

**APPROVAL FORM**

The undersigned certify that they have read and recommended to the Midlands State University for acceptance a dissertation entitled “The Impact of Community Share Ownership Schemes on Development of Mberengwa District in Zimbabwe,” submitted by Sympathy Buka (R103576G) in partial fulfilment of the requirements of the Bachelor of Arts Honours Degree in Development Studies.

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## **DEDICATION**

This research is dedicated to my lovely wife Juliet and my children Anesu, Sandra, Chido and  
Natasha

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I would like to thank the Almighty for granting me this opportunity and for guiding me through some difficult times over the period that I was preparing this study. Thank you Lord for guidance and protection.

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## **ABSTRACT**

*The formative study focused on the impact of Share Ownership Schemes on development in Mberengwa District in Zimbabwe. The qualitative research established that some of the objectives of the programme were indeed relevant to the current challenges being faced by the people in rural Zimbabwe. The study also explored the impact of the share ownership schemes on individual and household levels with emphasis on the eradication of poverty. It explored the implementation process of the broad empowerment initiative in Mberengwa district and suggested that other dimensions of empowerment such as the political and social empowerment be included in order for real empowerment to be achieved. The implementation process was being hampered by inadequate funding, bureaucratic bungling, political interference and general lack of a clear direction on the way the programme was to be implemented. There were however a few success stories noted by the study.*

## DEFINITION OF KEY TERMS

In this study, the terms listed below are defined as follows:

**Community:** *A social unit of any size that shares common values, that is Mberengwa District*

**Empowerment:** *The goal of enhancing the possibilities of people to control their own lives*

**Community Empowerment:** *The process of enabling communities to increase control over their lives by ensuring they have appropriate skills, capabilities, resources and access to secure and sustainable incomes and livelihoods.*

**Community Share Ownership Schemes/Trusts:** *A vehicle for participation in shareholding in various businesses by our communities where funds jointly established by the Ministry of Youth Development Indigenisation and Empowerment and various companies to fund income generating projects by Zimbabwean communities. The facilities include the CSOT by Mimosa in Zvishavane and Mberengwa Districts.*

**Development:** *The process of economic and social transformation that is based on complex cultural and environmental factors and their interactions.*

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## **ABBREVIATION AND ACRONYMS**

AA: Affirmative Action

CEO: Chief Executive Officer

CSR: Corporate Social Responsibility

CSOT: Community Share Ownership Trusts

FTLRP: Fast Track Land Reform Programme

GoZ : Government of Zimbabwe

HIV/AIDS: Human Immune Virus/Acquired Immuno Deficiency Syndrome

IEEA: Indigenisation and Economic Empowerment Act

MSU: Midlands State University

MYDIE: Ministry of Youth Development Indigenisation and Economic Empowerment

NGO: Non Governmental Organisation

NIEEB: National Indigenisation and Economic Empowerment Board

RDC: Rural District Council

ZANU PF: Zimbabwe African National Union Patriotic Front

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## **CHAPTER 1**

### **PROBLEM AND ITS SETTING**

#### **1.0 Introduction**

The Government of Zimbabwe (GoZ) undertook a deliberate effort to foster development in rural communities by crafting the Indigenisation and Economic Empowerment Act (IEEA) which explores ways in which the previously marginalised black people benefit from resources in their areas. The act gave legal effect to the community share ownership schemes/trusts (CSOT) where companies are expected to cede a certain percentage towards the community within which they operate. This research looks at the CSOT in Mberengwa District established in conjunction with Mimosa Mine. According to Mabhena and Moyo (2013), the discovery of platinum deposits at the turn of the millennium in the area of Mimosa brought a wave of optimism that the district was going to see better fortunes in terms of development. This chapter therefore provides the background to the study, statement of the problem, research questions and objectives, significance of the study, assumptions, delimitation and limitations of the study.

#### **1.1 Background to the Study**

Zimbabwe went through a period of international isolation and a sanctions regime that eroded the government's ability to provide basic services to its citizens as well as undertaking capital projects in the rural areas. This followed the enactment of the land acquisition act which saw the majority blacks being resettled on previously white owned farms. Tevera and Moyo (2000) argue that decades of colonialism and racial capitalism in most African countries effectively disempowered the indigenous majority politically, socially and economically and this led to massive poverty and poor living conditions for indigenous Africans. In Zimbabwe, the colonial system which existed prior to 1980 was also characterised by dispossession,

marginalisation and exclusion of black Zimbabweans from participation in the mainstream economy (Davies 1978).

