and assumptions, as well as making recommendations of how indigenisation can be better implemented in Zimbabwe, and indeed other comparative contexts. This chapter will also suggest areas for further research.

1.6 Conclusion

This chapter has outlined the background of indigenisation policy in Zimbabwe; by giving the rationale and objectives of the policy that aims to redress colonial injustices through economic empowerment of 'indigenous' people. The chapter also outlined the aim and objectives of this study, as well the methodology used in gathering and analysing data for this study. The following chapter will provide a literature review.

CHAPTER TWO: A COMPARATIVE ANALYSIS OF INDIGENISATION AGENDA

2.1 Introduction

Zimbabwe is neither the first nor the only country to seek to capitalize on the benefits of its natural resources. The indigenisation agenda in Zimbabwe, involves a land reform process and the transformation of mining and industrial sectors through community and/or local share-holding in foreign-owned companies operating within the country (Matunhu, 2012). Because of this conceptualisation, in this study nationalisation and indigenisation will be used interchangeably. Both processes entail the state gaining control of strategic natural and economic resources within its territory (Games, 2006).

This chapter will provide a review of literature on the subject of indigenisation-cum-nationalisation, by mainly focusing on three cognate case countries: Zambia, South Africa and Norway. The failed project of nationalisation of mines in Zambia can offer instructive experience to the Zimbabwean case (Limpitlaw, 2011). South Africa is still in the process of implementing its own forms of indigenisation or affirmative action, in the form of Broad-based Black Economic Empowerment (BBBEE) and hence still faces process challenges that can also be of instructive value to its northern neighbour. Norway, though a small European country, serves to show that, when managed correctly, nationalising a country's wealth is feasible. Through the nationalisation of its oil industry, Norway is now one of the wealthiest countries in the world (Thurber, Hults and Heller, 2011).

2.2 Nationalisation of mines in Zambia

As a Southern African country, Zambia is prominent for its vast copper reserves. However, the country is also home to many other natural valuables like cobalt, zinc, and emeralds, land and water (Atud, 2011). The colonization of Zambia saw the institution of capitalism, where all these resources were handled on open markets within the private sector (Hywel, 1971). As such, the then Northern Rhodesia saw a lot of foreign companies and investors operating in different sections of the economy. Notwithstanding, Anglo-American Corporation and Roan Selection Trust, had monopoly of copper production, which was the cornerstone of the economy. Consequently, state involvement in the economy was minimal; the state's role was to provide basic social and essential services like water, electricity and education (Keeton and Beer, 2011).

Mining converted the Copper belt from a bush area to a vibrant urban and industrial region. Zambia, due to these factors was seen as a model of development for the African continent, as it moved towards economic emancipation, industrialisation and a reduction in poverty (Atud, 2011). In the late 1960s, Zambia was categorized as a middle-income country, with one of the highest Gross Domestic Production (GDP) in Africa; three times that of Kenya, twice that of Egypt, and higher than Brazil, Malaysia, Turkey and South Korea (Chamber of Mines of Zambia, 2010).

At independence in 1964, Zambia inherited a buoyant and highly specialized mining economy. In the sixties and seventies, the country experienced rapid economic growth stimulated by government expenditure on infrastructure and services, and investment in import substituting manufacturing enterprises (Solomon, 2012). However, Kenneth Kaunda, and his United National Independence Party (UNIP) had high hopes for development and aimed to improve the living standards of Zambians (Leniz, 2001). As such, during a political rally in Mulungushi, Kaunda declared the nationalisation of foreign/private owned companies. The government also indigenised extensive commercial activities ranging from wholesale shops to meat packaging plants. In total 28 companies were nationalised (Limpitlaw, 2011). The Mulungushi reforms were promptly followed by an additional reform known as the Matero reform (Matero is a surburb in Lusaka) and that is where plans to nationalize the mining industry were announced (Mwaba, 1997)

The Zambian government's intention was to improve the conditions of poor people in rural areas and to reduce unemployment in urban areas. To this end, Kaunda's government decided to refocus Zambia's economy away from commodity supplying to decentralisation with a top priority of providing mass employment (Limpitlaw, 2011). It was the belief of the government that by nationalising the copper industry, it would be able to realize its developmental goals by using proceeds from copper. Since the copper industry was booming from rapid growth and high global copper demands and prices during the late 1960s and early 1970s, the intentions of the government seemed realistic (Nelson, 1996).

All rights of ownership of minerals as well as exclusive prospecting and mining licenses reverted to the state. The mining companies were compelled to cede 51% of their shares to the state; in 1969 the Zambian government acquired a 51 per cent stake in Zambia's two main copper producing companies: Roan Selection Trust and Rhodesian Anglo American Corporation (Fraser and Lungu, 2007). At the time the copper prices were favorable and the copper industry played a major role in the Zambian economy. The two mining giants were merged in 1982 to produce a new company, Zambia Consolidated Copper Mines (ZCCM).

By the end of 1969, the state controlled all economic activities including: mining; hotels and tourism; housing provision and construction; transportation services; electricity and water (Nelson, 1996). Several new ventures established by parastatals were partnerships between the government and foreign partners who benefitted from the state's protected market either through the banning of imports on competing goods or the imposition of exorbitant tariffs. (Hywel, 1971).

When the mines were nationalised, the private sector's involvement in the economy virtually ceased, with the exemption of the banking and commercial farming sectors. Barclays Bank, Standard Bank and Grindlays Bank were foreign-owned but they remained central to the commercial banking sector (Chamber of Mines of Zambia, 2010). The government could not nationalise the banks because there was a stalemate in negotiations between bank shareholders and the government. Nonetheless, the government managed to create three state-owned banks, including the Zambia National Commercial Bank (ZNCB) (Hywel, 1971). The ZNCB became the leading bank in Zambia because it enjoyed monopoly in the market, being used by most parastatals (Fundanga and Mwaba, 2007). The government also acquired farms for agricultural production, but the state farms had low productivity thus the private sector remained dominant in this sector (Ravi and Vernon, 1991).

2.2.1 Challenges of the nationalisation project in Zambia

According to Libby and Woakes (1980), Zambian attempt at indigenisation was compromised by political interference. Zambia's elite played a dominant role in the economy and the ZCCM itself. Often, decisions taken by the ZCCM were politically driven and recommendations by technical experts were politically interfered with and, in most cases, overruled (Libby and Woakes, 1980). The ZCCM was used as a cash cow for providing funds for social and economical activities that did not leave room for re-investment. For example, the company provided funds for Kenneth Kaunda's luxury holiday resorts overseas (Meller and Simpasa, 2010). Furthermore, Zambia's leaders used ZCCM's foreign exchange reserves to finance political activities, thus draining the company's finances to the point that it could not fund its own operations (Ravi and Vernon, 1991). Auty (2008), further argued that the government of Zambia used ZCCM and its copper revenues as a source of income and sponsorship and the company was also used extort high mining rents at the expense of competitiveness

When the world prices of copper plummeted, unexpectedly, in the mid-1970s, it put Zambia's monetary policy under immense pressure and the country fell into debt, the government formulated several mechanisms to maintain the unprofitable mining industry (Craig, 2001). The government had to cut down on its expenditure and this affected other sectors of the economy. The decline in savings obtained from copper caused a decline in income per capita levels (Limpitlaw, 2011).

Even though major progress was achieved during the first ten years of independence, development declined after the copper prices were affected by the first oil crisis in 1974. This forced the Zambian government to borrow money in order to sustain its social services (Atud, 2011). In 1984, Zambia's economy, as a whole, was collapsing causing severe depression; increased unemployment and foreign debt, as well as decreased imports (Craig, 2001). During the late 1980s a massive reduction in copper production caused many companies to shut down. For twenty years the country's economy shrunk at an unprecedented rate. Between 1974 and 1994, there was a reduction of the per capita income by 50%, which left Zambia in the top 25 of the poorest country in the world (Auty, 2008).

Through this entire crisis, ZCCM was regarded as a ‘cash cow’. The company lacked funds to invest in exploration, drilling and to buy new spares for the upgrading of equipment and machinery, while the government drained it of any profit it made. Even through initially ZCCM and its copper revenues where successful, providing more facilities and services to the people Zambia than the ones provided in the colonial era, as time went by the company started to crumble (Auty, 2008). By early 1990s ZCCM was already confronted with severe problems related to its financial stability and long-term development (Meller and Simpasa, 2010). Levels of reinvestment were not adequate to sustain copper production, and hence production declined by a quarter between 1982 and 1990 (Limpitlaw, 2011). ZCCM’s debt increased from one third of its total asset value to over half, and had to rely on debt payment rescheduling and bail-outs from the Zambian government (Craig, 2001). By year 2000, ZCCM’ production had declined to 257,000 tonnes from 750,000 tonnes in 1973 (Keeton and Beer, 2011).

On the macro front, the creation of many state-owned public companies had converted Zambia into a large public sector, and this is evident in the Zambian government’s expenditure and spending patterns (Nelson, 1996). However, the expansion of the public sector did not only entail high budget expenditure levels but it also put a severe burden on the state, which had a shortage of qualified staff experienced in economic policy formulation and management (Chamber of Mines of Zambia, 2010). The total effect of state participation on the macroeconomic level was massive, and contributed to government failure in provision of both vital public services and new commercial activities. The large government expenditure, dictated by the structure of the economy, entailed a considerable level of deficit financing (Leniz, 2001).

The model of development that was used by Zambian leaders also resulted in numerous economic, political and social problems, which later hindered any effort by government to revive the economy. On the economic front, the problem was that since most businesses were state-owned, attempts to stabilise the economy caused a decline in capacity utilisation and output in all sectors of the economy (Fraser and Lungu, 2007). The lack of a strong private sector exacerbated the country’s economic crisis (Mwaba, 1997). On the political side, the growth of the mining industry resulted in the formation of powerful trade unions, which became significant in the creation of urban political constituencies (Nelson, 1996). These trade unions challenged many government policies to protect their interests in the economy.

As such, significant economic reforms, such as contractionary expenditure or tight fiscal and monetary policy, which would have meant restraining the growth of urban wages and cutting of food subsidies, were severely opposed (Libby and Woakes, 1980).

2.2.2 Privatisation of copper mines in Zambia

Even though the failure of Zambian state firms to perform optimally was also due to technical challenges like; the application of unsuitable and old technology; entire reliance on processing of imported raw materials; inexperienced management; fraud and financial mismanagement, with time the need for reforms became inevitable (Mwaba, 1997; Ravi &Vernon, 1991). The continuous decline of the economy caused the government to consider privatisation as a possible solution. The keenness for nationalisation had diminished and the nationalised firms were eventually sold back to the private sector. The privatisation of the copper industry occurred in 2000, when major divisions at Kitwe, Chingola, Chililabombwe and Mufulira were privatised. The entire mining industry was returned to the private sector at knock-down prices (Solomon, 2012).

The privatisation of the mining industry was seen as the only way to turn around the economy in the medium term (Fraser and Lungu, 2007). The rationale for privatising the industry was that private companies would become responsible for the collapsing industry and take away the burden from the state. Secondly, the government believed that if the industry could be profitable again then it would have new taxes that would help to improve the living standards of the Zambian people. The government also hoped that private investors would bring new technologies and form new relationships with local firms (Meller and Simpasa, 2010).

However, the major problem with Zambia's privatisation was lack of restrictions and this led many companies having short-term operations, making quick money, and leaving the country (Solomon, 2012). Due to the state of copper pricing and mining assets at the time, Zambia failed to secure as many foreign investors as it would have loved. The countries' fortunes remained unturned until the arrival of Chinese investment in the sector (Chamber of Mines of Zambia, 2010). As a result, copper prices have started to rise.

Zambia's experience is a clear illustration of the dangers that lie in wait for inexperienced and unprepared governments that take over resources in a fit of ideological rectitude (Mwaba, 1997).

2.3 Black empowerment in South Africa

Indigenisation in South Africa is commonly referred to as Black Economic Empowerment (BEE). South Africa, as a recently liberated Southern African country, still struggles with the legacy of apartheid, which left the country's economic activities in the hands of few whites while the majority, black people, live in abject poverty (Adam et al, 1997). During the apartheid era, intricate restrictions were imposed on black labour movements and it made it hard for black people to get employed in skilled or semi-skilled positions (Fleiser and Gumede, 2004). Only positions that were not suited for whites were given to black people, which meant that black people had no other role in the economy than serving the needs of white industrialists. Black people who were employed in urbanized white areas were required to have special permits if they were to stay in that area for more than 72 hours (Ndedi, 2004).

The inferior education system ensured that blacks were, perpetually, constrained to this ancillary economic functionality, by affecting the skills and expertise black people could have (Fleiser and Gumede, 2004). This produced deep-rooted racial disadvantages for black people (Biko, 1978). Due to this background, Ramaphosa (2004), points out that empowerment programmes are crucial in order to address the centuries of economic disempowerment.

In the 1950's numerous multiracial organisations in South Africa produced the Congress Alliance, the ANC was the leader of the coalition and the coalition's aim was to fight the apartheid regime. The point of consensus for the alliance was the claim that , "The People shall govern" (Plaut, 2012). In 1955 the coalition formulated the now renowned 'Freedom Charter', which was essentially an outline of the freedom demands of ordinary South Africans. The charter was officially adopted in Kliptown on 26 June 1955 at the 'Congress of the People' (ANC, 1969). The other stipulations of the charter were:

- Nationalising the economy

- The equal redistribution of land
- Free and compulsory education, irrespective of colour or race (Plaut and Holden, 2012)

The alliance was explicit and in agreement on how the country would remedy economic inequalities in the society in order to create a fair and non-racial South Africa. However, during the negotiations that led to the release of Nelson Mandela and the unbanning of the ANC, the parties had agreed on a tacit agreement (Plaut, 2012). This agreement handed over political independence to black people whilst economic power remained with the white minority. The assets of white people were not seized though there were procedures to progressively achieve a more reasonable balance of wealth (Mbeki, 2009).

The economic liberation of black people was relegated to the monopoly capitalists and the structure of the economy was left intact thus maintaining the status quo; both in terms of economic and land ownership (Brown, 2014). This means that Nelson Mandela and the ANC allowed white businesses to maintain their ownership of the South African economy and black people where further sidelined in participating effectively in the economy. At the same time the ANC changed its ideological position from socialism to corporatism, and this allowed the white minority to carry on living pleasurable lifestyles (Mbeki, 2009).

Most businesses which had close associations with the apartheid government were grateful to the Mandela administration for this position (Brown, 2014). However, there were subtle movements towards racial integration in the economic front. It all began with the opening and operation of the flagship New Africa Investment Limited (Nail) by Sanlam in 1992, with the help of the National Party government-controlled Industrial Development Corporation (IDC), a state-owned industrial development bank (Burger and Jafta, 2010). This was followed by Real African Investment Limited (Rail), which was sponsored by the mining giants Anglo American Corporation. White business industrialists began the transfer of shares and assets to black people in order to include those at the top of the new political order (Chimhandamba, 2008). Moeletsi Mbeki (2009) argues that BEE was formulated by South Africa’s economic oligarchs and a handful of white businessmen and their families who control all important sectors of the economy that includes mining, chemical and engineering industries and finance.

As such, it would seem that the coming of democracy under the ANC-led government did not change the much in the economic sector. It only introduced new black economic elite to the existing team of white capitalists, such that by late 1990s to early 2000s, ordinary people began agitating for realisation of the promises of the liberation struggle. In as much as the political equity was appreciated, economic emancipation was equally, and clearly, needed (Madi, 1997). Faced with these socio-economic disparities, and pressure from different organised groups, the South African government instituted the Black Economic Empowerment (BEE) policy in 2003. The South African Department of Trade and Industry (DTI) gives the major objective of BEE as; to increase the number of black people that could manage, own and control the country's economy (DTI, 2003). BEE puts emphasis on, 'three imperatives; moral, social and economic growth' (Andersson, 2010). As such, BEE is a mechanism used by the South African government to remedy the racial injustices of the apartheid era and to also rectify economic imbalances of the past (http://www.sabusinesswarrior.com).

BEE was also seen as important intervention so that the economy would recover from the sanctions that were imposed on the apartheid government (Decker, 2004). The GDP levels fell from 1.4 % in 1983-1988, to 2.2 % in 1992, whilst foreign investment fell from $6 billion to 2 billion between 1976 and 1980 (Mantle and Ryan, 1994). In 1991 SANLAM (a life insurance company) sold ten percent of its shares to Metropolitan Life (a black conglomerate). The holding company for the acquisition of the shares was called Methold (Acemoglu, Gelb and Robinson, 2007). In a period two years, SANLAM sold an additional 20 % of its equity to Methold, and by late 1994 Methold was listed on the Johannesburg Securities Exchange as NAIL (New Africa Investments Limited).This business deal was privately financed, (the state was not involved in the negotiations neither did it provide any funding) and they were no legal restrictions (Madi, 1997).

The three core elements of BEE consist of: 'direct empowerment through ownership, control of businesses and assets; human resource development and indirect empowerment by means of preferential procurement, and; profit- and contract-sharing by black enterprises' (http://www.sabusinesswarrior.com). Paul Browning, quoting Steve Biko, suggests that the purpose of BEE is to aid the process of reducing the effects of apartheid and create a non-racial society in South Africa. This empowerment strategy has two distinct components. The first is to break down social barriers by increasing black incomes (Plaut, 2012). This will result in a change of lifestyles and increased communication between blacks and whites, hence easing the process of political change (Biko, 1978). The second is to create wealth within the black community so that they will fit in the capitalist system and be at the same level with white people (Butler, 2007). The first phase of BEE consisted of negotiations with white-owned companies to aid the acquisition of equity by black shareholders and to guarantee that businesses would remain capitalist, rather adopting socialist orientation (Ndedi, 2004).

The objectives of black empowerment were also enshrined in the Reconstruction and Development Programme (RDP) of 1994, which aimed at reducing socio-economic problems of post-apartheid South Africa. The RDP incorporates economic growth, development, reconstruction and redistribution into one policy. This means that the ANC abandoned its socialist policies that promoted wealth redistribution only (Butler, 2007). The RDP's objective is to reduce poverty through improving infrastructure and balancing government involvement with the private sector and civil society (http://www.sabusinesswarrior.com). Public sector investment would be supported by the private sector, thus stimulating reconstruction and development through co-operation, within a market framework, between the different stakeholders in the country (Butler, 2007).

In South Africa, empowerment, aims at building capacity, skills and equal opportunities for all the citizens of South Africa. The corporate business sector is also involved in the implementation of these empowerment programmes (Decker, 2004). This shows a significant difference between South Africa and other countries in post-colonial Africa. Most African countries demonstrate a strong dislike of foreign or private owned-businesses, and want to maintain a strangle-hold in the economy and the resources. Empowerment programmes in South Africa are not designed to terminate the control of foreign businesses. The economy is mainly controlled by the private sector and this minimises philosophies of nationalisation and indigenisation and, this promotes market-orientated monetary policies (Jackson et al, 2005). The crucial policy objective for BEE is to incorporate black people into the economic arena, by facilitating the transfer and control of shares from white people to black people (Chimhandamba, 2008).

2.3.2 Setbacks of BEE

The major problem that the Black Economic Empowerment policy faces in South Africa is whether the policy is a legal way of empowering South Africa's black population or an illegitimate discriminatory policy that is replicating the mistakes of the past (Ershammar, 2008) . Despite the popular assumption that BEE is a necessary means for improving black economic participation, some of the critics argue that the policy is a form of 'reverse apartheid', in which the preferential treatment of the previously disadvantaged black people (Africans, Indians, coloureds and Chinese), necessarily, means a deliberate unjust treatment of *all* white people (Ershammar, 2008). The argument is that when race is used as mechanism to address economic inequalities, it results in an economic system whereby race, without consideration of individual cases, is a determinant in getting jobs or significant economic advantages. This exacerbates social divisions (http://www.polity.org).

However, the argument that BEE is, actually, benefiting all black people, is challenged by empirical evidence, due to ever widening divide between the rich and the poor (Plaut, 2012). On the other hand, the arguments that BEE's intention was to incorporate a few black politicians seem to be proving correct, since there is now an extensive network of new black bourgeoisie (Mbeki, 2009). Substantial amounts and assets were given to the BEE elites but the amounts were smaller than they seemed. Paul Holden noted that, the total costs of BEE transfers were approximately R250 billion ($30 billion), meaning that the transfers were insignificant since the private sector is worth more than R6 trillion ($700 billion). Different types of shares and funds being distributed mostly benefit those who are politically connected (Plaut & Holden, 2012; Schlemmer, 2005). The politically connected blacks seem to officially constitute 'the formerly underprivileged group', and as such BEE is addressing their needs of economic emancipation. It is a win-win arrangement for the white capitalist and the black political elite, but a great discrimination and injustice to the black impoverished majority (Schlemmer, 2005). Thus, BEE has been criticised for its creation of a small but wealthy black elite whilst the majority are suffering.

The implementation of BEE policy also indicates challenges of insufficient qualified manpower in South Africa, and this may have a negative impact on businesses in the long run. When more black people are given senior positions in companies, in spite of their competence, it does not only create inter-racial conflicts but weakens the management of the company (Adam et al, 1997). This preferential treatment of politically connected blacks also exacerbates intra-racial inequalities, which has been shown to be on the rise since the inception of BEE in 2003. This picture positions South Africa within its post-colonial African counterparts, where a small elite benefit from government policies and the majority live in abject poverty (Burger and Jafta, 2010).

Another problem with BEE was that the transfers of shares are loans, not gifts. As such, new black businesses have to repay the loans. The new entrepreneurs, most of them inexperienced in running a business are faced with difficulties in making profits (Chimhandamba, 2008). BEE agreements are signed by people who lack the required capital and skills. This results in debt-driven deals that can only work when the economy is growing rapidly and company profitability is expanding significantly (Adam et al, 1997).

The implementation of the BEE policy has also been marred with fronting and window dressing; where companies act as if they are complying with the policy's objectives, yet in reality the appointed blacks are only non-influential fronts, with little or no say on how the business is managed (Chowa, 2013). This has led others to argue that the income gap between blacks and whites has not changed. Van den Berg (2003) observes that in 2000 black people's earnings were still set at the 1995 pack of 38.3%, after increasing from the 1970's 22.3%.

The mentioned factors have led authors like Hoffman (2009) to conclude that BBE is biased since the majority of black people in South Africa are still marginalised. Black people now suffer a dual injustice; they suffered apartheid and now they continue to suffer because the ANC chose to abandon their quandary in order to work in partnership with their former oppressors to further oppress them (Hoffman, 2009). As such, contrary to popular belief, BEE is primarily a great injustice, giving the general black population false hope that they will one day finally own their economy (Brown, 2014).

2.3.3 Alternative solutions to BEE

Due to the mentioned setbacks, BEE has been seen as providing inadequate results. The high levels of unemployed blacks, low levels of education and the lack of proper housing within the black community shows that poverty eradication in South Africa is still a fantasy (Butler, 2007). However despite these problems many alternative solutions have been offered, which are thought to be significant in tackling past racial inequalities and while rectifying present economic disparities (Burger & Jafta, 2010). Entrepreneurship has been identified as one such solution. The argument is that, to effectively deal with unemployment within the black population, two conditions need to be fulfilled: training of future entrepreneurs, and; availability capital to small and medium enterprises (SMEs). The argument is that South Africa needs more entrepreneurs, not just a replacement of white entrepreneurs with black ones (Human, 2006).

2.4 Nationalisation of the petroleum sector in Norway

The energy sector plays a vital role in Norway's economy. The production of oil and gas in contributes more than 22 % of its GNP, 46 percent of the value of exports, and 15 percent of its total revenues (Austvik, 2012). Norway pursued a 'go-slow' policy in developing its petroleum sector. The country decided to nationalise the sector as way to ensure the appropriate rate of development and that industrial proficiency was produced domestically rather than overseas (Stiglitz, 2007). State involvement in strategic industries is a custom that has always been practised in Norway and is in line with the social-democratic policies prevalent in Scandinavian countries (Newendorp, 1975).

In 1971 the Storting (Norwegian parliament) approved the Ten Commandments that would guide activities in the petroleum sector, and citizens of Norway agreed with the policy. The objectives of the commandments were:

- To nationally steer and manage all NCS operations;
- For the government to play a leading role in coordinating the interests of the country;
- The expansion of the petroleum-based industry onshore, and;
- The establishment of a state-owned Oil Company to manage the nation's business interests and to work together with other Norwegian and foreign oil companies (Al-Kasim, 2006).

With this background, the government's own oil company, Statoil, was created by an undisputed parliamentary decision. The company became an essential factor in the development of a national petro-industrial system (Grayson, 1981). The Norwegian Petroleum Directorate was established as a regulatory body under the Ministry of Industry. The nationalisation policy in Norway led to high levels employment, growth and competence in state-owned companies (Wolf and Michael, 2009).

The first assets were allocated to Statoil in May 1973. The company was used as an investment platform for government's involvement in the petroleum sector (Grayson, 1981). This helped Statoil to grow into an operator, by reserving highly prospective blocks for the NOC, as well as granting licenses to experienced international companies with the provision that they hand over operatorship to Statoil a specified number of years after the commencement of production (Thurber and Istad, 2010).

During the first ten years of its operations, the company had three major advantages that were granted to it by the state. Statoil was assigned at a least 50% stake in all petroleum licenses, meaning that it had a veto power on all development resolutions (Rees and Peter, 1987). Statoil was also involved in the exploration phase, working together with foreign investors; the company only paid a small amount when there was discovery of oil. Once the discovery was commercialised, Statoil's interests increased from 30 percent to 80 percent depending on the scale of production (Newendorp, 1975).

By mid-1980s Statoil had grown immensely, and was very profitable because it continued to benefit from full state backing. However, a new conservative party lessened the discretionary powers of Statoil (Wolf and Michael, 2009). In 1984, the Norwegian parliament made several changes to limit Statoil's powers. Firstly, the company's license interests were divided into two parts, and most shares were transferred to the government (and controlled by the State Direct Financial Interest, SDFI) (Nelsen, 1991). Even though Statoil still controlled assets on behalf of the state, the revenue from oil production now went straight to the public treasury. Secondly, the privileges that were awarded to the company were withdrawn because the government wanted the country to attract investment from private investors (Thorhallsson, 2000). Thirdly, Statoil could no longer use its existing voting interests of $50\%^{+}$ autonomously without authorization from the Parliament; this reduced the likelihood of corruption and rent seeking (NPD, 2005).

A Sovereign Wealth Fund (SWF) was created to handle, preserve and safeguard the proceeds obtained from the petroleum industry, and the state invested its monetary assets in international stocks, bonds, and properties. As the proprietor of the SWF, the Norwegian state is recognized as one of few countries that are capitalists as well as creditors (Zugazagoitia, 2009). As a result of these strategies, the citizens of Norway are now amongst the wealthiest in the world. The economic policies of the Norwegian government over time have been constant in regard to its aspirations and preferences for its petroleum industry (Stiglitz, 2007). The state has maintained a strong interventionist policy of control and supervision for the petroleum sector. Most of the state's political control and revenue-generating mechanisms have been maintained. Some sections of the policy have been altered to allow for minimal privatisation and liberalisation, whilst in other sections, the state has tightened its control (Wolf and Michael, 2009).

This double-dipping; acting as both landlord and entrepreneur, has worked for Norway as it became a trendsetter and leader of the petroleum industry. Though numerous changes were made to Statoil, the government made sure that the petroleum industry remained profitable (Austvik, 2012). It also managed to take most of the profits from the activities itself. The state used not only regulative, legal, and political measures to achieve its industrial and socioeconomic goals, but also started to act as an industrial entrepreneur. The control mechanisms employed by Norway shows the limits for what a capitalist state can do if it wants to remain capitalistic (Thorhallsson, 2000).

2.5 Studies done in Zimbabwe

Within the specific context of Zimbabwe, there is general agreement from authors like Magure and Chowa on the need and nobleness of empowering indigenous people; however the major points of departure and debate are on the approach used to achieve this noble national objective. Magure (2012) argues that whilst it is necessary for the Zimbabwean government to remedy mass economic injustice perpetrated during the colonial era, a one-size-fits-all approach in implementing the indigenisation policy is deeply flawed, as it discourages foreign investors and further exacerbate Zimbabwe's economic problems (Magure, 2012). Chowa (2013) acknowledges the historical injustices that motivated indigenisation in Zimbabwe, but goes further to identify alternative ways to improve the current policy (Chowa, 2013).

The study done by Masungure and Koga (2012) for Afrobarometer, captured several expectations by ordinary Zimbabweans from the indigenisation policy. The Afrobarometer compares a series of public attitude surveys from 35 countries (Masungure and Koga, 2012). It aims at producing scientifically reliable information on public opinion in Africa and to ensure that research findings aid policy implementation. The Afrobarometer is, therefore, used to measure public perceptions on issues such as democracy, assessment of the quality of governance and economic performance. On Zimbabwe, the study found that many people expect indigenisation to provide jobs for large numbers of unemployed Zimbabweans (currently standing at approximately over 80%). From an extensive population size (N=2 400) 78 % of the participants endorsed the job creation strategy of indigenisation (Masungure and Koga, 2012). Mabena (2013) also contends that employment opportunities must include the funding of small and medium enterprises (SMEs), which he regards as key to poverty alleviation and true empowerment of the local people.

In terms of the land reform, the Fast Track Land Reform Programme (FTLRP) brought mixed fortunes. The land redistribution was politically affiliated and disorganized. The process consisted of systematic grabbing of farms with good infrastructure and high agricultural productivity (Pazvakavambwa, 2012). Some of the invaders moved from farm to farm leaving a track record of equipment vandalism and plunder. Those that were implicated in numerous farm movements defended their actions in various ways. They either argued that they were not pleased with farming equipment at one farm or that the farms were not large enough to support their intended productive actvities (Moyo, 2005). There is also assumption that those who were involved in several farm movements were politically connected. However, the lack of order became a challenge to the FTLRP. This caused major problems for the government and technicians mandated with the successful implementation of the land redistribution exercise (Pazvakavambwa, 2012).

Various studies conducted on the land reform show that indigenising land is a complex process with different outcomes. Several scholars have contended that the beneficiaries of FTLRP are not homogeneous (Moyo, 2005; Scoones, 2008). They argue that even though the political and military elite own multiple farms under the A2 model, under A1, several ordinary Zimbabweans own small holder farmers for subsistence farming and resettlement purposes (Moyo, 2005). Scones argue that these new farmers have formed new identities and this has improved social cohesion (Scoones, 2008). Others have also asserted that despite the negative impact of indigenising land - coercion, destruction of property, partisan and corruption, and murder - small scale farmers have been able to increase their productive capacity amidst political and economic setbacks (Mandizadza, 2009). These new farmers are, however, vulnerable to drought and other natural disasters, since they are sorely dependent on rainfall. This and lack of capital assets, to efficiently increase the productive capacity of their land, has caused them to remain poor (Sconnes, 2008).

In terms of mining and the establishment of community trusts, Mabena (2013) argue that Corporate Social Responsibility (CSR) should not be compulsory. He notes that if CSR programmes are legally compulsory in Zimbabwe, mining companies may see this as double taxation because they pay taxes to the state and the same time donating huge amounts of seed capital to Community Share Ownership Trusts (Mabena, 2013). Dependency on CSR initiatives for community development could be a problem because the donations from mining companies differ at different phases of mining, for example, from exploration to closure. As such, Mabena (2013) argues that successful CSR initiatives should be supported by long-term dialogue with the community and its leaders

On the same issue of community trusts, Machinya (2014) in his analysis of Zvishavane Community Trust, found that many community members do not have adequate information about the community trust. Community members, who appear to know about the ZCSOT, have wrong or distorted information. Respondents from Machinya's study believed that the chiefs went to mining companies and forced them to give money for the trust, so that they can improve on the infrastructure of the community (Machinya, 2014). Though the community members were accurate on saying that the money came from the mines, it was incorrect that the chiefs demanded the money from mining companies. Some people believe that chiefs are the owners of the community trust. Apparently, this distortion was a deliberate move to enhance the chief's control and power over the community. Viewing chiefs as influential in establishing the ZCSOT (community trust) causes paternalism; in which chiefs are seen as saviours and thus earning themselves more respect from their subjects and this consolidates their power base (Zhou and Zvoushe, 2012).

Machinya (2014) also notes that when community trusts are perceived as programmes for chiefs, it destroys the spirit of participation in communities. As a result ordinary people do not play a meaningful role in their empowerment; the chief only informs them what he has done for the community, and this leads to dependency and the likelihood of corruption (Machinya, 2014). He also argues that sometimes the chiefs became direct beneficiaries from community trusts by demanding exorbitant fees as sitting allowances. As such, chiefs are considered as part of barriers to successful implementation of the indigenisation policy in Zimbabwe (Zhou and Zvoushe, 2012).

2.6 Significance of Study

This study seeks to contribute to the debate by critically analysing whether the majority of people in Zimbabwe have benefitted from indigenisation policy. The study will also address the question of what has been achieved as a result of indigenisation, in empowering local indigenous communities. The limitations incurred by the study are that data collection is only literature-based and contains no field-work component. However, it is important to note that substantive and wide-ranging literature is available to enable analytical and comparative analysis.

2.7 Conclusion

This chapter has highlighted what other scholars have said about the indigenisation of natural resources, in different countries. Three countries were discussed; Zambia, South Africa and Norway. From these cases, it was evident that; lack of proper planning and economic discipline (Zambia), racialisation of empowerment and patronage (South Africa) can lead to failure. However, since the BEE project is still work in progress, one hopes that some of the challenges will be rectified going forward. The comprehensive success of nationalisation in Norway is attributed to good governance and entrepreneurialism. The following chapter will discuss the theoretical framework relevant in this research.

CHAPTER 3: THEORETICAL AND ANALYTICAL FRAMEWORKS

3.1 Introduction

This chapter discusses the theoretical and analytical frameworks that will be employed in this research. Specifically, the chapter shall outline and discuss Bueno Mesquita's Selectorate Theory and the two forms of evaluation, as an analytical framework.

3.2 Mesquita's Selectorate Theory

In their book, *Logic of Political Survival*, De Mesquita (2003) observe that leaders who produce corruption, war and misery often remain in office for long periods, while those who produce peace and prosperity are often turned out of office after only a short time. Seeking to describe this phenomenon, they developed a theory of political survival that explains incentives to rulers, using two key characteristics of a polity's institutions: the sizes of the selectorate (S), and the winning coalition (W). These factors were used to generate a broad set of predictions concerning the types of policies rulers pursue and give explanations for the compatibility of harmful policies (Smith & De Mesquita, 2009).

The selectorate can be defined as a set of people with a say in choosing leaders and with a prospect of gaining access to special privileges doled out by leaders, and the winning coalition is the subgroup of the selectorate who maintain incumbents in office and in exchange receive special privileges (Hoogeveen, 2011). According to the selectorate theory, all political systems have two institutional characteristics that describe how they select and retain leaders (De Mesquita et al, 2003). The theory also argues that states provide two types of goods: public goods and private goods. Public goods are goods and services available to all members of the selectorate, for example, roads, economic growth, winning wars (Clarke & Stone, 2006). Private goods, on the other hand, are available, exclusively, to the winning coalition, and these include money, power and prestige (Radu, 2012).

The theory also focuses on how the two factors govern the selection of leaders and their influence on taxing and spending decisions, leadership turnover, social welfare, and institutional change. It also probes the correlation between institutions for selecting leaders and such factors as economic growth, corruption, property rights, revolution, regime change, oppression, selection of core institutions of governance, and many more (Fredriksson & Svensson, 2003).

The major assumption of the theory is that leaders face multiple threats to their political survival, and survival is the primary objective of political leaders. In addition to surviving the threats to tenure from within the existing political systems, leaders risk being deposed through coups (De Mesquita et al. 2003). The selectorate theory also examines how political institutions and the structure of government finances allow leaders to contend with various deposition risks. Leaders can be removed by forces within the extant political system (Gallagher & Thacker, 2008), or, alternatively, by mass political movements such as revolutions, which seek to sweep away the existing system and replace it with a more inclusive one. Tests for leader’s survival indicate that revolutionary threats increase the likelihood of deposition for nondemocratic leaders (Gallagher & Jonathon, 2009). Leaders with access to resources such as foreign aid or natural resource rents are best equipped to survive these threats. Thus each political leader faces the challenge of how to hold on to power (Radu, 2012). The strategy behind survival in office is the true essence of politics. The desire to stay in power motivates the selection of policies and the allocation of benefits; thus all actions taken by political leaders are deliberate and in line with their desire to retain power (Fredriksson & Svensson, 2003).

Rulers desire power first and foremost, and they also gain utility from any government revenues not spent on either public or private goods. De Mequita et al's (2003) focus is on those political incentives and institutions that encourage or discourage leaders from promoting economic policies that are conducive to growth and general social welfare (De Mesquita et al, 2003). The theory argues that political leaders are self-interested, and that their actions are chosen to be politically beneficial to themselves. Bad economic policies are not discouraged, as long they benefit the leader to extend his/her tenure in office (Gallagher &Thacker, 2008).

The outcome of indigenisation policies, as seen in Zimbabwe, has been dire to the economy. Instead of creating jobs, the indigenisation programme has seen massive capital flight from investors and closure of operations by many companies who are refusing to comply with the law (Ngarira, 2014). The consequences of indigenisation in Zimbabwe are characterized with cases of, 'productive farms lying idle … farms turned into grasslands instead of maize lands, soya lands …' (Mambondini, 2014). The allocation of resources is devoted to private benefits that can easily be targeted to loyal supporters. In Zimbabwe, the majority of those who acquired portions of land from the government (especially in A2 farms) were top officials from the ruling ZANU-PF; also a majority (90%) of those given land in A1 farms were ZANU-PF card-carrying members (Mabhena, 2012). This may as well be a sign of the Mugabe administration conforming with the selectorate theory; that leaders allocate resources, to their kingmakers (selectorate), with the intention of enhancing their prospects of retaining power.