Laws such as the Land Apportionment Act of 1930, the Land Husbandry Act of 1951 and the Unlawful Organisations Act of 1959 prevented black Africans from participating in any meaningful economic and political activities. The origin, aspiration and compelling desire of having empowerment policies in Africa, particularly post independent Southern Africa was therefore based on the realisation that an economy can flourish if it can meet the needs of its citizens and their enterprises in a sustainable manner. Indigenisation and economic empowerment programmes in African countries should therefore be viewed as a way of correcting imbalances of the colonial past (Tevera and Moyo 2000). Thus since independence, the GoZ has tried to rectify these colonial injustices by passing several policies such as the Land Reform and Resettlement Programme that was accelerated in 200 in an effort to equitably distribute land between the historically disenfranchised blacks and the minority whites.

Regardless of being one of the richest districts in terms of mineral deposits in Zimbabwe, Mberengwa remains poor. Due to its geographical location, which is in natural ecological region 4, it receives very erratic rains and therefore agriculture is mainly limited to small scale subsistence levels using rain water. The population survives mainly on gold panning and other activities that are not well defined, which gives credence to the notion that the district is one of the poorest in Zimbabwe. During the first decade of independence, the district was popular as a mining hub for emerald which at the time was fetching very well on the international market. Notwithstanding the value of the mineral at the time, the district did not see much in terms of development as very little proceeds were channelled towards development of the district.

The problem which makes this research a necessity is the fact that Mberengwa District remains underdeveloped despite producing very large quantities of precious minerals in the form of gold, emerald, and lately platinum. The coming into being of the IEEA in 2007 ushered in a new dimension of development oriented thinking in government. It then gave rise to the introduction of CSOTs in order to ensure that local inhabitants benefitted from resources that are exploited in their areas. However, the question which needs answers is whether the initiative, good as it appears, is indeed benefitting the locals in terms of meaningful development, or it is one of those policies that lack implementation?

The need to empower the once disenfranchised Zimbabweans is what led to the crafting of the IEEA in 2007 which specifies that at least 51% of shares of public companies and other businesses shall be owned by indigenous Zimbabweans (Tsvakanyi 2012). In trying to achieve this, the government has, among other strategies, established the CSOTs in 2011 so as to empower indigenous Zimbabweans (Tshuma 2011). Guided by the enabling legislation, the starting point was the mining sector. This was based on the reality that mining companies have been, for years, extracting and shipping out natural resources (minerals) without giving anything to the locals, the custodians of the resources. According to the Act, all mining companies were to cede at least 10% ownership of their companies' produce to local communities. According to Tsvakanyi (2012), the main objective of these trusts are to see communities benefitting fully from natural resources extracted from their areas through provision of social amenities such as schools, hospitals, health care services, development projects such as dams, boreholes and roads as well as income generating projects for communities.

## **1.2 Statement of the Problem**

Regardless of being one of the richest districts in terms of mineral deposits in Zimbabwe, the inhabitants of that community still cannot provide food and other basic needs for themselves, a sign that the district is poor. Because of its geographical location, Mberengwa district receives very erratic rains and therefore agriculture is mainly limited to small scale subsistence levels using rain water. The population survives mainly on gold panning and other activities that are not well defined, which gives credence to the fact that the district is one of the poorest in Zimbabwe. During the first decade of independence, the district was popularly known as a mining hub for emerald, which at the time was fetching very well on the international minerals market. Notwithstanding the value of the mineral at the time, the district did not see much in terms of development as very little proceeds were channelled towards development of the district. The problem which makes this research necessary is the fact that Mberengwa District remains underdeveloped despite producing very large quantities of precious minerals in the form of gold, emerald and lately platinum.

## **1.3 Objective of the Study**

### **1.3.1 Main Objective**

To examine the impact of share ownership scheme on development of Mberengwa District in Zimbabwe.