3.3 Private benefits and small coalitions

Private benefits, such as grants of monopolies, access to scarce resources and direct payments (selective use of vouchers or foreign aid) can be targeted at the leader's essential supporters

(W), and this is done differentially in different political constituencies. Leaders favour small winning coalition systems, since such systems provide them with total discretion and make political survival uncomplicated (Nigris, 2014). Smaller coalitions facilitate the ease with which leaders (or their political party) can survive in office, even in the face of failed national policies. Leaders who are accountable to a large winning coalition find it more difficult to retain office in the face of failed policies (Clarke and Stone, 2006). Large coalition politics is a competition in competence to produce public goods; small coalition politics centres on the purchase of the loyalty of key supporters through special rewards and/or favours (Riker, 1962). In Zimbabwe, the small coalition was involved in land and mine grabbing, which was highlighted by provision of private rewards and promotion of cronies. The military and government officials who partook in 'land grabs', under guise of indigenisation, might as well have been receiving their rewards for maintaining the system (Mabhena, 2013).

Private benefits are distributed only to members of the winning coalition, and diminish in value to individual coalition members as the size of the group expands. Consequently, as the size of the coalition increases, leaders are expected to shift their effort to the provision of public goods that benefit all in society (Nigris, 2014). Coalition members are drawn from a broader group: the *selectorate.* In political systems characterised by small winning coalitions and large selectorates, as is common in many rigged-election autocracies, supporters of the leader are particularly loyal because the risk and cost of exclusion if the challenger comes to power is high (Morrow et al, 2008). In small coalition systems the loyalty norm is much stronger, particularly when the selectorate is large. Leaders, in small coalition systems, predominately rely on private goods to reward their relatively small number of supporters. As a consequence, the welfare of those in the coalition is much higher than that of those outside the coalition (Riker, 1962). This means that while a challenger might offer a potential defector much more today, members of the current coalition are reluctant to defect because they might be excluded from access to private rewards in the future. This risk of exclusion is particularly severe when the selectorate is large (Hoogeveen, 2011).

As the coalition size increases, it becomes increasingly expensive and difficult for leaders to reward their coalition through private rewards. Therefore, leaders shift towards public goods provisions (Morrow et al, 2008). In Zimbabwe the different forces, emerging from diverse economic contexts and situations, scripted the early development of diamond mining at Chiadzwa. The discovery of diamonds, in 2006, led to the violent and military expulsions of villagers and illegal miners, when the ZANU-PF aligned security forces asserted control over the area (Mabhena, 2013). Richard Saunders (2011) argues that the discovery of diamonds in Chiadzwa occurred when the economic crisis was taking a turn for the worst and political crisis of legitimacy associated with the ruling ZANU-PF party, worsening. ZANU-PF and its high ranking officials were quick to get involved and the elites secretly managed the extraction and criminal smuggling of stones while, violently and irregularly, displacing local communities and legal title holders (Saunders, 2011).

Leaders are interested in enhancing their own welfare, and so seek to produce what their supporters want. Their supporters, however, are not short-hand for the citizens of the state. In Zimbabwe, it is public belief that the ZANU-PF government could not have had the will and courage to evict war veterans occupying the farms since they formed a crucial power base for its presidential campaign in the year 2002 (Masiiwa, 2004). The then Minister of Information and Publicity publicly criticised Chief Justice Gubbay, who presided over the Commercial Farmers Union application, accusing him of being biased following the negative remarks he had made against the land reform in 1991(Moyo, 2005). Researchers noted with concern that the FTLRP was causing severe economic damage, because it was done in an unplanned and violent manner. The programme was causing massive unemployment and reducing agricultural production (Marongwe, 2002). The fact that the Mugabe administration did not change its stance even upon glaring negative results, might as well prove the point that the behaviour of leaders is, primarily, self-interested and is geared towards political survival. If that coincides with or is compatible with the welfare of the citizenry, then many will benefit. If not, then the leader is likely to choose his welfare and sacrifice that of the society (Feng, 2003).

3.4 Support for the selectorate theory

The assumptions of the selectorate theory are supported by the elite theory, which also suggests that global and local societies are under the control of big organizations such as the state and that their leaders are constantly deciding about their future. Elites include top business, government and military leaders, along with leaders of parties and other politically influential and hierarchically structured organizations and movements (Higley & Pakulski, 2008). The outcomes are that, they affect the basic stability or instability of political regimes, the forms and workings of political institutions, and the main policies followed by national governments (Higley and Burton, 2006).

The elite, just like the selectorate, is a selected and small group of citizens or organizations that control large amounts of power resources. Most of these selected groups are constantly searching differentiation as well as separation from the rest of society (Alasdair, 2010). Normally, the concept of elite is used to analyse the groups that either control or are situated at the top echelons of society. The creation of elites is also the result of their evolution throughout the history of humanity (Higley & Pakulski, 2008). Several groups are constantly seeking different social resources in order to define their specificity. Political elites are constantly controlling power resources over the masses, and have power over the state (Vergara, 2006). Saunders's (2010) views on Zimbabwe show how criminalised political networks, security and business elites became involved in diamond mining and trading at Chiadzwa. He observes how the convergence of political need and elite accumulation around opportunities arising from alluvial diamond fuelled a direct challenge to the viability of Zimbabwe's government of national unity (Saunders, 2010).

The core of the elitist doctrine argues that, in many societies there is existence of a decision-making minority, which decides what the majority ought to do. Many of the elites have special access to important positions in society, or those positions that seem to exert control over critical and crucial policies (Vergara, 2006). Therefore, this means that, the elite theory of politics holds that every society consist of two groups of people (a) the elite or the minority that exercise control over others, and (b) the masses, governed by the elite (Alasdair, 2010).

Proponents of the elite theory go on to argue that even though the elites can have different needs and interests with the mass, which certainly can affect political decisions from top down to bottom up, their access to multiple forms of capital allows them the guarantee of the productive social and cultural norms of the ruling class (Higley & Pakulski, 2008). Political elites have to deal with power institutions and shape the political system. These elites and representation are often related due to the fact that these groups are constantly searching to control government (Vergara, 2006). In many instances the elites formulate strong rules and restrictions in order to retain power and avoid political competitions. Thus, the political elites face a dilemma between political representation and maximising their own interests and desires (Higley & Burton, 2006).

3.5 The pitfalls of national consciousness

Franz Fanon's views are also used in this study to show the connection between De Mesquita's selectorate and Fanon's bourgeoisie, and the role it plays in controlling state resources. Frantz Fanon, in *The Wretched of the Earth,* argues that in newly independent African countries, in order to consolidate, protect and extend their positions of power, the leaders of newly dominant classes quickly reconstruct the existing organisation of authority in accordance with their perceived needs (Gumede, 2012). Class action of this kind is divisible, for analytical purposes, into economic and political components. Class interests are likely to prevail when they are promoted in the name of national aspirations. In Fanon's writings, the bourgeoisie can be equated to the selectorate as it controls enormous power and benefits from private goods (Moll, 2002). He argues that economic independence is generally an accepted nationalist aspiration; as such a patriotic national leader will aim to indigenise economic power. In most African countries, this attempt to indigenise takes two primary forms: the transfer of foreign assets to local owners, and nationalisation or state participation in the ownership of productive property and natural resources. However, in reality indigenisation in Africa spells economic consolidation of the dominant class (Fanon, 1967).

The objectives of the bourgeoisie are strictly national; they appeal to the masses conscience with slogans of independence. When questioned about issues of economic progress of the state, they are unable to give answers, because they do not care about the economy of their own country. They constantly demand for indigenisation of the economy and of the trading sectors (Moll, 2002). Nationalisation to them does not entail placing the economy at the service of the nation and satisfying the requests and wishes of the nation; it merely means the transfer of assets to indigenous people in the name of correcting unfair advantages of the colonial era (Gumede, 2012). The land distribution in Zimbabwe acquired public support because of the deep-felt sense that Africans were deprived of their ancestral homelands when they were dispossessed of their land during the colonial period (Mamdani, 1996).

As soon as independence was announced, the bourgeoisie demanded the nationalisation of agricultural production (Fanon, 1967). Through manifold scheming practices, they manage to make a clean sweep of the farms formerly owned by settlers; rein-forcing their hold on private benefits and the country's resources (Moll, 2002). This was evident in Zimbabwe through the FTLRP. The elite, which took over the farms, did not try to introduce new agricultural methods, or to farm more intensively, or to integrate their farming systems into a genuinely national economy (Masiiwa, 2004). In fact, the landed proprietors will insist that the state should give them a hundred times more facilities and privileges than were enjoyed by the foreign settlers. The exploitation of agricultural workers will be intensified and made legitimate (Mamdani, 1996).

Fanon (1967) augment that the national bourgeoisie will not do anything to modernise agriculture; they do not plan for development and will make no initiatives to invest in agriculture, because they want minimum risks and maximum profit. They have no intention of building; their only concern is to demand solid investments and quick returns (Fanon, 1967). The enormous profits which the elite gain are never reinvested. On the other hand, large sums are spent on display; on cars, country houses, and on all those things which have been justly described by economists as characterizing an under-developed bourgeoisie. In Zimbabwe, some authors argue that the effective implementation of indigenisation has been fraught by lack of pragmatism; a leadership mindset that lacks ambition in economic advancement, lack of creativity and innovation and corruption (Ngarira, 2014). Money and resources are usually used for non-productive assets like imported luxuries, such as latest SUVs (e.g. Range rovers, Mercedes Benz) and speculative deals, while farms lack irrigation facilities, factories closing down for lack of investment, and the quantity of mineral resources underground unknown due to lack of capital for exploration (Ngarira, 2014). The excessive love for money, luxury and power by the few politically well-placed, has become the root of underdevelopment. Moreover, the bourgeoisie is concerned with looting and personal gratification, while the country sinks all the more deeply into stagnation and economic depression (Gumede, 2012).

3.6 Criticism of the Selectorate Theory

4. Despite the insights that the selectorate theory gives on political survival of leaders, two interconnected problems stand out. Firstly, the selectorate theory even as modified by Bueno de Mesquita and Smith, deals insufficiently with the possibility of defiance from the unenfranchised groups (those not included in the selectorate).The unenfranchised groups have a minor role in the selectorate theory's core model (Fredriksson and Svensson, 2003). In the theory unenfranchised groups only derive their power from denying the payment of taxes and they choose leisure over work if interest rates increase. Thus the groups are not a threat to a leader's political survival.

Additionally the likelihood of a revolution from these groups is non existant in the theory, thus allowing unequivocal predictions that , providing public goods is low in polities where winning coalitions are small (Feng, 2003). However Acemoglu and Robinson in analysing of autocratic behavior they argue that leaders consider the tradeoff between the costs of repression versus the provision of public goods. In *The Economic Origins of Dictatorship and Democracy*, Acemoglu and Robinson scrutinize the likelihood of revolutionary threats from unenfranchised groups. They that:

> *"The major problem faced with those that control political power is the danger the excluded groups may try to gain political power or to overthrow those who are in control"* (Acemoglu and Robinson, 2006, 32).

This likelihood of a rebellion poses a challenge to rulers as they attempt to formulate policies that are benefial to them. If the possibility of a rebellion is strong, rulers will compromise by formulating national policies that incorporate the needs and wants of unenfranchised citizens. Thus Acemoglu and Robinson's views about the relations between the elite and excluded citizens goes beyond the arguments advocated for in the *selectorate theory* concerning issues of revolutions and mass action (Morrow et al, 2008).

In the selectorate theory public goods are categorized into two groups, firstly public goods advance economic productivity due to provisions in education, health care, and infrastructure. Secondly, public goods are used to facilitate government transparency and a range of political freedoms such as the freedom of speech, press and assembly. This latter category is known as "core" public goods (Gallagher and Jonathon, 2009). In the model, the policy choice of rulers and challengers concerns only the aggregate level of public goods of all types. Mesquita et al do not differentiate between the two categories. Consequently the selectorate theory rules out policies in which, leaders aim at providing programs that enhance welfare and economic growth in combination with repressive politics (Gallagher and Thacker, 2008). In addition, by defining public goods provision as including not only education, health care and infrastructure, but also political liberalisation, the theory imposes an unrealistic policy choice on rulers. Although this supposition gives clarity of the model's prediction that rulers of small-coalition polities do not deliver public goods or produce growth-oriented policies, it leaves the theory unable to explain outcomes in countries such as China (Kohli, 2004). In China developmental policies and robust economic growth garner public support for the regime while the people are repressed. The model thus rules out an important range of policy responses that involve a combination of repression with measures that enhance economic welfare (Gallagher and Jonathon, 2009).

Despite these criticisms of the selectorate theory, the theory is relevant to this study as it provides a useful conceptual framework to conduct the analysis of indigenisation in Zimbabwe. Following this theory's rationale, the assumption would be that the decision by a government to take over land, mines and industry in order to redistribute wealth among its citizens is determined by the size of the political coalition that put and keep the ruler in power. Saunders (2007:18) argues 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.*

As such, the indigenisation and empowerment policy is essential, but the setback is that during the actual implementation of the policy, the politically connected elite gain more at the expense of everyone else (Mabhena, 2012).

3.7 Analytical Framework

An evaluation is an "assessment, systematic and objective way of analyzing an ongoing or completed project, programme or policy including its design, implementation and results" (IOB 2006, 13). Evaluations are aimed at determining the significance and completion of objectives, developmental efficiency, effectiveness, impact and sustainability (Brownson, 2009). Policy evaluation uses a range of research methods to systematically investigate the effectiveness of policy interventions, implementation and processes and to determine their merit, worth, or value in terms of improving the social and economic conditions of different stakeholders (Rogers, 2012). Policy evaluation is mainly divided into two categories which are *summative* and *formative* evaluation. Evaluations should commence when a program begins up until program implementation has been completed and the aim of this is to provide information that can be useful for program improvement (Patton, 1994).

3.8 Summative evaluations

Summative evaluations judge the merit and worth of projects. They measure the extent to which stated goals have been achieved and whether the measured outcomes can be attributed to the intervention. The conditions under which goals were attained are also considered, and whether that would affect generalizability. Formative evaluation is often linked to program components and outcomes. However formative evaluations are mainly used to measure the quality of implementation or progression of programs and the attitude of stakeholders (Scriven, 1967).

This theoretical distinction was recommended by Scriven (1967) to explain the two major functions of evaluation: (1) to promote the enhancement and improvement of a program (formative) and (2) to determine whether the program has attained its intended objectives (summative). Summative evaluations usually provide feedback to stakeholders when program implementation has been completed. This evaluation provides information to policy implementers whether to continue, expand or adopt the program (Worthen, Sanders, and Fitzpatrick, 1997). This shows that summative evaluation makes it possible to assess programs or projects at the end of their operating cycle.

Formative evaluations are used to prepare programs for summative assessment through the improvement of program processes and feedback about strengths and limitations that are hindering the successful implementation of the program (Scriven, 1967). Striven's innovative distinction between formative and summative evaluation, "made it clear that the purpose of formative evaluation was to get ready for summative evaluation" (Scriven, 1967). In subsequent years, the definition of formative evaluation has been expanded to incorporate any evaluation whose primary purpose is to improve the effectiveness of programs and where the improvement of programs leads to desired outcomes (Brownson, 2009). However some argue that formative evaluations remain a shadow of summative evaluation and they are an inferior, initial stage of assessing programs whilst preparing for the real thing: summative evaluation. The outcomes of programs are mainly assessed in the summative evaluation phase, embarked on at the end of a program and neglected during formative evaluation phase (Striven, 1994).

Summative evaluation, which is commonly referred to as impact evaluation, asks important questions such as: "What impact, if any, does a policy, programme or some other type of government intervention have in terms of specific outcomes for different groups of people?"(Stern, 2012). It aims at providing estimations on the impact of a policy by assessing its intended objectives or comparing the policy with other interventions and to measure if the policy is improving the standards of living for the citizens (Parsons, 1995).

Thus impact evaluation assesses an intervention being evaluated affects outcomes, whether these effects are intended or unintended. Impact evaluation will be used in this study to establish whether the indigenisation policy in Zimbabwe has had a welfare effect on individuals, households and communities, and whether this effect can be credited to the formulation of indigenisation policy by the Zimbabwean government (IOB, 2006).

3.9 Formative evaluation

Formative evaluation is mainly used on ongoing, midstream assessments that give feedback to policy implementers to allow them to make adaptations and alterations to ineffective aspects of an intervention (Agency for Healthcare, 2008). Formative evaluation findings are regularly used to determine whether programs /projects should be modified or revised. Formative evaluations also focus on pre-planning for policy design prior to implementation , which Stetler, Legro, Smith, et al. (2006) term the *developmental* component.

Formative evaluations encourage consultations with stakeholders when a policy is being formulated and during implementation so as to identify any irregularities or lack of intended effects, in order to modify it accordingly (Agency for Healthcare, 2008). Implementing multifaceted interventions in complex settings such as the Zimbabwean economy is a complicated task, thus researchers are required to have a clear understanding of what ought be implemented, *how* to best employ the suggested intervention, *which* factors may hamper or aid the implementation process, and *why* a policy worked or failed when it was implemented. A formative assessment provides this information on a regular basis whilst the intervention is being implemented. Stetler et al. (2006) conceptualise four components of formative evaluation according to the stage of the intervention; before, during, end and after.

Stetler, Legro, Smith, et al. (2006) also argued that there are three components that can take place during or after a formative evaluation: (1) an implementation-focused analysis, (2) a progress-focused analysis, and (3) analysis of interpretive data (Stetler, Legro and Smith, 2006). Unlike summative evaluations, formative evaluations use these components to deliver information back to intervention implementers, with a certain frequency and intensity, to change the delivery of the intervention itself. During the intervention, combining implementation and progress analyses can provide a comprehensive assessment of the intervention (Patton, 1994)

An *implementation-focused* analysis assesses discrepancies between the implementation plan and the execution of that plan (Agency for Healthcare, 2008). This can include assessing fidelity to the implementation strategy, understanding the nature and implications of local adaptation, identifying barriers, identifying new intervention components or refining the original strategy (Stern, 2012). This is done to gauge the potential for success and to identify the important details necessary to repeat the implementation strategy in other settings. Information can be obtained from semi-structured interviews with stakeholders, structured surveys (questionnaires), focus groups, direct observations through site visits, document reviews and management information systems (MISs) (Agency for Healthcare, 2008).

Estimations about the impact of an intervention are done by comparing the effects of intervention practices with past policies to establish whether the intervention is achieving the intended goals especially on quality and cost (Patton, 1994). When the implementation phase is completed, *interpretive* data collected prior to and throughout implementation can be used to produce hypotheses on why the intervention worked or did not work (Worthen, Sanders, and Fitzpatrick, 1997). It is imperative to take into consideration; the views of stakeholders' on the effectiveness and importance of an intervention, obstacles to successful implementation and any recommendations to refine the implementation process. The interpretation of formative data gives prospects in maximising learning from the implementation efforts and refining of lessons for potential projects (IOB, 2006).

3.9.1 Advantages of formative evaluation

The main advantage of a formative approach is that it encourages mid-stream modifications to improve the intervention, rather than taking a more 'hands-off' approach for the sake of research objectivity. If interim feedback can provide insights about ways to improve the intervention, this information can be used to increase the chances of implementation success and also focus resources most efficiently (Worthen, Sanders & Fitzpatrick, 1997).

Although formative evaluations are useful for a variety of interventions, they are particularly useful for helping to refine wide-ranging and complex interventions. Therefore, there are numerous possibilities for implementing each intervention component and for them to interact with one another. The providers could use ongoing formative feedback to continually improve the delivery of their complex intervention (Agency for Healthcare, 2008).

3.9.2 Limitations of formative evaluation

Formative evaluations present several challenges for researchers, since they are time consuming and resource-intensive due to the need for constant data collection, analysis, and reporting, as well as rapid modifications of the intervention effects. In addition it is hard to establish when the alterations made on an intervention will materialise in outcomes. When evaluators analyse the time frame of the intervention, the anticipated effects will show the combined effects of the different variants of the intervention over time, and not of particular episodes (Striven, 1994). The other setback for formative evaluation is that it is temporary in nature and results must be deduced in the context of program implementation, rather than as a comprehensive evaluation of program effectiveness and success. For example evaluation done half way into the program may show unfavourable outcomes, but the effects might become favourable after collecting summative information for a long time (Stern, 2012).

3.10 Conceptualising implementation

Policy implementation according to Van Meter and Van Horn, ‘encompasses those actions by public officials or private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decisions’ (Van Meter & Van Horn 1974, 447). In policy implementation, the important question to ask is; why did it happen? Implementation can also be regarded as a political process, because it puts emphasis on ‘who gets what, when, how, where, and from whom’ (Giacchino & Kakabadse, 2003). Policies are constantly altered by implementing actions that concurrently alter resources and objectives. Implementation includes the adjustment of objectives to match available resources or the organising of new resources to achieve old objectives (Weaver, 2010). Thus implementation is vital in carrying out and accomplishing policy objectives, through planning of actions so that the desired outcome is achieved (Weaver, 2010).

3.10.1 Successful Implementation

Successful policy implementation occurs when a policy intervention delivers its intended objectives and desired outcomes (Australian National Audit, 2014). Giacchino & Kakabadse (2003) contend that for policy implementation to be termed successful, the policy should be implemented in a way that addresses its terms of reference. It also includes factors such as collection of data and the circulation information. Commitment to policy implementation should be backed by many stakeholders and it must also be supported by adequate investment (Brynard, 2005). A wider audience means that diverse ideas will be considered to ensure that the policy is a success rather than catering for the interests of few groups; also the stakeholders should be properly defined. Expanding a policy’s reach sustains and advances social integration. Thus successful implementation requires the capacity to recognize and appropriately manage all the affected stakeholders (Australian National Audit, 2014).

Policies must be straightforward, theoretically sound, and easy to understand. Moreover the target group must be clearly stated (Hayes, 2001). The policy should plainly indicate who does what and how. Leaders involved in policy implementation ought to be skilled and experienced, so that they can effectively coordinate the different elements of the policy (Brynard, 2005). Effective planning is also important in the implementation of policies. Leaders should plan so that unintended consequences, which hinder communities to fully benefit from new policies, are dealt with or evaded (Australian National Audit, 2014). A good policy if badly implemented may fail to accomplish its objectives. Financial assistance in policy implementation is a requirement so that the intervention accomplishes it goals. Resources should be set aside for regular process evaluation. Policies formulated by the state require supervision from advisory groups and the legislature (Hayes, 2001).

However there are several barriers to policy implementation and these can weaken the effectiveness of a policy. The failure to predict implementation problems can cause a policy to fail and this may lead to excess costs and political backlash (Weaver, 2010). The success and failure of a policy depends on the state’s ability to administer programmes effectively and economically. In Zimbabwe, barriers to the successful implementation of indigenisation has been identified as political interference, corruption and partisan, lack of foreign direct investments, flight of capital, lack of inputs and closure of companies (Sibanda, 2013).

3.11 Conclusion

This chapter has discussed the theoretical framework underwriting the study. The selectorate theory has be discussed, and its implications on the Zimbabwean indigenisation policy, explored. The selectorate theory has been compared and contrasted with other postulations on political behavior (elite theory and Fanon's bourgeoisie theory) so as to conceptualize a framework for analyzing the political motivations of complex policies such as indigenisation. The chapter also discussed the analytical framework of this study, which consists of implementation, formative and summative evaluations. As acknowledged, these give a procedural direction to the assessment of indigenisation policy in Zimbabwe. Notwithstanding, the shortcomings of these frameworks, this chapter contends that they are invaluable in the understanding of the subject (indigenisation policy in Zimbabwe) in the present study.

The next chapter unpacks the legislative framework of indigenisation in Zimbabwe.

CHAPTER 4: THE LEGISLATIVE FRAMEWORK FOR INDIGENISATION IN ZIMBABWE

4.1 Introduction

This chapter will discuss the legal and policy frameworks underpinning indigenisation in Zimbabwe. It will also examine the history and basis of indigenisation in Zimbabwe, and discuss the role of pressure groups therein. Land redistribution legislation will be discussed alongside the factors that led to war veterans taking part in land invasions. Lastly, the chapter will discuss the current legislation on indigenisation and the problems with the IEE Act.

Since the attainment of independence in 1980 the Zimbabwean Government passed numerous legislations to remedy colonial injustices. Notable accomplishments were realised in land reform, social sectors and some professions like accounting and law (Raftopoulos, 1996). However, little was achieved in terms of significant changes in indigenous ownership in the mining, manufacturing, construction, tourism and transport sectors (Masiiwa, 2004). The Government's first policy framework on indigenisation of the economy was published in February 1998, and this led to the establishment of the National Investment Trust of

Zimbabwe (NIT), which had the intention of spearheading the increased involvement of black people in the mainstream economy (Machinya, 2014). The guidelines of this policy were amended in 2004 with the implementation of the Revised Policy Framework for the Indigenisation of the Economy (RPFIE) (Mupazviriho, 2011).

RPFIE provided foundation for the formulation of the current indigenisation law in Zimbabwe. Almost two decades after independence, the government began to address the issue with more seriousness using several redistributive policies. The renewed interest saw the institution of the Fast Track Land Reform Programme (FTLRP, 2000) and, later on, the indigenisation of foreign-owned companies in 2008 (Muzoroza, 2010). Thus indigenisation policies have been in existence in Zimbabwe since independence in 1980; however the current Indigenisation and Economic Empowerment Act (henceforth IEE Act) is the first act to contain the phrase “indigenisation” in its name (Makwiramiti, 2011).

4.2 A Background to Indigenisation in Zimbabwe

The discussions on indigenisation gathered momentum as a major theme of political dialogue in Zimbabwe in 1990, shortly after Zimbabwe implemented the Economic Structural Adjustment Programme (ESAP). Black business owners wanted to ensure that their welfare was not marginalized under ESAP (Machinya, 2014). In 1990, the Indigenous Business Development Centre (IBDC) was created and, with the help of some bureaucrats and powerful politicians, began to lobby the government vigorously. The IBDC’s aim was to get support from the state to promote black business people through policy reforms and provision of resources on preferential terms (Raftopoulos, 1996). Their demands comprised of requests to financing institutions to fund black entrepreneurs; allowing black people to get funding with lower interest rates. Lastly, they demanded land redistribution, in order to promote back people’s involvement in the agrarian sector (Chowa, 2011).

The IBDC, according to Moyo (2000), was only effective in using the *entryst approach* to lobbying, which involved close relationships with top party officials, members of the legislature, and business magnets in the private sector. The IBDC’s lobbying managed to get indigenisation in the government agenda (Moyo, 2000). Lobbying for political positions from the organisation became an element of IBDC politics. In 1995, when the cabinet was shuffled, two affiliates from the IBDC were given Deputy Ministerial posts (Raftopoulos, 1996). This was a logical step for the IBDC, since it heavily relied on the government's intervention to further its goals. However, by concentrating its efforts on the government, the organisation neglected its own democratic structures. The organisation struggled to provide a well organised succession structure; in addition the actual membership of the IBDC was not clear (Raftopoulos, 1996).

The continued incapacitating crisis within the IBDC and the lack of seriousness on the part of government on indigenous programmes, led to the creation of a new association of indigenous business people in 1994. The Affirmative Action Group (AAG) adopted a lobbying strategy which was aligned with the ruling parties' nationalist language than the moribund IBDC (Chowa, 2013). However, the problem with the organisation similar to IBDC was that the membership base remained unclear because the information about the members was not available. The AAG's views were similar to that of the IBDC but the organisation appeared to be forging a closer alliance with the ruling ZANU-PF. In 1995, another indigenous lobbying group was formed to neutralize tensions between the IBDC and AAG (Moyo, 2000). The National Reconstruction and Development Board (NRDB), consisted of both IBDC and AAG affiliates, and had the aim to bring together business people and politicians of all races to formulate a policy and legal framework for black economic empowerment. The intention of this board was to be an independent organisation and not a wing of other indigenous pressure groups or the ruling party (Raftopoulos, 1996).

However, NRDB's attempts of unifying the two indigenisation organisations failed, as the two were unrelenting in pursuing their different goals and they also had different emphasis in their lobbying strategies. While both organisations were lobbying for business deregulation and state subsides, the AAG placed greater importance on the control and redistribution of white-owned wealth (Sibanda, 2013). The original idea of the IBDC on indigenisation and empowerment was not concerned with taking over white businesses but rather with fighting unemployment through the establishment of new black businesses. However, over time the IBDC changed its ideas as a consequence of divisions engineered by ZANU-PF-aligned officials and businessmen; their main concern became self-enrichment (Raftopoulos, 1996).

This shows that the need to broaden economic empowerment for black people in Zimbabwe began in the early 1990s, with the creation of pressure groups such as the Indigenous Business Development Centre (IBDC) in 1990, and Affirmative Action Group (AAG) in

1994 (Chowa, 2013). The various lobby groups wanted the government to address the skewed ownership of productive assets in the economy, where more than 80 % of the private sector was foreign owned. The establishment of National Investment Trust (NIT) by government in 1996 provided a basis for the warehousing of shares for indigenous Zimbabweans (Sibanda, 2013).

4.3 Land redistribution

At independence in 1980, the Lancaster House Constitution (1979) did not allow for the compulsory acquisition of land until after a decade of independence. The government could only acquire land that was on offer on a willing seller - willing buyer principle, which essentially meant that the government had to wait for farmers to put their farms up for sell; if they did not nothing could be done. In an effort to improve the land acquisition process, the Government of Zimbabwe made a series of alterations to the Constitution of Zimbabwe and the Land Acquisition Act (Moyo, 2000). As Marongwe (2000) observes, even with the amendments of laws after 1990, which allowed for compulsory purchases, the central land redistribution approach used by government between 1980 and 1997 remained market-based (Marongwe, 2002). The new constitutional framework was followed by The Land Acquisition Act of 1992, which implemented the principles set out in the amended constitution. The constitution was further amended twice in 1993 (Moyo, 2000), but despite these improvements, not much progress was made in terms of resettling landless people. Only about 400 farms were acquired; however, unfortunately it is alleged that the bulk of these farms went to senior party officials (Masiiwa, 2004). Some also argue that, if the government had made earnest effort, much could have been achieved in the first 20 years after independence (Sadomba, 2011).

4.4 Several amendments

At independence, the Constitution of Zimbabwe (Section 16.1) did not allow compulsory acquisition of property. Land was to be procured on willing seller - willing buyer basis. The Land Acquisition Act of 1992, however, approved the compulsory acquisition of land for resettlement (Marongwe, 2002). In this Act, the enshrined property rights of white landowners were eliminated, and the designation of targeted areas was initiated. In 2000, the government decided that there will be no compensation for land unless the British Government funded the process. The government was only willing to pay for improvements made on the farms and not the land itself (Manjengwa, 2013).

When government introduced compulsory acquisition, it gave a specific criterion that guided the identification and acquisition of land for redistribution. The targeted land for redistribution included:

- Dilapidated land;
- Land that is underdeveloped by farmers and lying idle;
- Land owned by farmers with multiple ownership;
- Land that is owned by absentee or foreign landlords mainly; and
  Land nearby on communal areas (Masiiwa 2004, 13).

The compulsory purchase of land remained the central government's duty and was headed by the Ministry of Lands, Agriculture and Rural Resettlement, while the identification of land for resettlement was conducted by Provincial and District structures (Moyo, 2000). The June 1998 processes initiated the Land Reform and Resettlement Programme Phase II (LRRP II), following the first, willing seller –willing buyer phase of 1980-1997. The attempted 2000 Constitutional Amendment and the Land Acquisition Act were aimed at manifesting these new changes and establishing new measures for land acquisition (Manjengwa, 2013). These new developments gave the state greater autonomy in deciding the outline and pace of land redistribution, freed from Lancaster House restrictions; however the new provisions were marred with long legal processes that made land acquisition intrinsically slow, cumbersome and expensive. This accounted for the standstill in land redistribution in 2000 (Marongwe, 2000; Moyo, 2000).

4.5 Setbacks of the Land Acquisition Act of 1992

Although the first stages of the land redistribution were relatively well planned and lawful, the government failed to accomplish the set targets. The government was unsuccessful in pursuing land reform policies in order to resolve the land imbalances that existed. For example, the government had set a target to purchase 8.3 million hectares of land and resettle 162 000 families during the period 1982-1985, but only managed to resettle 60 000 families (i.e. about 37 % of target) from 1980-1985, and 10 000 families from 1985-1990 (20 percent of the target) (Masiiwa, 2004). Several donors pledged funds for the land reform and resettlement programme. In1983, the British government provided £40 million to the Zimbabwean government for land reform purposes. Other donor organisations, including the

World Bank, USAID and the European Union (EU), also demonstrated interest in supporting land redistribution in Zimbabwe. However, despite this support, the donations remained minimal (Mwatwara, 2013).

However, the 1992 Land Acquisition Act did not have provisions for farm workers or people in urban areas; the 1997–98 land reform proposals also did not consider farm workers as possible beneficiaries of land, but only as employees (Moyo, 2000). While the September 1998 donor conference on land reform formed an inclusive resettlement scheme, it was unsuccessful in addressing the farm workers' concerns (Mwatwara, 2013). The programme recommended that farm workers can approach their chiefs, headmen, or local councils, to register for resettlement and others could be resettled via links to rural areas. However, many of the farm workers had no such links, since they were either migrant labour families from neighbouring countries, or had lived on farms for the rest of their lives (Sadomba, 2011).

Although a substantial amount of land was available through the willing buyer, willing seller basis and several commercial farmers offered land for resettlement which they had abandoned during the liberation struggle and soon after independence; the implementation of early land reform was still met with various constraints (Moyo, 2000). The programme was consequently overwhelmed with major obstacles arising from heightened demand for land and its unavailability on the market. There was no adequate funding for land reform, and the demands to speed up the process prompted the Fast Track Land Reform Programme introduced in 2000, which sought to accelerate the land acquisition process (Mwatwara, 2013).

4.6 Fast Track Land Reform Programme

In February 2000, land invasions led by war veterans and landless blacks, led to the violent removals of several white farms owners and tens of thousands of black farm workers from large commercial farms. By the end of March, more than 1000 farms had been seized in this manner (Njaya and Mazuru, 2010). The invasions were famously known as *jambanja*, which means force in Shona. The war veterans used their military expertise and connections to the ruling ZANU-PF, to organise unemployed youths from towns and the rural landless to participate in the operations (Amnesty International, 2014). Despite the façade of being community-driven, some still argue that these occupations were directed by politicians. This is substantiated by the use army and other government vehicles in transporting land invaders to different farms (Amnesty International, 2014). The occupations were led by the late Chengerai Hunzvi and Joseph Chinotimba, now a member of parliament for Buhera North (Mwatwara, 2013). This was officially dubbed the Fast Track Land Reform Programme (FTLRP).

A vital aspect about the FTLRP is that it began with no legal backing. In fact it progressed by undermining the judicial system; judges who ruled that the farm invaders must be removed were undermined by political and military elite (Mwatwara, 2013). Commercial farmers, whose land had been gazetted for acquisition, disputed the legality of the land redistribution in general and the fast track programme in particular. They stated that the exercise was unconstitutional and against the laws of the country and they sued the government through the Commercial Farmers Union (CFU). The farmers also disputed the legitimacy of the Presidential powers, which they thought were being abused for personal convenience (Masiiwa, 2004). Thus the government of Zimbabwe is accused of operating under a series of laws, orders, and emergency presidential decrees that are unlawful and court rulings are frequently disregarded by the police and government officials , thus some argue that the rule of has been eroded in Zimbabwe (United Nations Development Programme, 2002).

The new and improved Land Acquisition Act was only enacted into law on 23 May 2000. On the 15th of July 2000, the FTLRP was approved. The state also passed a law to protect the farm invaders/new settlers (The Rural Land Occupiers Act, in July 2001), arguing that the new settlers can only be removed from the farms once new land for resettling them had been identified (Amnesty International, 2014). At the official launch of the FTLRP some 3,000 farms were designated for compulsory acquisition. After this acquisition of land, the new settlers were allocated land under two broad models: small-scale farm holding (A1 farmers), and; commercial farms (A2 farmers). The aim for A1 farms was to resettle people from the over-populated communal areas, while A2 farms targeted new commercial farmers (Mwatwara, 2013).

Parliament also made changes to a section in the Land Acquisition Act, which required that preliminary notices remain valid for a year; unless the notices were annulled before the year was over (United Nations Development Programme, 2002). A new bill was passed, which made provisions that the preliminary notices remain in force indefinitely unless they are removed by the acquiring authority or until the land intended for acquisition has been acquired (Masiiwa, 2004). The expiry of a preliminary notice would not stop the acquiring authority from formulating a new notice, if deemed necessary. The bill also gave relief to the acquiring authority, because there was no longer need to demonstrate that the land being taken for resettlement is appropriate for agricultural purposes (Amnesty International, 2014). The bill abolished a part of the Land Acquisition Act that required the administrative court to decide on applications for affirmation or endorsement for obligatory acquisitions within 30 days of receipt of the applications. The FTLRP thus, managed to transfer huge areas of fertile land from white farmers to the black majority. The legalisation of 2000 land invasions resulted in 4.37 million hectares of land being redistributed to 114,830 families during its first two years (Njaya and Mazuru, 2010).

4.7 Current Legal Framework for Indigenisation

The legislation guiding the mining sector in Zimbabwe is the Mines and Minerals Act enacted during the colonial era in 1961. From the onset, this legislation had no concern for sustainable mining; its main aim was maximising extraction of mineral resources (Murombo, 2010). Though there were several minor improvements to the original Act, in 1980 the government still maintained mineral extraction as its focal point. Zimbabwe was seen as a typical example of a country that has mining policies which are excessively accommodative to foreign owned companies (Leon, 2009). This means that Zimbabwe had not transformed its mining legislation to guarantee that mining becomes supportive of the development of local communities (Murombo, 2010).