### **1.3.2 Sub Objectives**

- ✓ To identify development programmes undertaken since the introduction of community share ownership schemes.
- ✓ To highlight to effect on poverty alleviation in Mberengwa District as a result of share ownership schemes
- ✓ To highlight administration challenges of share ownership schemes.



- ✓ To analyse the impact of share ownership schemes on the welfare of individual households in Mberengwa District.
- ✓ To assess whether the community share ownership scheme in Mberengwa District is in line with the country's indigenisation and empowerment policy.

## **1.4 Research Questions**

### **1.4.1 General Question**

How are community share ownership schemes impacting on development in Mberengwa District?

### **1.4.2 Sub Questions**

- ✓ What are the development programmes undertaken since the introduction of community share ownership schemes in Mberengwa District?
- ✓ What are the effects on poverty alleviation in Mberengwa District as a result of share ownership schemes?
- ✓ What are the administration challenges of community share ownership schemes?
- ✓ What is the impact of share ownership schemes on the welfare of individual households in Mberengwa District?
- ✓ Are community share ownership schemes in Mberengwa District in line with the country's indigenisation and empowerment policy?

## **1.5 Justification of the Study**

Since independence, the development of Mberengwa District has not taken off to the satisfaction of the inhabitants of the community and key infrastructure like roads, schools and hospitals are still in a poor state. This is despite the fact that the district is endowed with a variety of natural resources especially minerals. The GoZ has come up with a number of development initiatives which were meant to speed up rural development. However, most of these policies could not achieve desired effects as rural Zimbabwe has remained largely

lagging behind in terms of development and Mberengwa District is no exception. The coming into being of the CSOTs in 2011 brought with it a new wave of optimism and it is therefore imperative that studies be conducted to evaluate whether this new phenomenon is the new panacea to rural development challenges.

The GoZ realised that rural communities continued to suffer despite the fact that mining companies continued to extract resources within their environs. All these CSOTs were launched after the realisation that although the country is endowed with about 60 known minerals, including the precious ones such as gold, diamonds and platinum, (Chamber of Mines Zimbabwe 2014), the Zimbabwean people have not fully benefitted from the exploitation of these natural resources since independence. To the contrary, resources have been going away to foreign lands to develop and improve the livelihoods of foreigners while the Zimbabweans, especially those living in rural areas, remained among the poorest in the world.

Mataga Growth Point in Mberengwa was one of the areas targeted by the government in its growth pole policy to spearhead the development of rural areas but it has not managed to achieve it. Therefore, the GoZ realised that the road to total independence was never going to be complete without rolling out the IEEA (Mwase and Mangisi 2013). In trying to achieve this, the government has, among other strategies, prescribed for direct equity participation by communities within which mining businesses are exploiting natural resources through the CSOTs, a product of the indigenisation and empowerment programme, (Tsvakanyi 2012). However, since the inception of the CSOTs, researches are being carried out to establish if communities within which these minerals are exploited have benefitted anything as yet and if they have not benefitted, are there any chances that they will benefit from the share ownership programme some day?

## **1.6 Assumptions**

The study was based on the assumption that the community of Mberengwa's development would pick up pace with the introduction of the CSOT. The study was also based on the assumption that the performance of the CSOT in Mberengwa District is reflective of the general performance of the trusts throughout the country. It was also based on the assumption that the rural communities in Zimbabwe are a rational group that only lacks access to financial capital to enable them to participate in their own development and that of their community. Therefore, with access to financial assistance through a development facility like the CSOT, the rural communities in Zimbabwe would move out of poverty to be able to provide sufficiently for themselves and their families.

## **1.7 Delimitation of the Study**

CSOTs are a national programme and therefore are supposed to cover the length and breadth of the country. This study was however limited to an evaluation of the impact of CSOT in Mberengwa District development. CSOT in Mberengwa was in existence since 2014, therefore the study covered the period from March 2014 to October 2015. Empowerment has got various dimensions, that is human and social empowerment, political empowerment, cultural empowerment and economic empowerment, (Lutherell et al 2009). This study was limited to the concept of rural economic empowerment as applied in Zimbabwe's IEEA. The study did not wish to analyse the empowerment theories.