In May 2007 the Zimbabwean government declared that it would introduce an 'Indigenisation and Economic Empowerment Bill' to guide indigenisation objectives and procedures in all productive sectors. The bill was fast-tracked in parliament and it was passed in September 2007, and enacted into law by President Mugabe in March 2008 (Chowa, 2013). This act was first announced by Amos Midzi, the then Mines and Minerals Development Minister in 2006. Amos Midzi stated that the government would attain a 51 percent stake in all foreign owned mining companies. He argued that the 51 percent, would consist of an uncompensated 25 percent stake, 20 percent would be obtained within two years and the 51 percent would be reached in a period of seven years (Muzoroza, 2010).

The rationale behind the law was that indigenisation of the Zimbabwean economy would promote the involvement of indigenous Zimbabweans in business and the extraction of their economic resources (Ministry of Youth Development Indigenisation and Empowerment, 2012). The current Indigenisation policy in Zimbabwe aims to give to indigenous people a controlling stake in foreign-owned companies. During the formulation of the Act, the relevant ministry, discussed with key stakeholders, among them; Confederation of Zimbabwe Industries (CZI), Reserve Bank of Zimbabwe (RBZ) and Zimbabwe National Chamber of Commerce (ZNCC) and Zimbabwe Youth Council (ZYC). However, when the Indigenisation Regulations were passed in 2010, the Parliamentary Legal Committee (PLC) produced an adverse report arguing that the law infringes on the Bill of Rights. The PLC has the legal authorization to consider the constitutionality of Bills that come before Parliament (Sibanda, 2013).

In the Indigenisation Act - Employee, Management & Community Share Ownership Schemes or Trusts, are expected to set-up 51% indigenous shareholdings to broaden indigenous participation (IEE, 2010). The 51 %t will be allocated as follows; 10 % will go to employees as part of their share ownership scheme or trust (ESOS/T), another 10 % is expected to go to local communities through community share ownership scheme or trust (CSOS/T), 15 % can be acquired by any indigenous Zimbabwean with the funds and resources to buy the shares, and the remaining 16 % will go to the National Indigenisation and Economic Empowerment Fund (NIEEF) (Watson, 2010). Mupazviriho (2011) argues that indigenisation is about partnership not expropriation or nationalisation. He also contends that indigenisation only ensures that profits and benefits of economic growth are shared equally between foreign-owned companies and indigenous people (Mupazviriho, 2011).

4.8 Key provisions of the Indigenisation and Economic Empowerment Act

The IEE Act (2008) :

1. Promotes the procurement of goods and services from indigenous businesses.

2. Promotes the establishing of the National Indigenisation & Economic Empowerment Board (NIEEB) to give advice to the Minister and to manage funds.

3. Promotes the establishing of the National Indigenisation & Economic Empowerment Fund (NIEEF) to fund indigenisation and empowerment transactions.

4. Promotes the provision of financial assistance to support local investors with financial support from fiscus, levies & borrowings (Chowa, 2013).

4.9 Establishment of Community Share-Ownership Schemes/Trusts

Mining activities mainly affect local communities in negative ways. Mining causes land dilapidation, since the mines blast everywhere in search of minerals, and then leave large pits, which are death traps for people and animals (Kadzere, 2012). Mining also causes the pollution of air and water, while the continuous movement of haulage trucks leads to the degradation of roads. In several cases, neighbouring houses crack owing to mine blasts (Leon, 2009). The Zimbabwean government, against this background, formulated the legislative, Instrument 21 of 2010 (which was modified in 2011), to make provisions for establishing Community Share-Ownership Schemes/Trusts (CSOTs). CSOTs are seen as a way of broadening local communities' participation in shareholding within several companies operational in their areas (Chowa, 2013).

The earnings from such participation will be used for the upgrading of local communities for example improving social and economic infrastructure (NIEEB, 2013). The intention of CSOTs is to permit the residents of rural district councils to gain from companies that make use of the community natural wealth through the transferring a 10 per cent share stake (Sokwanele, 2010). Therefore this means that the establishment of CSOTs guarantees that the communities neighbouring mining activities obtain profits from the utilization of their natural resources in areas they reside in (Sokwanele, 2010).CSOTs are mechanisms through which local communities in resource-rich areas become masters of their own destiny by enhancing their participation in finding solutions to their own problems (NIEEB, 2013)

The functioning programme for CSOTs, as put together by the Ministry of Youth Development Indigenisation and Empowerment (2012), states that the community trust should be widely represented so that there is transparency, fairness, justice and equitability in resource utilisation. The CSOT also has the responsibility to plan and implement development schemes together with the communities concerned, to guarantee ownership and sustainability of any developmental projects (Makwiramiti, 2011).

4.10 Policy actors in the implementation of the IEE Act

There are a number of key players involved in guarantying the implementation of the Indigenisation Economic Empowerment programme. The Ministry of Youth Development, Indigenisation and Empowerment (MYDIE), is the central ministry in charge for the implementation of IEE, as well as the formulation of IEE policy, strategies, acts and regulations. The ministry is responsible for receiving and approving IEE applications or proposals, it also coordinates with other stakeholders and sector ministries (Mawowa, 2013). The Minister of Youth approves all indigenisation arrangements. Businesses that do not agree with the Minister's decision can appeal to the Administrative Court. The Indigenisation and Economic Empowerment Act of 2010, requires companies and businesses with assets of more than US $ 500 000 to declare their levels of indigenisation to the Minister or submit their interim indigenisation policy. A false declaration of indigenisation plans to the Minister is a crime, and companies found guilty of false declarations are liable to prosecution (Machinya, 2014).

The Act also made provisions for establishing Sector Committees, so that they can assist the Minister to come up with sector specific implementation frameworks. This is done with the consideration of the appropriate minimum asset value, in which a company in the sector or sub-sector concerned is required to comply with the regulations (Mobbs, 2010). It also takes into consideration the lesser shares, maximum periods and weightings to be assigned to socially and economically desirable objectives, and policies to overcome specified barriers and challenges to indigenisation in any sector of the economy (Ministry of Youth Development Indigenisation and Empowerment, 2012). Sector Committees conclude their recommendations and wait for government approval before implementing sector specific frameworks. The Minister also reviews all licensing procedures to warrant compliance with the Act (Gwenhamo, 2009). As stated in the Act, the NIEEB consists of 15 people chosen by the Minister. The Board is responsible for the management of the NIEEF, advising the Minister on the policy, and overseeing compliance with the National Indigenisation and Economic Empowerment Charter. The NIEEF gives financial support for the acquisition of shares and warehousing of shares under employee share-ownership schemes or trusts (Sokwanele, 2010).

4.11 Loopholes in the Policy

The Indigenisation Act does not actually apply the stated 51% objective; there are no lawful mechanisms which compel foreign-owned businesses to cede 51% of their shares to indigenous Zimbabweans (Matzyszak, 2011). The indigenisation policy fails to provide clarity on the benefits to be accumulated by poor people living in rural areas. The requirement for the acquisition of 51% stake is applicable to foreign-owned businesses with a net value of or above US$500 000. This means that in order to acquire the shares, indigenous people, or a group of indigenous Zimbabweans, would require capital of at least $255 000 to be efficiently in command of a company (Matzyszak, 2011). The Affirmative Action Group argues that since there is no middle class in Zimbabwe, with more than 90% of workforce earning less than US$200 per month; the possibility of achieving these empowerment provisions is rare (Affirmative Action Group, 2010). As such, it is most likely that well-off people from the ruling ZANU-PF will be the major beneficiaries, since they have the capacity to raise capital needed in acquiring the shares (Maguwu, 2013).

In terms of CSOT, the indigenisation agenda does not give a detailed account of how representatives of CSOTs can be selected. This lack of transparency causes lack of commitment from people (Robertson, 2012). Furthermore, the policy does not state the responsibilities of local communities in these CSOTs. Due to poor planning and politicising of the indigenisation policy, only the elite from the ruling party and chiefs in the targeted districts are benefiting from the schemes (Matzyszak, 2011). In 2012, Local Government Minister, Ignatious Chombo, allegedly forced several chiefs from the Zvishavane Tongogara Community Share-Ownership Trust to give back the $2 million they had corruptly pocketed from the community's trust account (Maguwu, 2013). This shows that two groups have come out as the as the major beneficiaries of indigenisation programmes: ZANU-PF's ruling elite and community leaders. Otherwise, there is no transparency on how the ordinary people can partake in this 'empowerment' drive (Matyzak, 2011). There are also probable signs of patronage, extortion and corruption in the way the indigenisation deals are negotiated. Efforts from the Anti-Corruption Commission to launch an investigation on two government ministers, Savior Kasukuwere (former Minister of Indigenisation) and Obert Mpofu (former

Minister of Mines), were not successful because the Indigenisation board approached the courts to halt the investigations (Maguwu, 2013).

The transfer of shares to indigenous people will cause enormous changes in a company's balance sheet and this will have a negative impact at the way in which funds are raised and secured to expand new projects. The move by the government to own 51 % is against international accounting standards, the government as the new owner must show that it is capable of raising funds because the unavailability of capital has potential to destroy the company's balance sheet (Hancock,T. 2011).

The transfer of shares has also been delayed because the companies argued the dispersion of shares is dependent on the willingness of shareholders to give their equity to indigenous people. Companies do not own the shares in the company, the shareholders of the company do. The legal title to the shares the power to cede the shares lies with those who own the shares, and not the company, (a separate juristic entity) which issued the shares (Rau, 2013). A company cannot compel the transfer of stock by a shareholder. The Act accordingly did not provide for this. The other problem is that especially in large companies like Zimplats which has many shareholders it is difficult to determine the race of the shareholders. Also companies that are listed on the stock exchange, the shareholders change all the time, thus, "the extent of indigenisation of the 51% could be in a state of constant flux depending upon who is purchasing the shares" (Rau, 2013)

Furthermore, there is no clarity on the legislation designed to protect the rights of affected companies, including the obligation for the companies to be given reasonable notice on the intent to obtain property or interest (Magaisa, 2012). The legislation also makes no provisions for the paying of fair compensation before the purchase of property, rights and interests. The companies must have the rights to take the government to court to petition the decisions on the acquisition of property on a compulsory basis and the levels of compensation (Gwenhamo, 2009). There are also arguments from lawyers such as Magaisa (2012), that the indigenisation policy should be clear and certain, especially when compulsory compliance is mandatory. He argues that there is vagueness in the definition of terms and businesses are left uncertain when deciding which category they fall into. Thus, the policy is inadequately drafted and vague making compliance difficult; and this may also cause the expropriation of private property (Magaisa, 2012).

Finally, the contrasting networks in license-approval bodies increase the likelihood of corruption and inefficiency. The Mining Commissioner is in charge for the approval of staking agents, the Minister is concerned with awarding exploration licenses, while the President awards special mining leases and special grants (Anderson, 2011). This shows that the awarding of licenses and contracts is a complex process (Leon, 2009). Taken together with several occurrences of discretion in the law, this can lead to inconsistency, unpredictability and non-transparency in the awarding of licenses. It also causes license administration to be more complex for the agencies responsible; and this can have numerous repercussions, for example, reduction of operational oversight and revenue collection capacity (Anderson, 2011).

4.12 Conclusion

This chapter has shown that the policy frameworks on indigenisation gained momentum in the 1990s. In terms of land reform, the government sought to redistribute land to landless people in urban areas, as well as those from crowded communal areas. However despite this noble national objective, there are arguments that the FTLRP only benefitted the ruling party's members, who ended up owning several farms. Members of the ruling party invaded the nearest farms, and occasionally in the company and/or knowledge of the police.

In the context of mining, the fundamental objective is to enable legal frameworks that guarantee that mining becomes supportive to the development of local communities. The indigenisation policy regards the establishment of CSOTs as an efficient instrument to broaden the participation of local communities in the exploitation of their natural resources. However, despite the allegations of corruption and legal irregularities, the indigenisation policy makes it compulsory for foreign-owned companies involved in natural resources exploitation to cede 10 % share stake to local communities; and the other 41% distributed among different indigenous stakeholders. However, this chapter has also shown for ordinary Zimbabweans, due to lack of financial means, the acquisition of controlling share stakes in foreign-owned businesses is still a pipe dream. However, the policy seems to benefit the political elite, and those already ‘empowered’ - who have already money and the necessary skills to commence their own businesses.

The next chapter looks at the dynamics of implementing the indigenisation policy in Zimbabwe.

CHAPTER 5: IMPLEMENTATION OF INDIGENISATION POLICY IN ZIMBABWE

5.1 Introduction

This chapter discusses the implementation of indigenisation policy on land and mines in Zimbabwe. The chapter will also discuss the achievements as well as factors that are hindering the effective implementation the policy. Lastly, the unintended consequences of indigenisation on the environment and the reduction in agricultural productivity will be examined.

5.2 Achievements of Indigenisation Policy

Although there are allegations that indigenisation policies in Zimbabwe are used as political tools by the ruling party, ZANU-PF, some of the literature reveals that land reform has improved the livelihoods of marginalised groups such as women (Njaya and Mazuru, 2010). The programme reallocated over 80% of white-owned commercial farms, and significantly altered the racial composition. Reports from ZANU-PF claim that in 2013, the production of tobacco improved foreign currency reserves, due to the introduction of many new growers, strengthening the current cohort of 90,000 growers (Christie, 2013).

In 2000, after the land reform was formalised, 146 000 families received small farms (the A1 farmers); on average each farm was subdivided into 40 to 50 farms, awarding at most 6 hectares of land to each household. On the other hand, 23000 families received large farms for commercial agriculture and white-owned farms were sub-divided into 3 to 7 farms each. ZANU-PF argues that, as of July 2013, the total number of recipients amounted to 276,620 families (ZANU-PF, 2013). This means that, if implemented properly, the land redistribution can have noticeable achievements on land tenure and the reduction of poverty, as more people will have land for agricultural production. According to Mkodzongi (2013), although the indigenisation programme in Zimbabwe has been marred by corruption and disagreements among the ZANU-PF elites, the indigenisation policy has largely benefitted the new farmers. He also argued that the ruling party's views on indigenisation have had a positive effect on promoting natural resource activism in communities residing near mining activities (Mkodzongi, 2013). However, simply having more farmers on the land is not enough; other procedural issues become pertinent for successful production (Kensley, 2004).

5.2.1Trust Ownerships Schemes

Community Share Ownership Trusts (CSOTs) were established in accordance with the requirements of the Indigenisation and Empowerment Act of 2008. The various community trusts were established in Mhondoro/Ngezi, Zvishavane, Shurugwi, Gwanda, Marange, Hwange, Umguza and Bubi. These communities were awarded a 10% stake in mining companies in their areas. The NIEEB reported that most community trusts nationwide also received seed capital valued at US$114 million by 2013 (NIEEB, 2013). This money has been used in the development of infrastructure such as schools, clinic and roads in the recipient communities.

Chief Mapanzure, at the Mining Indaba held in 2013, reported that the Zvishavane Community Share Ownership Scheme (ZCSOT) received funds from MIMOSA mine, amounting to $2 million (Mapanzure, 2013). He also enlisted the some of the Trust's achievements so far; among them, the construction of 13 blocks of school classrooms and 1 science block, enable local children access to quality education. The trust also built homes for teachers and nurses, drilled 10 boreholes, reconstructed the Chirume Dam to curb water problems, and provided electricity to several households (Mapanzure, 2013). The Trust is now looking towards future projects, which includes youth and women empowerment. These achievements demonstrate that the Tongogara community has had partial benefits from the indigenisation policy (Machinya, 2014).

The indigenisation policy has also awarded the Mhondoro Ngezi community an opportunity to leverage with mining companies, so that they gain access to income. As a reult, the Ngezi community has been able to lobby Zimplats mine to get involved in various corporate social responsibility schemes, which have improved their livelihoods. The indigenisation policy has also brought employment to the area, as youth are now working as wage labourers at Zimplats (Mkodzongi, 2013). This was due to the policy objective that mandated companies and mines to employ local people, and this has reduced the high unemployment rate in the area. Additionally, Zimplats has provided for women empowerment through equipment and training, for women to start their own projects; this has strengthened the economic position of women in the area (Chowa, 2013). These employment prospects provided by Zimplats have also improved the capability of new farmers to utilise their land; their salaries from the mine also enables them to invest in agricultural production (Murombo, 2010). This shows that, to a certain extent, indigenisation has benefitted some small scale farmers. Mkodzongi (2013) argues that despite the setbacks of elite corruption in the implementation of indigenisation policies in Zimbabwe, some farmers and communities have benefitted from the policy and managed to improve their socio-economic conditions (Mkodzongi, 2013).

5.3 Factors affecting effective implementation of Indigenisation Policy in Zimbabwe

This section will examine, in detail, the factors mentioned in chapter 3 that are hindering the successful implementation of indigenisation policy in Zimbabwe.

5.3.1 Lack of foreign investment

Foreign investment presents economies with increased opportunities for production, high employment rates, improved infrastructure and new technologies. Foreign direct investment (FDI) is usually connected with improved standards of living for citizens of the recipient country (Bloch, 2013). Opponents of the current legislation on indigenisation in Zimbabwe argue that the law is investor-hostile; it discourages foreign investment which the new government has failed to attain since its re-election in 2013 (Bell, 2010). Richard Mubaiwa told members of parliament that the indigenisation policy is marred with inconsistencies, debt overhang, and liquidity problems and a high-cost-zone tag, and that these factors have been a hindrance in attracting foreign investment (Mambo, 2014). Eric Bloch, an economic analyst, argues that FDI is vital for the economic turnaround of Zimbabwean economy. He contends said that, 'foreign direct investment is extremely important, without it, we have no prospect of economic recovery. We do not have the capital resources to develop the country'' (Bloch, 2013). Bloch further noted that FDI is not only important for the availability of capital, also for technological advancement (Bloch, 2013).

Gideon Gono (former Reserve Bank Governor) and Saviour Kasukuwere (former Minister for Indigenisation) clashed over indigenisation policies, especially the proposed indigenisation of foreign-owned banks. Kasukuwere blamed Gono of being corrupt; receiving bribes from bank shareholders in order to stall the process of indigenisation (Mambo, 2014). On his part, Gono argued that Zimbabwe needs FDI to resolve its liquidity troubles. He informed the business community that, for the country to improve the flow of foreign investment, it must not be perceived as if hostile to the investor community (Gono, 2012). He further argued that the protection of private property, intellectual rights and other types of capital, should not be ignored by the Zimbabwean government at a risk of invoking international marginalisation (Hancock, 2011).

However despite these concerns the government is adamant that in the mining sector, the agreement remains 51/49%, but for other sectors such as manufacturing and the financial sector, the shareholding structure is negotiable (Ndlovu, 2014). There also fears that the legislation, gives too much power to the responsible minister in negotiating indigenisation on a case-by-case basis in certain sectors, and this does not effectively deal with the concerns raised by foreign investors regarding policy inconsistencies and security of their investments. There are also arguments that the policy does not lead to broad-based economic empowerment (Mambondiani, 2013).

5.3.2 Policy inconsistency

Zimbabweans interpret and understand the Indigenisation Act differently. This is evident in the difference in stance between Francis Nhema (the new Minister of Indigenisation) and former Minister of Indigenisation, Saviour Kasukuwere. During his term, Kasukuwere's primary goal was to obtain at least a 51% stake from foreign-owned-businesses in all segments of the economy (Machinya, 2014). He seemed to be using a one-size-fits-all policy in dealing with different companies and mines, causing panic among foreign investors. However, when Nhema came into the office in September 2013, he took a softer approach on indigenisation; arguing that the legislation permitted him to be flexible (Ndlovu, 2014). In view of these inconsistencies, analysts argue that consistency can only be achieved if government drafts a law with guidelines for each sector as a blue print for future ministers. Nhema, argued that investors were more concerned with issues of consistency than the indigenisation policy itself (Bell, 2010).

5.3.3 Poor economic performance

Hyperinflation in Zimbabwe caused an economic recession, which has been exacerbated in subsequent years. Production and foreign earnings in most sectors plunged after the 2000-2002 land reform programme, which damaged the confidence of investors and destabilised agricultural production (Amnesty International, 2014). The continued problems in electricity supply, rising fuel prices and skills flight, made forecasting and planning very difficult. This also caused the government's financial and monetary policy to become more and more unpredictable, as the government tried to curb the rampant inflation (Mwatwara, 2013). While the black market in foreign exchange increased, the private sector exporters and other sectors within the government's regulation were required to operate at impossibly low official exchange rates (Murombo, 2013). In mining, unfavourable mineral prices, foreign-exchange shortages and a hostile domestic political climate have impacted negatively on mining investments. Mining activities are capital-intensive, but due to the bad economic environment, financial institutions and investors are unwilling to give loans to miners or mining companies. The majority of miners have outdated or obsolete equipment and they need capital for maintenance of equipment so that they can extend the operating years of mines (Sibanda, 2013).

This shows that one of the biggest hurdles to the successful implementation of the IEEP lies in the poor economic performance that characterizes the Zimbabwean economy and its poor rankings on the ease of doing business (Magure, 2010). Many companies are operating below capacity and they are in severe need of capital; and it may take a long time for these companies to have adequate capital so that they can declare dividends and pay decent amounts of money to CSOSs, CSOT's and indigenous partners (Hancock, 2011). As such, instant benefits from indigenisation may be realised through supply and procurement than through equity. Hence there must be requirements to guarantee most favourable outcomes by putting emphasis on both equity and procurement (Mambo, 2014). Some authors have noted that, for the government to successfully implement indigenisation policy, it will require a comprehensive consideration of the nature of mining costs and returns that might attract investment. The enduring effects of high inflation continue to have negative effects on various mining activities (Magure, 2010).

5.3.4 Closure of companies

Zimbabwe's unstable economic environment, accompanied by the indigenisation legislation, caused an increase in the closure of manufacturing companies, especially in Bulawayo, Kwekwe and Gweru (Ndlovu, 2011). The Affirmative Action Group accused many companies of purposely shutting down operations, arguing that 'companies are stripping their assets and selling machinery so that they are not included when their companies are targeted for indigenisation' (Ndlovu, 2011). However, this capital flight may also be understood within the context of profit-seeking and risk-averse nature of both domestic and foreign investors.

In mining, government involvement has also contributed to the closure of several mines and suspension of projects. This undermines the capacity of the mining sector to continue to generating the much needed foreign currency (Magure, 2013). The militant stand that was used by Saviour Kasukuwere in implementing the indigenisation agenda encouraged lawlessness. Although not prevalent, there were random cases of individuals who tried to take over foreign owned companies under the disguise of indigenisation. For example in Buluwayo the ruling party's youths allegedly invaded buildings owned by foreign owned businesses and they claimed that they are implementing government's indigenisation policy (Matzyak , 2013). Thus foreign owned companies blamed the ZANU-PF elite for lawlessness and for grabbing their shares to give to indigenous people. Fatehi (1994) argues that investors might leave a country when they face undesirable business risks tied to political instability. This is evident in Zimbabwe, in which companies are closing down because they feel threatened by hostile political environment in the implementation of indigenisation. The closure of companies' results in job losses and this leads to a higher rate of unemployment and a decreased GDP for the people of Zimbabwe (Fatehi, 1994).

5.3.5 Participation of local communities

In Zimbabwe, indigenisation entails the participation of indigenous people and local communities in economic activities. However, there are many non-legal barriers to participation faced by local communities and indigenous people, in their bid to participate in the indigenisation process. Research shows that, when avenues for public participation are present and applicable, they are many issues that hinder public participation such as poverty, illiteracy, culture, lack of communication and gender discrimination (Murombo, 2010). Forms of procedural participation with no influence results in tokenism and reduces the relevancy of participation (Arnstein, 1969). Tokenism is apparent when community members are notified about the programmes planned for them and the plans are discussed with the community but the final decision is made by the elites far removed from the majority's needs and wants. Thus, Arnstein argues that;

> *Participation without influence is an empty ritual and frustrating process for the powerless because they do not have any power to effect change in circumstances affecting them (Arnstein, 1969:35).*

In many trust schemes community members mentioned that chiefs and politicians were the dominant groups; and this reveal the inequalities even within community structures (Machinya, 2014). In Zimbabwe, the problem of community mapping remains uncertain. The problem mainly lies in identifying who comprise the 'local community'. There is no clarity whether community membership is determined by birth, tribe, clan, descent or one's village of origin (Murombo, 2010).

Another problem in the implementation of indigenisation policy is that companies are not legally compelled to donate seed money to established CSOTs; it is rather arranged on ad hoc basis between the government and the mining companies (Nehanda Radio, April 14, 2014). As a result, several companies promised huge amounts of money during the opening ceremonies of various CSOTs country-wide, ranging between US$10 million to US$15 million (Mawowa, 2012). However, Tendai Biti (former Finance Minister) argued that there was no legislative obligation, from the IEE Act or anywhere else, that mandates companies to release funds to community trusts ; he therefore concludes that the mining companies are arm-twisted to give the money to the community trusts (Kanyenze, 2013). Owing to such irregularities, several CSOTs are yet to receive the money promised by the companies thus delaying the operation of the community trusts. In CSOTs that are operational there have been reports of corruption and embezzlement of the trusts' funds (Maguwu, 2013). The other setback is that the majority of the stakeholders who are members on the board of trustees lack experience and expertise on community development programmes. This poses a major challenge on the advancement of community empowerment projects (Mabena, 2012).

5.3.6 Lack of information

A critical analysis of the situation in Zimbabwe indicates that, although the government continues to state its dedication to the Indigenisation Programme, there is limited understanding within different sectors, provinces and ordinary Zimbabweans, on what indigenisation entails. There is poor communication and a lack of understanding about the indigenisation policy in Zimbabwe, making it hard for people to welcome the programme, in terms of its prospects and outcomes. Minister Nhema supported this view when he pointed out that the aim of the indigenisation programme is to make sure that everybody has access to information that leads to empowerment so that the policy can achieve its goals *(*Nyambabvu, 2013*).* Mnwana and Akpan (2009) note that, information gaps and withholding information from other groups is an obstacle in participatory development. Some perceive the policy as only beneficial to well-placed groups with the relevant information, at the expense of the majority (Mnwana & Akpan, 2009). People cannot fully participate in a programme they have no knowledge of, with no clear explanation of their roles and channels of participation. As such, indigenous people in Zimbabwe can only partake in indigenisation programmes if they are sufficiently informed. Otherwise, in its present form, the indigenisation agenda in Zimbabwe lacks well planned efforts to promote popular participation from all sectors and ordinary Zimbabweans (Machinya, 2014).

5.3.7 Lack of inputs

The capability of many new farmers in Zimbabwe has been held back by lack of access to resources required to engage in meaningful production. Accessing seed and fertilizer by the new farmers has been hampered by shortages of these inputs and exorbitant prices (Moyo, 2005). Some authors argue that the way the fast track program was implementated caused these problems, for example farms which specialized in the production of seeds were not successfully protected from farm invasions and this caused a reduction in the accessibility of domestically produced seeds. The unavailability of fertilizer and seeds has been exacerbated by inadequate foreign exchange to buy potash and other inputs from other countries (Sachikonye, 2003).

The new farmers did not possess the required capital to acquire the specialized inputs for production such as tractors and other expensive pesticides. The government did not put any measures to assist the farmers as it had inadequate funds to train the farmers in using the specialised inputs they had acquired from white farmers (Moyo, 2005). The least amount required for maize production is $100 per hectare, but to get a bumper harvest inputs cost $500/ha and for tobacco its $800 per hectare. Maize yields correlate with the amount of fertilizer used, not acquiring a $35 bag of fertiliser reduces yields by 500 kilograms (Manjengwa 2013, 13). Thus in most farms production has decreased and this resulted in the under utilizing of land and making it inefficient. This inefficient use of land has caused the value of tobacco from Zimbabwe to go down and this makes it harder for Zimbabweans to market their crop successfully (Scoones, 2008).

5.3.8 Land tenure

The definitive goal and effect of land acquisition was to accelerate the process of identification of farms and redistribute land it to deserving beneficiaries, and then protect them from possible kick backs from any interested or disgruntled party (Moyo, 2005). Given the controversy surrounding the land reform on issues concerning legalities of ownership, access rights and legitimacy, the Zimbabwean government has undoubtedly been inattentive to issues of tenure security. Security of tenure is an important issue for lots of farmers (Kinsey, 2004). Currently, all the land obtained during the FTLRP belongs to the state. This lack of security of tenure for farm-owners has a major impact on investment and production decisions. As a result, new farmers face complications in accessing loans for inputs and other investments in agricultural production (Scoones, 2008). Farmers argue that without title deeds, it is hard for them to provide collateral to banks in order to borrow money. The government has not issued out title deeds to new farmers in fear that the title deeds would cause a flood of land sales and the re-establishment of pre-2001 patterns of land ownership (Sachikonye, 2003).

5.3.9 Institutional capacity

Institutional capacity is also been a major hindrance to the successful implementation of indigenisation policy in Zimbabwe. For instance, when the government embarked on land reform programme, it did not have adequate funds to sponsor the programme. Failure to raise funds from the donor community was a visible sign that the donor community did not support compulsory acquisition of land (United Nations Development Programme, 2002). The donor community was also in conflict with Zimbabwean decision to send military assistance to DRC to prop up Laurent - Desire Kabila, against rebel insurgence. Such a mission was deemed unacceptable by the donors who saw war as unsustainable for the Zimbabwean economy (Amnesty International, 2014).

In March 2001 Zimbabwe's Foreign Minister, the late Stan Mudenge, pleaded with the UN Secretary General for urgent financial assistance to Zimbabwe to support the newly resettled farmers with infrastructure and facilities (Amnesty International, 2014). The donors argued that aid to Zimbabwe was incumbent upon Zimbabwe's commitment to non-violent forms of land redistribution, return of the rule of law and respect for private property (Masiiwa, 2004). The donor community wanted the implementation of the land reform to be a slow and steady process that did not consist of the obligatory acquisition of land and subsequent violence. The Zimbabwean government accused the donor community of malicious intentions, bent towards derailing the indigenisation of land (United Nations Development Programme, 2002). Due to these disagreements, the negotiations between donors and the government collapsed and the new farmers were left with no financial assistance for infrastructure and services (Moyo, 2005). Even when the government, through its Look-East Policy, managed to forge relations with countries like China, Malaysia, Indonesia and India, the result was the same; the government failed to secure funds for land reform (Manjengwa, 2013).

In mining, the increase in power outages has been a challenge to most mining companies. The national power utility's debt continues to increase and the mining sector cannot cope with such high levels of power outages (Sibanda, 2013). For example, the country's electricity provider, Zimbabwe Electricity Supply Authority (ZESA), failed to attain enough investors to build two power stations valued at US$3 billion, which could have helped in alleviating the electricity supply problems facing the country. The government, due to lack of funds, has also been incapable of paying the compensation for the transfer of shares to the indigenous people (Leon, 2009). Indigenisation deals between foreign owned companies and the state have been based on the transfer of a 20% stake to the community and employment funds. The remaining 31% stake has to be paid in full at prevailing market rates and the amount ranges from USD372 million to USD1 billion, for Zimplat's mine only. Critics argue that no payments have been made to any of the businesses involved, thus delaying the complete transfer of shares (www.ihs.com).

5.3.10 Irregularities in land allocation

The land reform programme was conducted with a disregard of the identification criterion of 1992; agricultural production decreased on the farms because, when a farm was occupied by invaders, the farm would be divided into smaller plots (Sconnes, 2008). For example, some commercial farmers and agri-businesses that were under the protection of bilateral investment agreements and were producing export crops such as tobacco, horticulture, sugar cane and coffee as well as wildlife conservancies were also invaded and subdivided into small plots (Sachikonye, 2003). The launching of the FTLRP caused the land redistribution process to become increasingly disorganized. In 2001, one journalist reported that;

> *The war veterans instantly embarked on allocating themselves plots of land to each other, criticizing the land task force of being sluggish in allocating land. Plot allocation has disintegrated into free for all* (Amnesty International, 2014).

The Provincial Lands Committee was given a mandate to lead the redistribution of land under the FTLRP. The committee consisted of Provincial Governors, Provincial Administrators, chiefs, the army, War Veterans Association, representatives from the Ministry of Lands, and many more relevant stakeholders (United Nations Development Programme, 2002). The involvement of community leaders in the allocation process was meant to decentralise the land acquisition process. However, the participation of many organisations in the decision making process for the allocation of land opened avenues for corruption. Since there was no single organisation in charge for allocating land, there were many cases of double allocations; the same piece of land being assigned to two or three households (Amnesty International, 2014).The Presidential Land Review Committee also noted irregularities in land redistribution, including political interference, because land was being redistributed with an unknown criterion. Some top government officials misused their power and authority, and gave themselves several farms in the same province. For example, there are allegations that in Mashonaland Provinces, top government officials managed to use their political positions to acquire land for their children and close relatives (Njaya and Mazuru, 2010).

5.3.11 Unused land

Zimbabwe's redistribution of white owned-farms reduced the outputs in agricultural production due to low productivity in the land allocated during the FTLRP. This was caused by the fact that some of the big, previously productive farms, went to recipients who were not commercials farmers, who never stayed in the farms; they were the so-called 'cell-phone' farmers. The Presidential Land Review Committee reported that while beneficiaries of A1 farmers occupied their farms; A2 farmers did not occupy their commercial farms (Mwatwara, 2013). The Committee pointed out that, the implication of unoccupied land was decrease in agricultural production due to underutilisation.

Several explanations have been given for the low occupation of A2 farms. The A2 farm beneficiaries have cited administrative problems such as not receiving allocation letters (Masiiwa, 2004). The critics have argued that the major, and real, reason for this slow uptake of A2 farms is that the beneficiaries were not real farmers; they were just greedy bureaucrats who stayed in urban areas and could not physically occupy the land allocated to them (Manjengwa, 2013). These 'cell phone' or 'weekend' farmers – who were seldom around to utilize the land – were politically connected individuals. Due to the inadequate time in which the A2 farmers had to utilize the land, and lack of interest in farming, most of these farms were converted into housing cooperatives and had housing estates built in them (Amnesty International, 2014).

5.3.12 Political Interference

In early 2000, the government's approach to indigenisation took a new direction, in reaction to the changes in the political and economic arena. The invasion of white-owned farms and the successive breakdown of rule of law, opened new opportunities for politically connected entrepreneurs, to acquire assets (Manjengwa, 2013). The contest over the control of these assets was increased by the rivalry and disagreements among factions of the ruling ZANU-PF party, who were engaged in a competition to succeed President Mugabe. Thus in the period after 2000, indigenous business groups based the awarding of their contracts upon dominant political factions in the ruling party; particularly those associated with the military and the Central Intelligence Organisation (CIO) (Mwatwara, 2013). Access to these new economic assets had a direct effect on the divisions in the party; and indigenous initiatives became progressively more contested and unstable. This is confirmed by Saunders (2007:18) who argues 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.*

Tracy Mutinhiri, a former ZANU-PF member of parliament, had her farm taken over by ZANU-PF youths because she had defected from the party and joined the opposition, Movement for Democratic Change (MDC). In her response, she argued that ZANU-PF would continue to politicise the indigenisation programme, so as to reward party loyalists and punish defectors and opponents (www.bulawayo24.com). Many other farms have been treated with the same contempt after their owners differed with ZANU-PF. This political interference is not only limited to the farms and land, it is also evident, and sometimes more violent in mines, as politicians grapple for the biggest stake within profitable mines.

These conflicts were exacerbated by the emergence of the Movement for Democratic Change (MDC) in September 1999. The MDC gave real opposition to ZANU-PF, after years of political monopoly. Many people who had been staunch ZANU-PF members up until then were carried away by the wave of change that MDC promised, forcing ZANU-PF to be more violent and autocratic. ZANU-PF politicians were forced to use land to buy and retain people support and loyalty. The narrative of land reform was manipulated and positioned within national liberations agendas like the First and Second Chimurenga, hence it was called the Third Chimurenga; implying that since ZANU-PF had brought independence to Zimbabweans, it was also about to deliver the second valuable resource to the people of Zimbabwe – economic emancipation through land reform. Even though, this narrative was bought by some, a large number of people were willing to give the new party the benefit of the doubt.

As a result of the alliance between the Movement for Democratic Change (MDC) and National Constitution Assembly they successfully lobbied the Zimbabwean people to vote against the constitutional referendum of 2000 that aimed at lawfully legitimising massive land redistributions. This defeat of the ruling party resulted in the ruling party go ahead with formalising the land occupations so as to obtain votes for the 2000 elections (Moyo and Yeros (2005). This means that in 2000 ZANU-PF was first defeated in the February Constitutional Referendum, and later in the general elections, failing to achieve a two thirds majority in parliament for the first time in after the 1987 Unity Accord. Hardly a year old, had the MDC managed to secure 47.5% of the vote, and storming into parliament with 57 seats, and putting much pressure on the ZANU-PF's 62 parliamentarians (Amnesty International, 2014). Two years later, in 2002, Mugabe narrowly won a hotly contested and disputed presidential election, snatching victory from Morgan Tsvangirai's reach (Njaya & Mazuru, 2010). The introduction of MDC in parliament kept ZANU-PF old guards on their toes and prevented further amendments to the constitution; a practice which had become common place (Njaya and Mazuru, 2010).

The existence of two political forces in the parliament, however, did not diminish the political interference within indigenisation programmes; if it had any impact at all, it only made it worse. For one the establishment of community trusts was highly politicised; excluding members suspected to be MDC and all those not actively aligned to ZANU-PF. These conflicts were at their worst during election years (2005, 2008, 2013), with allegations that some people were even evicted from farms if they were suspected to be MDC. There are also allegations that the ruling party used the community schemes as a political tool for the 31 July 2013 elections. That notwithstanding, the ZANU-PF, during its 2013 election campaign used a macro-economic policy proposal which was further endorsing many objectives of indigenisation policy – Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). With Zim Asset as its election manifesto, ZANU-PF further aligned itself with the spirit of indigenisation, while it casted MDC as the opponent of local empowerment (Machinya, 2014).