## **1.8 Limitations**

The researcher was subjected to several limitations among them lack of credible baseline information from which to start evaluating the impact of CSOTs. Since the programme is relatively new in Zimbabwe, academic literature on the programme is still limited. To overcome this challenge, the researcher consulted literature from elsewhere in the developing

world where similar programmes were conducted. In addition, the researcher consulted literature on other CSOT inspired rural development programmes in Zimbabwe. The use of primary data was also a way of countering the limitation of shortage of secondary data.

The current political environment made some of the intended participants sceptical about participating in the research as they feared being misquoted. Some were also not sure where the information they gave would end up. The researcher had to convince the participants that this was purely an academic research that may be helpful to them in future. In certain situations the researcher had to use his personal relations to get the consent of the participants, especially at Mimosa Mine.

The researcher also faced a challenge in terms of limited time to conduct more field work. To overcome this limitation the researcher applied multiple tasking and detailed planning and it worked. The researcher also had limitations in terms of funding for travel expenses, preparation of research material and data collection. The researcher minimised movements in order to compensate for funds shortages.

## **1.9 Chapter Breakdown**

The chapters are going to be structured as follows:

- ✓ Chapter 1: Problem and its Setting
- ✓ Chapter 11 : Literature Review
- ✓ Chapter 111 : Research Methodology
- ✓ Chapter 1V : Data Presentation, Analysis and Interpretation
- ✓ Chapter V : Summary, Conclusions and Recommendations

## **1.10 Chapter Summary**

This chapter gave the background to the problem and its significance, statement of the problem, research questions and objectives, justification of the study, assumptions, delimitation and limitations of the study. It then ended with the breakdown of chapters in this dissertation. The chapter was basically meant to give an overview of the problem which necessitated this research to be carried out.

## **CHAPTER 11**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

CSOTs are established to promote community participation and to empower local communities through direct shareholding in foreign owned companies operating within their localities as a means of building sustainable communities. The main objective of these schemes is to ensure that communities, as custodians of natural resources, benefit directly from the extraction of natural resource wealth in their areas. This chapter looks at the literature written to explain this phenomenon in the context of similar schemes within and outside Zimbabwe. It traces the evolution of CSOTs, indigenisation and empowerment policies in Zimbabwe and a comparison between community share ownership and CSR.

#### **2.1 Evolution of Community Share Ownership Schemes**

Share ownership schemes did not originate in Zimbabwe. Several countries have also pushed for the establishment of share ownership schemes. However, the use of share ownership trusts in some of these countries has largely been driven by the need to enhance financial participation by employees rather than communities. According to Mawowa (2013), the United States of America and Australia are among some of the countries which have witnessed the growth of what are referred to as Employee Share Ownership Trusts. On the other hand, Southern African countries' approach to Share ownership schemes is unique. It is part of achieving the major objective relating to the redistribution of economic resources through broad based ownership and participation of local communities. Zimplats was the first company in Zimbabwe to effectively implement the CSOTs by establishing the Mhondoro/Ngezi/Zvimba CSOT on October 13, 2011.

The Mimosa Zvishavane CSOT which is the subject of this study was launched on the 6<sup>th</sup> of March 2012. The succeeding Mimosa Mberengwa CSOT is an offshoot from the Zvishavane CSOT and it was launched on 13 March 2014. There are also other CSOTs that have been taken off in Zimbabwe between periods March 2011 to date involving other mining companies ( Tshuma 2013). There are several authors, books, journals and articles which have immensely contributed to the literature on the impact of community share ownership schemes on development. This research was therefore aimed at bridging the gap in terms of literature on the research topic under study.

The origin, aspiration and compelling desire of having empowerment and indigenisation policies in Africa, particularly post independence Southern Africa was therefore based on the realisation that an economy can flourish if it can meet the needs of its citizens and their enterprises in a sustainable manner. According to Acemoglu et al 2007, the essence of economic empowerment lies in the spreading of benefits of economic growth to the majority, making an economic growth that is premised on the inclusion of ordinary citizens. In this way, empowerment was to be concerned with the benefits of economic transformation and empowering of the previously disadvantaged ordinary people. In South Africa, the post apartheid government implemented the Black Economic Empowerment programme in order to redress the inequalities of the apartheid era by giving previously disadvantaged groups of South African citizens economic privileges previously enjoyed by the white only.