During the election campaigns, community schemes were publicized, and people informed on how to get involved; while being cautioned that voting for anything else other than ZANU-PF would deprive them this economic opportunity. Indigenisation has, therefore, been very malleable in the hands of politicians; being used to create any picture that parties wanted to project to the voters. ZANU-PF has however used the programme to manipulate, threaten and control rural people through community leaders (Zhou and Zvoushe, 2012). Makumbe (2010) agrees with this view, arguing that chiefs in Zimbabwe are loyal to the ruling party; they do the ruling party's bidding and guarantee that ZANU-PF stays in power. However, this political interference in the indigenisation policy has proved to be an obstacle for citizens to participate effectively in indigenisation programmes (Makumbe, 2010). As such, critics argue that the fact that the policy is politically driven makes real economic emancipation highly controversial and unconvincing (Zhou and Zvoushe, 2012).

5.4 Unintended consequences of Indigenisation in Zimbabwe

5.4.1 Reduction in production

It is argued that, in its heydays, Zimbabwe used to be the bread basket of Southern Africa, with agricultural products such as tobacco, cotton, beef and horticultural products, exported to other countries. These contributed 15% of the total GDP in 1990 and 40% of the foreign currency earned, in the same year. Zimbabwe's economy was growing and so were the agricultural returns. Maize production had a yearly average output of 1.7 million tonnes in the 1990s. However, this changed after the 2000 FTLRP. Maize production oscillated between a yearly average output of 0.9 million and 1 million tonnes, in the period 2000-2004, while wheat productivity declined by 20 per cent (Sachikonye, 2005). From the needed 1.8 million tonnes per year maize, of which 1.55 million tonnes are consumed by humans and 250 000 tonnes used for the production of stock feeds, Zimbabwe was clearly in food crisis. In 2007, the total maize output was 953 000 tonnes, resulting in a shortage of 900 000 tonnes, and the country had to import maize to cover the shortage; a practice which the country has maintained since the 2000 FTLRP. The yields from tuber crops, tobacco and cotton production also plunged (Moyo, 2005).

5.4.2 Land degradation

The indigenisation of land in Zimbabwe has had a negative impact on the environment. Dr Andrew Matibiri, the Chief Executive Officer of the Tobacco Industry Marketing Board in Zimbabwe, argued that the production of tobacco is a major threat to the environment. He contends that flue-curing of tobacco requires enormous heat. The easiest fuel source to new farmers is wood which results in increased cutting down of trees (Christie, 2013). A report by the Zimbabwe's Forestry Commission in 2011 noted that woodlands have been cut down at approximately 330 000 hectares per year. The report singled out the new small farmers, which constitute 83% of tobacco growers, as major offenders. Before the land reform, white farmers used coal energy to cure their crop, a practice the fledgling newcomers cannot afford (United Nations Development Programme, 2002).

The *City Press* warned that most tobacco growing areas will face a shortage of trees by 2016. Areas such as Marondera (east of Harare) and Mount Darwin (north of Harare) were cited as most vulnerable to this predicament. According to Matibiri, ‘vast pieces of land lie carved up into fields of a few hectares, with the only surviving trees clustered around homesteads or in unreachable gullies’ (Christie, 2013). Thus the once thickly wooded woodlands are now characterized with logger’s paths. Mr Gumbi, of the Forestry Commission, was clear about the effects of total deforestation for the country. He argued that land dilapidation results in the decline of water supply, both qualitatively and quantitatively, and eventually desertification (United Nations Development Programme, 2002).

5.4.3 Loss of Employment for Farm Workers

At independence (1980) Zimbabwe’s agricultural sector was one of the largest employment sectors, employing more than 26 % of the workforce in 1999, about 11-18% of the nation’s population (Chambati, 2011: 1028). More than 167 000 workers were employed permanently, and were supplemented with 146 000 casual and seasonal workers (the latter largely made up of women) (Moyo, 2007). However, during the FTLRP, farm workers were victims of the land redistribution policy, and many lost their homes and employment. They did not receive land as they were accused of being sympathetic to white commercial farm owners (Sachikonye, 2005). Most farm workers were displaced; a few of them remained working on the farms under the newly resettled farmers, while the rest relocated either to communal areas or informal settlements. Reports show that approximately 75,000 to 100,000 farm workers lost their jobs and moved to informal settlements. Thus, the land reform caused unemployment to farm workers and dispossessed them of their homes (Manjengwa, 2013).

5.4.4 Decrease of Tax Base

The Commercial Farmers Union (CFU) argues that the indigenisation of the agricultural sector between 2000 and 2011 has cost the Zimbabwean economy approximately US$33 billion (Theron, 2011). Deon Theron, in his speech at the 2011 Commercial Farmer’s Union congress, contend that the total crumpling of public services in Zimbabwe can be credited to the reduction of tax paid to the government (Theron, 2011). He further points out that the continuous growth of the informal economy is eroding the government’s tax base; since in the informal sector people rarely pay taxes to the government. Cross (2009) has also argued that the land reform programme destroyed the agricultural sector, where farm invaders took possession of standing crops, plantations, livestock and destroyed these valuable assets worth billions of dollars.

5.4.5 Loss of homes and livelihoods

Although mining activities are likely to bring development, most communities suffer as companies maximize their profits. Yirenkyi (2008) argues that the major impact of mining activities is on land. Mining usually takes place in rural areas where agriculture is rife, and mining results in the loss of grazing land for livestock. If not well-managed, mining activities result in economic loss and reduce food security in these communities (Yirenkyi, 2008). For example, the people in Zvishavane argue that the growth of mining activities in their area is becoming a liability since the loss of land for agriculture has a negative impact for those who depend on subsistence farming (Kanyenze, 2013).

This has also been the case in Chiadzwa, where the discovery of diamonds in Marange prompted the government to move more than four hundred families off their homes to another resettlement area. The families were never consulted about their relocation and were not adequately compensated for their loss. The establishment of the Marange-Zimunya Community Share Ownership Trust is not benefiting them at all. This means that some of the indigenisation structures do not help intended beneficiaries (Kanyenze, 2013). This poor implementation of indigenisation policy, and the stringent laws imposed on mining companies, has resulted in the growth of artisanal mining (illegal mining). These mining activities have impacted women in a negative way as sexual abuse and prostitution is on the rise in areas where artisanal mining is prevalent, and these results in cultural disintegration and disharmony (Mtisi, 2013).

5.6 Conclusion

The chapter has discussed the factors affecting effective implementation indigenisation programme in Zimbabwe. Although notable achievements have been made in indigenising the economy, the main problem remains largely in effective implementation of the policy. The 2000 land invasions disrupted the economy and the mismanagement of the commercial farming sector caused massive hyperinflation in 2005-8. The inconsistency of the legislative environment regulating indigenisation reduces investor confidence in the country. The uncertainty over the requirements of indigenisation policies has resulted in the closure of many companies, and subsequent massive job losses to ordinary Zimbabweans.

The other problem of implementation that was identified is the difficulty in raising funding for critical projects. The government has not been capable of assisting new farmers with the necessary infrastructure and inputs. The government has also been unable to provide tenure rights to farmers, and this makes it difficult for them to access credit to support their agricultural production. This causes underutilisation of land, which is another problem emanating from mismanaged land reform.

The consequences of indigenisation as shown above are reduction in agricultural outputs and damage to the country's reputation as a destination for investment and this has caused profound damage to the economy. Even though the country has noble objectives of benefiting indigenous people, issues of corruption and elite capture remain a major challenge in realizing this goal. The indigenisation policy has also been used as a political tool and a way for the ruling party to gain political mileage because indigenisation programmes are mainly discussed at political gatherings. As such, in implementing indigenisation, partisan and individual interests have been major hindrances.

The next chapter proposes possible solutions to the preceding challenges of implementation, and aims at retaining the hope in the assumption that indigenisation can still be the means to empowering many ordinary Zimbabweans.

CHAPTER 6: POSSIBLE SOLUTIONS TO THE CHALLENGES OF INDIGENISATION POLICY IN ZIMBABWE

6.1 Introduction

The challenges of implementing indigenisation in Zimbabwe, discussed is the previous chapter, need to be solved if the objectives of indigenisation policy are to be salvaged. This chapter proposes several means of achieving this rehabilitation of indigenisation policy. The discussion of these incorporates; enhanced participation, eradication of corruption and partisanship, necessary support for beneficiaries, and alternative strategies of empowerment.

6.2 Increased participation

Participation is vital in improving the empowerment of indigenous people. This is because it allows vulnerable groups to decide suitable interventions to their problems. The vulnerable groups will benefit from gaining increased representation (Dreier, 1996). Increase in participation makes it possible for the people to organise themselves and work collectively, thus attaining greater control over matters that affect them. This means that mobilisation is vital in reaching this level (Sibanda, 2013). For effective participation, the people's ideas must be considered, so that they feel involved in the identification and ratification of decisions made (Slocumand, 1998). This also enables people to hold the authorities accountable in terms of implementing policies and how funds are being used in different schemes and projects. This effort to maintain informed participation requires the creation of space for people to hold debates and participate directly, or indirectly, in local or national settings (Dreier, 1996).

6.3 Partisan Political Alignment

There also ought to be efforts to de-politicize empowerment programmes; empowerment should be open to everyone. There should be mechanisms to distance the programmes from partisan and political alignment (Magure, 2010). Indigenisation programmes should not be hijacked by the elite and politically connected officials, but implemented through non-partisan strategies from the private, the public, as well as the non-profit sector. This will enhance accountability and transparency. In all this, the rule of law must reign and chaos should be minimised at all cost (Sibanda, 2013).

6.4 Access to information

As discussed in chapter 5, there is poor publicity regarding indigenisation programmes. As such, people have little knowledge on what indigenisation entails; most people have inadequate, and in several cases, misleading information. Without adequate information, it is difficult for the population to make decisions (Machinya, 2014). The Zimbabwean government should conduct substantial awareness campaigns and information dissemination to make sure that accurate information is accessible to all Zimbabweans. The procedures of how ordinary people can participate, important requirements, and the required steps for participation, should form vital parts of information dissemination. Information on the achievements made and those who have benefitted should be accessible to the general public (Zhou & Zvoushe, 2012).

Citizens who have better access to information are capable of taking advantage of opportunities, such as exercising their rights and holding the state accountable for its actions. This is also in line with concept of knowledge societies that is advocated for by UNESCO, which states that people have capabilities not just to acquire information but also to transform it so that it empowers them (Zhou & Zvoushe, 2012). Developing a functional information strategy for indigenisation programmes enhances the transparency and accountability; it gives credibility to the programme thereby ensuring national commitment to indigenisation programmes (United Nations Development Programme, 2002).

In most instances communities do not understand the documents presented to them during consultations because of the use of technical language. For example, local communities are supposed to be the beneficiaries and yet they do not know what constitutes community trusts (Chowa, 2013). There is need for the public to be informed and educated on these rights. Well-informed public debate, policy analysis and media coverage should be encouraged by proactively making basic information available and facilitating dialogue between information gate-keepers and its various end-users. Regular and formal progress reports and public briefings are key forums (United Nations Development Programme, 2002).

6.5 Reviving the Agricultural Sector

6.5.1 Land tenure

Agriculture is an important sector in the Zimbabwean economy and it requires primary focus, especially in terms of the indigenisation of land. Focusing on the agricultural sector is essential as it guarantees food security at the household level (Mandizadza, 2009). Food security alone is vital in the development of a nation; Zimbabwe suffers from high import bills because of low productivity from the newly resettled farmers. The first main concern of the government should be prioritising the issue of land ownership (Sconnes, 2008). There is a need to attend to concerns about the security of tenure. Land allocated to new farmers during the land reform should be allocated on a permanent basis. Accessing land without ownership and security of tenure is not indigenisation; farmers should have control over land, and not just access (Sibanda, 2013).

If land tenure is not assured, it is difficult for those who were allocated land during the land reform to start the process of empowerment. Land is an asset that enables the new farmers to access capital so that they can develop themselves (Mandizadza, 2009). This means that government's proposal of issuing out 99-year leases and/or title deeds should be finalised so that land becomes a valuable asset again, which can be used as collateral in seeking loans from banks (Pazvakavambwa, 2012). If land is regarded as a non-commercial asset, then people would not be fully empowered because they will have to rely on other assets that have high risks. True indigenisation should, therefore, start with owning the land (Moyo, 2005).

6.5.2 Support for new farmers

In empowering the newly resettled farmers, the government should support them with necessary mechanisms to enable them to transform the farms into viable agricultural enterprises. Reviving the agricultural sector will provide the much needed employment and increase production on farms (Sachikonye, 2003). The government must come up with a new policy that mandates the utilisation of capital in order to raise production levels. This will guarantee the reduction of food imports, and subsequent increase in surplus foreign currency. To successfully implement the indigenisation of land, the government can also encourage the formation of co-operatives among new farmers (Moyo, 2005).

In order to fully address the challenges in the agricultural sector, the government ought to focus on developing infrastructure, acquisition of farming machinery and equipment, production technologies including seed technologies, agricultural training, and market development (Sibanda, 2013). The government, with the help of the private sector, must also provide training on different aspects of commercial farming. The state must also provide more support for research in order to guarantee well informed policies (Pazvakavambwa, 2012). Focus has also to be put on developing irrigation schemes, so that resettled farmers can produce during off-rain seasons, and in those areas with insufficient rainfall (Gono, 2013).

The empowerment approach must focus on value chain development, this ensures that new farmers can gain access to lucrative markets and negotiate for higher prices in selling their products. The possible solution for the agricultural sector is ensuring that programmes that sustain commercialisation are embarked on; support to farmers should be given at the right cost and time (Kangethe & Serima, 2014). The Zimbabwean government must also strategize on alternative ways to gain capital investments and aid, as there is no aid coming from the West, or from Asia (Kangethe & Serima, 2014). The capital investments will enable the government to reinvest in the commercial farming sector so that production and competitiveness will be enhanced.

6.6 Community schemes

The prerequisite to well-functioning CSOTs is the equipment of communities with skills to participate effectively in community trusts. At present, there is a need for capacity building to enable communities to sufficiently benefit from indigenisation programmes and reduce issues of patronage and partisan (Kanyenze, 2013). The idea of establishing community share trusts is a good one, but it should be done with high levels of transparency and proper management so that real benefits can be accrued by intended beneficiaries. Audits have to be conducted, regularly, so as to ensure transparency and accountability (Mabena, 2012). The process of relocating people from discovered mineral deposits ought to be reviewed, to ensure that there is a fair compensation to affected communities (Kanyenze, 2013).

6.7 Issuing of licenses

In issuing licenses it could be a noble idea to decentralise the process from the office of President to a Minister, and/or relevant bureaucrats, so as to depoliticize it and, be in line best global practice of mining governance (Anderson, 2011). Research indicates that forming broad intra- and extra-governmental checks on making decisions is one of the best ways in creating objective and transparent results in the administration of the sector. In appointing board members there must be cross-sectoral representation, and this will help in reducing conflict of interests (Mtisi, 2013). The establishment of independent bodies in appointing or selecting board members would reinforce the spirit of transparency. In Ghana, for example, a commission that was created to supervise the administration of petroleum revenues consists of the civil societies, trade unions, the media and academia (Anderson, 2011).

In awarding licences, the government should form a single agency or department that is responsible for issuing out all kinds of mining licenses to promote efficiency and transparency in license management (Mtisi, 2013). Ensuring consistency, objectivity and transparency in decision making protects the rights of titleholders (in terms of security of ownership and taxation) and help secure a better deal for the country. Furthermore, the government could strengthen the process for issuing out licenses by introducing competitive bidding for the awarding of exploration licenses (Anderson, 2011). For example, the ministry of mines can introduce competitive tenders and announce the rationale for awarding of contracts to curb issues of kickbacks and corruption. This can benefit the country as competitive bidding guarantees maximum value (Mabena, 2012).

6.8 Proposed Alternative Models

6.8.1 Production Sharing Model (PSM) and Joint Empowerment Investment Model (JEIM)

The Minister of Information, Jonathan Moyo, argued that to provide clarity on the indigenisation policy, the policy should be modified. Moyo proposed that the policy should be implemented through the Production Sharing Model (PSM) and the Joint Empowerment Investment Model (JEIM) (The Sunday Mail, 2014). PSM enables the indigenous people to retain 100 percent ownership of mineral resources and agricultural land. However, production would be shared by either a fixed or sliding scale, depending on the importance of the mineral and quality of the agricultural yields. Under the model, investors are permitted to recover the capital they invested and operational costs incurred before they can share the outputs or profits (Mangudhla, 2013).

With JEIM, indigenous people outside the mining and agricultural sector will get involved in joint ventures, to help raise capital to build Zimbabwean-owned enterprises. Therefore, the advantage of this new approach is that it is a refinement of the policy so as to provide clarity to investors and at the same time giving Zimbabweans 100% ownership of their resources (The Sunday Mail, 2014).

6.8.2 Supply and Distribution Based Indigenisation (SADIE)

The former Reserve Bank Governor, Gideon Gono, formulated a different model of indigenisation to the one proposed by Saviour Kasukuwere. Kasukuwere proposed a one-size-fits-all approach to indigenisation, but Gono advocates for a mixture of the shareholding methods and supply-side based approach (Mangudhla, 2013). He argues that it is better to compel the foreign-owned businesses to procure goods and raw materials from locally-owned enterprises, than to simply take their money. The SADIE model encourages the government to leverage for profitable deals within the economy's entire supply and distribution chain so that the country unlocks its wealth and capacity for profitable participation, as this will help ordinary people to get involved in various productive sectors of the economy (Gono, 2013).

The SADIE model recognizes that only a few a people are benefiting from the current form of indigenisation, and the implication is that the majority of Zimbabweans become alienated from the empowerment programmes (http://www.rbz.co.zw). The model also promotes a slow and steady approach towards transferring company shares to indigenous Zimbabweans, as this will guarantee sustainable development, inflow of investors and reduce economic disruptions. The model also proposes that it can also be beneficial to the majority of Zimbabweans and future generations to extend agreement of 51 percent stake in foreign-owned businesses to 20 years or more (Thabane, 2014).

One major advantage of the SADIE approach is that companies who are underperforming and making losses can acquire inputs and other provisions monthly or periodically, thus contributing towards the day-to-day empowerment of the indigenous people. This eradicates the need, for companies to only receive dividends once at the end of the year, as seen in the current indigenisation Act (Gono, 2013). Indigenous programmes should improve the livelihoods of the people and reduce poverty. The proper implementation of the model enhances the participation of the indigenous people in the actual production and improves the creation of new wealth (Thabane, 2014). Creation of new wealth enhances growth because the economy will be expanding, as opposed to the current framework which only focuses on distributing existing wealth. The SADIE model does not disregard the achievements made by indigenising the economy, but it is a sequencing tool that guarantees that indigenous people contribute to the economy before they can acquire full equity ownership in foreign-owned businesses (Gono, 2013).