Indigenisation and empowerment programmes in Africa should therefore be viewed as a way of correcting the imbalances of the colonial past. Thus since independence, the GoZ has tried to rectify the colonial injustices by passing several policies such as the land reform and redistribution programme (Parliament Africa Group Report 2009). Tsvakanyi (2012) asserted that the need to empower the once disenfranchised Zimbabweans is what led to the crafting

of the IEEA in 2007 which specifies that at least 51% of share of public companies and any other businesses shall be owned by indigenous Zimbabweans.

In trying to achieve the aforementioned, the government has, among other strategies established the CSOTs in 2011 so as to empower indigenous Zimbabweans (Tshuma 2013). Guided by the enabling legislation as detailed in the IEEA, the starting point was the mining sector (Tsvakanyi 2012). This was based on the reality that the mining companies had a long history of extracting minerals and exporting profits without anything set aside for communities. He further asserted that the main objectives of these trusts were to see communities fully benefitting from the natural resources extracted from their midst through provision of social amenities such as schools, hospitals as well as development projects such as roads, dams and boreholes.

Makore and Zano (2012) argue that the mining activities done within the Great Dyke in which Mimoso falls are so varied that with better management and equity, the windfall generated can go a long way in transforming the development of the Zimbabwean economy. They further argue that ever since the establishment of mines in Zimbabwe the locals communities never got significant benefits serve for a few locals who would be employed to provide manual labour which is at times underpaid. This clearly goes on to show that the establishment of the CSOTs in Zimbabwe came with a realistic chance of achieving real development and tangible benefits to communities. On the other hand, Tevera and Moyo (2000) emphasise that, instead, the communities surrounding these mines have suffered as a result of environmental degradation. Mining by its nature involves massive disturbance of the wider environment and in certain instances in Zimbabwe, miners would still carry out mining activities without doing proper environmental impact assessments.



## **2.2 Indigenisation and Empowerment Policies in Zimbabwe**

The National Indigenisation and Economic Empowerment Board (NIEEB) in 2011 went to greater lengths in trying to explain the benefits of indigenisation. The board highlighted that there would not be real empowerment in Zimbabwe if the country continued to allow foreign companies to dictate the terms in the economy. This explanation was meant to allay the fears that the 51%-49% ownership arrangement was meant to drive away foreign companies but instead to ensure the involvement of the indigenous Zimbabweans an opportunity to have a say in the economy of their country. Mwase and Mangisi (2013) also go on to support that CSOTs lead to real empowerment of local communities around mining companies.

Hagen (2002) observed that African communities were marginalised from the era of colonialism and therefore their claims to resource ownership have always received less attention. Initiatives like the CSOT will only go a long way in trying to address these imbalances that even threaten peace and security within Africa in general and Zimbabwe in particular. Davis (1979) also shows in his look at the history of Southern Africa that not much in terms of controlling resources was in the hands of the indigenous people. The foreign companies were the ones who enjoyed the lion's share of the resources and in most cases the proceeds from mining usually went to develop metropolises in Europe.

According to Feresu (2010), the state of environmental degradation in Zimbabwe needed all stakeholders to work together to mitigate the effects. However, communities needed to be empowered first in order to be able to do their part. They simply lack the capacity without empowerment. Madehwe and Madehwe (2005) then go on to assess the impact of environmental change in Zimbabwe in the context of existing laws where companies who damage the environment were not being held responsible. They argue that communities suffer most because of their lack of capacity to fight the effects of environmental change.

This therefore adds credence to the need to develop communities using the resources availed through CSOTs.

It is Mangudya's (2014) assertion that after a lengthy deliberation and explanation, mining companies then voluntarily set aside millions of dollars meant to finance the CSOTs. The explanations were meant to clear the suspicion that the indigenisation law was passed to give legal effect to the taking over of foreign owned companies but to ensure that the previously marginalised rural communities benefitted from their resources.

Critics of this initiative have also written a lot in trying to discredit the idea of CSOTs in Zimbabwe. Manayiti (2013) argued that the idea of CSOTs was faulty as not much had been done to explain it especially to the intended beneficiaries which leave room for manipulation. He also goes on to say that the schemes are just a political gimmick meant to buy the allegiance of the rural voters who were growing disillusioned by the poor management of the national economy. Makore and Zano (2012) cite corruption by the local political leadership as the biggest drawback to this initiative where they identify that the chiefs are already part of a corrupt political system which is there to exploit their own subjects.

The IEEA (General) Regulation, 2010 section 3(1) of the notice provides that; Every non indigenous mining business shall achieve the minimum indigenisation and empowerment quota by the disposal, after approval of its indigenous implementation plan by the Minister, of its shares or interests to designated entities, (Matyzak 2012). The General Notice 114/2011 requires that all mining businesses achieve indigenisation by disposing 10% shares to CSOT. Murombo 2010) contends that the IEEA provides that; it is the objective of the GoZ to secure that:

- (a) at least 51% of the share of every mining company which on or after the fixed date, is engaged in the extraction or exploitation of any one or more strategic

energy minerals, shall be owned by the state, of which shares in 25 per centum shall constitute the non contributory interest of the state.

(b) at least 51 per centum of the shares of every mining company which on or after the fixed date, is engaged in the extraction or exploitation of any precious minerals or precious stones, shall be owned by the state and indigenous Zimbabweans, of which shares in 25 per centum shall constitute the non contributory interest of the state; and 26 per centum shall be owned by the state or indigenous Zimbabweans.

(c) at least 51 per centum of the shares of every mining company which on or after the fixed date is engaged in the extraction or exploitation of any mineral other than a strategic energy mineral, precious metals or precious stones, shall be owned by indigenous Zimbabweans.

Thus mining companies are expected to meet these requirements within fixed time frames failing which the relevant Minister, depending on the reason for non compliance, can cancel the mining right. According to Murombo (2010), the holder of the mining right is given an opportunity to have reasons for such a cancellation being made and has an opportunity to make written submissions. Kanyenze et al (2011) add that those companies that did not surrender the initial 25% to empowerment for free would be levied a tax of 25% of the value of their production. In the event that no production was realised, the 25% tax would be levied on the estimated value of reserves they would be likely to produce in a year.

Mining laws must facilitate access to and equitable sharing of benefits. Since independence, Zimbabwe has lagged behind in terms of the establishment of an enabling legal and policy framework for sustainable and equitable mineral resource development. The country is now fast tracking the mining sector legislation which supports broad based economic

empowerment. Thus in 2007, the government's approach to empowerment took a new direction in response to the changing political and economic environment, (Saunders 2007).

Murombo (2010) asks whether Zimbabwe's mining laws and the IEEA are suitably tailored to promote intra generational equity in the mining sector in Zimbabwe. The article views CSOTs as a countrywide government initiative spearheading development and empowerment of rural communities by giving 10% stake in all businesses that exploit resources in their areas, but for whose benefit? Maodza (2012) adds that the schemes are designed to control the selfish exploitation of the country's resources for the benefit of multinational corporations and other foreign businesses without the benefit to indigenous Zimbabweans. The article reiterates that empowering communities in mining regions enables them to participate in their own development.

Mate (2002) argues that the problem of informal diamond trade in Zimbabwe, which has robbed the Chiyadzwa community of potential revenue, is exacerbated by the existence of a network of powerful political figures in whose interests it is to maintain the illicit trade. It explains the scepticism in some people that the bigger picture of these CSOTs is to line up pockets of powerful politicians after all. Pedro (2005) expressed similar sentiments by revealing that Zimbabwe has seen the emergence of elite driven, opportunistic asset grabs, rather than the articulation of a policy seeking the sustainable transfer of strategic production into accountable hands.

It was also the assertion of Mate (2002) that community participation in the management and use of mineral wealth at the local level "could speed up the process of community empowerment and lead to increased pressure on central government for the better management of mineral wealth and for greater transparency and accountability in its management." He adds that most of the major mines had establishes foundations through

which they are involved in the provision of health and education infrastructure as well as provision of non mine training and education. Therefore it may not be correct to view mining companies as if they never did anything to communities they live in. For instance, Zimbabwe Platinum Mines agreed to transfer 51% of its equity to indigenous investors in an empowerment deal where local communities will gain \$600 million in value from the mining giant. Through its South African parent firm, Implats, Zimplats agreed to shed 10% to local communities, 10% to workers and 31% to the NIEEB fund, (Matyzak 2012).