6.9 Availability of investors

It was evident in the discussion in chapter 5, that the problems with the implementation of the indigenisation policy have reduced output and production. So to deal with those problems output has to be restored, thus restoring the country's ability to produce (Makwiramiti, 2012). In order for this to happen, the country needs investment. However, current indigenisation laws are driving away potential investors, and most investors do not consider Zimbabwe a favourable investment destination. The legislation has been randomly implemented, and this has been a hindrance to the government's efforts to obtain foreign lending (Mawowa, 2012). Forcing firms to transfer 51% of their shares to indigenous people discourages investors, unless if their shares are compensated at market value or other financial concessions, such as low corporate taxes (http://www.ihs.com).

Compensating investors will make Zimbabwe a favourable destination for investment. Many argue that the government should adjust some sections of the indigenisation Act in order to attract investors and stabilise the market, so as to promote the growth of the economy (Gono, 2013). The investors require assurance and consistency; they require a fixed policy in order to make informed budgets for long-term investments. Consistency is important because investors will know what to expect. The law should not be perceived as vindictive or discriminatory. There should be discussions, in good faith, between the government and investors on topics they do not understand *(*Nyambabvu, 2013*)*. Economists have pointed out that the indigenisation law is too narrow, since it only focuses on the relationship between ownership and economic empowerment; ignoring the impact it has on foreign investors (Bloch, 2013).

6.9.2 Advantages of reviving the economy

The results of making Zimbabwe an attractive investment destination would have positive effects on every aspect of the economy. The availability of investors will enable existing or new companies to expand and meet new challenges (Bell, 2010). New companies will also result in a high employment rate, improved standards of living, and an increase in the tax base for the government. Most government-owned companies and other organisations would also gain from new and successful companies, which will offer services that maximise efficiency in all sectors of the economy. The reliance on external companies will be reduced (http://www.economic.co.zw).

Businesses and regional economies will also benefit when the workforce spends its wages and government uses its revenues. Every business needs to make profit for it to survive, and investors expect high dividends on their investments, since they are not philanthropists (Maguire, 2010). In economic terms, the huge diversity of spin-offs from investments in processing operations can be described as the Multiplier Effect. The multiplier is calculated by measuring the ratio of changes in income compared to changes in expenditure or by dividing total bank deposits by the reserve requirement. Thus the multiplier effect is money used to create more money (http://www.economic.co.zw).

6.10 Afforestation

Afforestation refers to the planting of trees in a woodland or wasteland, or transforming land which has not being forested for a long time, into woodland, through seeding and planting. The planting of trees minimizes greenhouse effect and it also has a positive impact in curbing the over-use and annihilation of natural forests (Gupta, 2010). Afforestation is vital in protecting wildlife since forest vegetation is habitat to birds and other small animals; so planting trees reinstates and preserves the ecological balance of all systems in the environment. In Zimbabwe, the afforestation of trees is vital in preventing soil erosion as gullies and logger paths are created being when people cut down trees for cuing tobacco (http://www.bcb.uwc.ac.za). The erosion of soil is reduced when trees are planted as this reduces surface run-off after heavy rains; trees also bring soils together. There must be a levy on new farmers for every bale of tobacco bought so that the money will be used for forest rehabilitation (Adler et al, 2007). With sufficient advice from the tobacco board and conformity by new farmers, it is anticipated that the damage by the new tobacco farmers will be minimised. A massive afforestation programme is essential in meeting the increase in demand for fuel wood, timber and fodder for animals. Therefore, there is a need to constantly necessitate the development afforestation programmes in order to conserve and protect forestry (Gupta, 2010).

6.11 Curbing tax evasion and avoidance

Government must make sure that mining laws do not provide excessive incentives to foreign companies but, instead, the state should set appropriate tax policies that control capital flight through methods such as evasion and avoidance (Mtisi, 2013). The government admitted losing billions of dollars in potential revenue due to unregulated mining practices. In addition, new research and advocacy consortium should be carried out on illicit financial flows in the mining and natural resources sector (Matimaire, 2014). Several lobby groups criticized the government's decision to appoint new board members for the Zimbabwe Mining Development Corporation in the absence of a new mining and amended indigenisation law to ensure transparency and accountability in the sector. These lobby groups argued that the appointment of the new mining board alone will not bring about the desired outcome, if it is not underpinned by stringent accountability measures (Mtisi, 2013). It is, therefore, crucial for the ministry to swiftly take the lead in realigning mineral policies, and close existing gaps to ensure that mining proceeds go the treasury. Government must create a conducive environment for civil society, media and other stakeholders to have access to information and fully exercise the right to know (Matimaire, 2014).

6.12 Curbing corruption

Corruption according to Nye (1989:966) can be defined as;

> *behaviour which deviates from the formal duties of a public role because of private regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private regarding influence. Corruption consists of behaviours of bribery, nepotism and misappropriation.*

These characteristics of corruption show that corruption is a moral and political disease, which distorts the ethical fiber of countries and communities. Corruption diverts the much needed resources, which ought to have advanced the lives of many citizens, to enrich a few at great cost by reducing economic growth. It often deters foreign investment by destroying investor confidence and producing ineffective public programmes (Osibanjo 2009: 20).

The abuse of public office for private gain is high in public service officials and politicians, as their positions generate opportunities for them to use money and assets from government. Thus political will is seen as essential in combating corruption and the promotion of good governance. For the anti-corruption agencies to be effective, political will must go beyond grand speeches. Political will entails leading by example and reacting quickly to activities of corruption; for example, launching investigations when there are allegations of corrupt activities (Cwati, 2004). Strengthening the Anti-Corruption Commission is important in fighting corruption in Zimbabwe. However, in Zimbabwe there are concerns that a dedicated anti-corruption agency capable of tackling powerfully connected people should be independent of the Ministry of Justice. At present, the anti-corruption commission does not have security of tenure and reports to the Minister of Justice (Nyoni**,** 2013).

Therefore, a solution to major challenges faced by the anti-corruption agency in Zimbabwe would be the creation of an independent anti-corruption agency, with a mandate to tackle corruption at all levels of society by following three strategies; enforcement (including investigation and referral for prosecution), prevention, and education. Such an agency exists in Botswana; hence Botswana continues to be ranked as the least corrupt country in Africa (Kroukamp, 2006). It is of the utmost importance that the agency be independent of other arms of government. The agency and its investigators must perform their task without fear or favour. Such an institution if properly funded and well-staffed would enable decisive and effective action to be taken against corrupt officials, no matter their position (Nyoni, 2013).

6.13 Conclusion

It is evident in the arguments above that Zimbabwe requires an indigenisation model that has potential to guide the nation into sustainable economic emancipation, in which ordinary Zimbabweans play a meaningful role. Such a model should incorporate a non-partisan emphasis of indigenisation policies so that everyone will get involved in indigenisation and that policies will be implemented with impartiality. The chapter also showed that access alone does entail empowerment; accessing productive assets without the capacity or capability to produce cannot lead to the total emancipation of indigenous Zimbabweans.

The indigenisation policies in Zimbabwe should also be grounded in mutual beneficial partnerships between ordinary Zimbabweans and foreign investors. Curbing corruption has also been identified as a solution to the successful implementation of the indigenisation policy. This will ensure that excessive benefit by few people at the expense of others is reduced, and that the transfer of shares from foreign owned companies to indigenous Zimbabweans is done in a transparent manner. Access to information and increase in participation are crucial in effective implementation of indigenisation. These two factors ensure that the indigenous Zimbabweans can hold the government accountable in the formulation of economic and social development principles. However, for the above factors and models mentioned above to be effective, there must be good governance in Zimbabwe; which might mean radical changes to the current government culture.

Chapter 7: RECOMMENDATIONS, SUMMARY AND CONCLUSION

7.1 Introduction

Indigenisation in Zimbabwe should be regarded as ongoing process aimed at empowering and improving the living standards of ordinary Zimbabweans; it should be seen as lifestyle. This chapter will discuss the recommendations for indigenisation policy in Zimbabwe. The chapter makes recommendations on several areas, which include: institutional capacity; rule of law;

community schemes; research and training; conservative planning; co-operatives, and; sovereign wealth funds.

7.2 Strengthening institutional capacity

The challenges facing indigenisation policy in Zimbabwe reveal the need for mobilising capital in order to balance empowerment programmes with capacity building initiatives so as to improve on programme sustainability. NIEEB should supervise the implementation of the IEE Act so as to ensure that employees, communities and the nation at large are benefitting from indigenisation *(*Chiwunze, 2013*).* This entails that the government may need to strengthen institutional structures that monitor empowerment initiatives in order to guarantee that the major objectives of indigenisation policy are achieved. These institutional structures will be critical in monitoring and evaluation (M&E) of various programmes, as well as in continuously improving the indigenisation agenda (Thabane, 2014).

7.3 Rule of law

Laws relating to indigenisation are inconsistent with each other and the Constitution, due to several changes in laws and regulations. These constant changes have led to confusion about many legal issues pertaining to land. Policy-making in Zimbabwe is so unpredictable and it makes it difficult to project prospects of benefit and/or impact of certain policies and programmes (Bell, 2010). The government should ensure that laws are protected from these constant amendments. The current legal and regulatory provisions should be adjusted so that they are aligned to each other, and that they become more favorable to indigenisation without discouraging foreign investors (Magure, 2010).

7.4 Community schemes

This study recommends that communities should be involved in the decision making and operations of community trusts since they are supposed to be the direct beneficiaries. The Government, Rural District Councils and the Mines must create forums where they can discuss and agree on the best methods on how to implement the Indigenisation and Economic Empowerment Act as well as community development programmes (Mabena, 2013). Community members should also be included when awarding permits and licenses to make sure that the required environmental safeguards are imposed. The projects must cater to the needs of the communities involved (Matunhu, 2012). Representatives of the Board of

Trustees must be selected by the Ministry of Indigenisation and Economic Empowerment, according to their experience on issues of community development. The other recommendation is that, for rural communities to fully benefit from indigenisation programmes the community schemes must give emphasis to entrepreneurial projects (Matunhu, 2012). Indigenisation must also empower individuals rather than promoting collective empowerment, through the improvement of community infrastructure. Thus experienced mentors should assist and monitor communities with their proposed projects (Mabena, 2013).

7.5 Research and training

Government needs to create an organisation which provides new farmers with training and extension services. The government must also provide irrigation schemes to farmers, to enhance out-of-season production. The state should also subsidise electricity and water payments in new farming areas (United Nations Development Programme, 2002). The new organisation will assist with the management and general organisation of the scheme, as a way of training management committees. This shows that resources need to be made obtainable to new farmers so that agricultural outputs can recover (Masiiwa, 2004). Agricultural research and extension services are vital essentials for any resettlement programme if it is to succeed. The existing facility is not capable of providing assistance to new farmers because of lack of sufficient staff. Therefore, the government needs to promote agricultural studies in colleges and universities, and subsequent employment of these practitioners in relevant areas (Pazvakavambwa, 2012).

The Government should also establish a company/bank that provides seasonal credit for inputs to new farmers with limited collateral. The organisation would offer these services to newly resettled farmers on a competitive basis (United Nations Development Programme, 2002). The new farmers lack agricultural support to produce effectively, so with adequate support and secure tenure systems, it is possible that these farmers will become productive and supportive to the national economy (Scoones, 2008).

Thus, generally, sufficient technical and financial assistance needs to be mobilised, to marshal available national resources and skills towards implementing the indigenisation policy. External technical assistance should be sought, if need be, to facilitate the indigenisation process; through consultative engagement with relevant non-governmental organisations (Chiwunze, 2013).

Nationally, plans should be outlined on ways to implement a privatisation strategy within the context of indigenisation. Indigenisation should integrate well planned privatisation strategies and guidelines so as to implement numerous components of the indigenisation policy (Sibanda, 2013). The government also needs to formulate a public information strategy for the indigenisation exercise and develop M&E modalities for the implementation of indigenisation in Zimbabwe (Chowa, 2013).

7.6 Conservation planning

Conservation planning is crucial if land is to be conserved for sustainable production. The Environmental Management Agency (EMA), as the regulator for the use of environment in the country, should strengthen its capability of carrying environmental assessments (EIA) to ensure that all projects are in line with the principles of land preservation (Pazvakavambwa, 2012). New farmers should be encouraged to minimise soil erosion. The abuse of ecosystems by new farmers is rampant; the farmers destroy vast areas of flora and fauna due to poor management of veld fires. As such, preservation of the environment will ensure that production is conducted in a sustainable manner (Christie, 2013).

The paper also recommends that there must be a constant re-evaluation and renegotiation of mining contracts so as to promote transparency and accountability in the mining sector. At present, there are no visible actions being taken to re-evaluate mining contracts that do not add value to the county’s economy (Anderson, 2011). The Zimbabwe Mining Revenue Transparency Initiatives (ZMRTI), as organisation, should be equipped with the adequate resources to successfully ensure public disclosures of mining revenues. Combating corruption is essential in achieving broader indigenisation objectives, and the aim of having a more effective, transparent, and efficient government. When there is adequate transparency in the use of public resources, it generates credibility and accountability for the state (Saunders, 2007).

7.7 Establishing Co-operatives

Redistributing land alone does not produce lasting benefits to agricultural production if not accompanied by an increase in farm and labour productivity. Some argue that the reason for the severe drop in agricultural production is lack of adequate skills, among new famers; to sufficiently employ advanced farming methods and equipment. For example, new tobacco farmers only harvest 900 kilograms each from their one-hectare, whereas white farmers harvested more than 3,000 kilograms per hectare on 45-hectare plantations. Thus for new farmers to increase production, they must consolidate their small farms into large co-operatives (Mabaya, 2005).

The Zimbabwean government, through the Ministries of Lands and Rural Development, and Agriculture, should train recruits to visit new farmers and educate the farmers on basic farming skills and concepts (United Nations Development Programme, 2002). These recruits can be used by government to promote and emphasise the idea and advantages of cooperatives in agricultural production. Co-operatives have been a success in Brazil, after embarking on land redistribution. The families involved shared resources, farm work, surplus marketing, and technical skills (Mabaya, 2005). As a result, the World Bank noted that, resettled cooperative members' standards of living increased 350 times, compared to that of landless workers.

This is also achievable in Zimbabwe if careful planning and implementation. Working as a cooperative, makes it easier to attract capital investment than when each small holding operates in isolation (Mabaya, 2005). Co-operative farming also promotes efficiency especially when mechanized farm implements such as tractors and ploughs are used. Cooperatives also increase the bargaining power of farmers (Mandizadza, 2009). The newly resettled farmers in Zimbabwe can also establish their cooperatives according to the crops they grow, as the tobacco-growers fraternity has through Tobacco Resettled Farmers Association. The same can be done for cotton and maize farmers (Marongwe, 2002).

7.8 Establishing Sovereign Wealth Funds

The idea of establishing a Sovereign Wealth Fund (SWF) is recommended as a way of maximising the utilization of revenues from natural resources. This seems to be a global best practice, done by many countries rich in natural resources. This fund supports government's savings and promotes the saving of funds for future generations. The sovereign fund is a state-owned investment fund, set aside for the development of infrastructure, education and other developmental projects (Al-Kasim, 2006). Zimbabwe should learn from countries such as Botswana and Norway. Botswana finances its Pula from the revenue generated from diamonds and other minerals. Norway used its oil revenue to establish the Norway Government Pension Fund (Thurber, Hults and Heller, 2011). Botswana is seen as model for natural resources management; while Norway is one of the wealthiest countries in the world. These countries have high levels of accountability and transparency (Kanyenze, 2012). Surely Zimbabwe can only profit in learning from their strategies.

Establishing an independent trust fund, is also important for the successful implementation of the indigenisation of land, because the trust will ensure that adequate funding required is available in order to organise various sources of support for the land reform (Mwatwara, 2013). Such a fund could consist of two things; the first to provide resources for the resettlement process, including proper infrastructure to new farmers (Manjengwa, 2013). Secondly, to give compensation to former white farmers for land acquired to resettle black farmers, as well as support for displaced farm workers. Thus, if well implemented, indigenising natural resources can improve the lives of ordinary Zimbabweans (Sachikonye, 2003).

The politicization of indigenisation policy has been a major hindrance to the successful implementation of policies, and this weakens Corporate Social Responsibility (CSR) programmes, thus reducing production levels in both the agricultural and mining sector. Government ought to redefine and de-radicalise indigenisation to allow for non-partisan in indigenisation programmes, so that the empowerment drive can result in sustainable development for several sectors that are important to the economy (Andreasson, 2010).

Many developed countries promote the participation of local citizens in the economy whilst allowing FDI to play its requisite role in the economy. The two need not be mutually exclusive. Owning 51% in foreign owned business is a noble idea, but it should be done gradually and the investors should be given incentives and assurances to secure their equity rather than threatening them to compliance (Thabane, 2014). Giving incentives will guarantee that the country attracts the much-needed FDI, at the same time achieving the intended objectives of indigenisation policy (Masungure and Koga, 2012).

7.9 Summary

This paper discussed the indigenisation policy in Zimbabwe. The research was guided by four research questions, and the study's aim, which was to critically evaluate Zimbabwe's indigenisation policy by examining its impact on ordinary Zimbabweans. The study revealed that the indigenisation policy in Zimbabwe aims at economically empowering local populations and increasing their participation in the economy. However, its disorganized implementation defies these noble objectives, resulting in many inadvertent outcomes. The unpredictability of Zimbabwean legislative environment in protecting private property has deterred investors from injecting capital in the country and this has caused profound damage to Zimbabwe's fragile economy.

The study also showed that indigenisation policy in Zimbabwe mainly benefits the elite and senior members of the ruling ZANU-PF. This was evident during the FTLRP, where the elite acquired multiple commercial farms. The indigenisation policy seems to enable the elites to seize assets for their own use and benefit, while protected by the legislation intended to benefit everyone. The study also argues that the indigenisation policy in Zimbabwe has been politicized, and this has caused problems in participation since the majority of Zimbabwe has come to consider it as political gimmick, belonging, only to ZANU-PF card-holders. As such, it is argued that the successful implementation of indigenisation policy has been hampered by allegations of corruption and political factors such as patronage. It is, therefore, recommended that in order reap the benefits promised by indigenisation, Zimbabwe needs to improve the way it implements its indigenisation policy.

7.10 Conclusion

Indigenisation should aim at economically empowering indigenous Zimbabweans by increasing their involvement in the economy so as to create conditions that reduce poverty rather than just focusing on the redistribution of existing wealth. Indigenisation policies that are reliant on FDI only and not incorporate the meaningful participation of ordinary Zimbabweans, entails that the policies are socially, economically and politically unsustainable. Thus enabling indigenous people to share in ownership and control of their resources creates conditions of existence of peace and stability, and true independence can only be realized through economic independence. Therefore indigenisation should be based on partnerships, between indigenous Zimbabweans and foreign investors to ensure that Zimbabweans attain maximum value for their resources.

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