According to Maodza (2012), the Marange-Zimunya CSOT became unique in that the trust was given mining rights and will partner with companies operating in the diamonds fields. The new approach has a multiplier effect on the benefits to be accrued by communities in that they will benefit from value retention through direct ownership of mining concessions. Similarly the Zimplats Holding has agreed to a vendor finance deal, whereby it will provide an interest free loan to the CSOT to fund the purchase of the issued shares, valued independently and the loan will be repaid from dividends, Matyzak 2012).

However, the shareholding granted to the CSOTs will not, in this event, render the community any better off financially. Accordingly, channelling money for development projects through CSOTs in the form of dividends, rather than grants, merely allows for some expedient public relations and politicking, and does nothing to advance community empowerment, (Matyzak, 2012). Furthermore, without general restrictions as to who may purchase and who may sell shares, the 10% indigenisation through schemes such as the CSOT may be quickly reversed, either through onward selling or a call upon collateral.

The prevailing reality where mining companies generate super profits while communities within which they operate live in abject poverty qualifies Humphrey et al's (2007) postulation that the interaction between resource extraction and local community livelihoods

is suggestive of societies characterised by islands of prosperity and a sea of poverty. On this note, I agree with the authors as this scenario of islands of prosperity and a sea of poverty fittingly describes the socio-economic status of resource endowed Mberengwa District which has been declared a high poverty area (Zimbabwe Parliament 2011). According to Sawyer and Gomez (2012), these inequalities have incited antagonistic relations, often violent, between mining corporations and local mining communities as is the case in the Philippines, Bolivia and the Niger Delta in Nigeria.

### **2.3 Community Share Ownership and Corporate Social Responsibility**

From a social justice perspective, mineral resource extraction should stimulate the socio-economic transformation of the host communities, (Sawyer and Gomez 2012). Ironically, most mining operations are located in communities with low levels of socio-economic development. Cronje and Chenga (2005) observe that communities surrounding South African companies are often synonymous with poverty, poor health, adult literacy and poor housing. Mining activities in many resource rich communities fail to stir social and economic transformation, thus plunging the communities into a resource curse, (Humphreys et al 2007).

It is becoming evident among policy makers that incorporating the participation of local communities in decisions concerning their lives as well as in resource utilisation will lead to greater protection and empowerment of indigenous communities, thus achieving greater social justice, (Sawyer and Gomez 2012). Under Zimbabwe's indigenisation policy, CSOTs remain an important mechanism through which benefits from resource extraction extend to indigenous Zimbabweans by promoting broad based participation in the shareholding of foreign owned businesses. This is anticipated to go a long way in promoting sustainable development of resource rich communities in Zimbabwe, (Zhou and Zvoushe 2012).

Generally, mining operations invoke prospects for better living to host communities and this is commonly championed through corporate social responsibility (CSR) practices. CSR refers to business initiatives that a company adopts beyond its legal obligations in order to create added economic, social and environmental value to society and to minimise potential adverse effects from business activities, (Murombo 2010). The fact that CSR goes beyond a company's legal obligations means that community development pursued under CSR is often regarded as philanthropic. It is conceived as a voluntary process whereby mining companies integrate social and environmental concerns in their business to build self-sufficient and self-reliant communities, (Akpan 2006). Often, CSR programmes include consultative interactions with community members on the projects to be undertaken. However, Sirroli (2008) contends that community development premised under the banner of CSR involves insignificant often minimum engagement with local communities, and in most cases it is reduced to some form of token participation. This is a mere symbolic practice of engaging the local communities in informing them about certain decisions to which they have little or no power to affect, (Ife and Toseriero 2006).

In fact, consultative processes in most CSR practices only ensure passive participation of community members but without guarantee that their ideas or contributions will be incorporated, (Mnwana and Akpan 2007). Adding on, Akpan (2006) argues that most of the CSR programmes do not develop endogenously from the communities; rather they are externally conceived and directed by corporate experts. Consultative processes are habitually limited or nonexistent and incorporation of the community's ideas is not guaranteed because companies as principal funders dictate the course of development.

Moreover, Sirroli (2008) contends that processes of community development pursued under CSR are often imposed on local communities with no significant community participation and most of the time excludes the poor, women and other marginalised groups in society. As a

result, such development initiatives are not context specific because of the minimum levels of participation of local communities; hence they ultimately fail to transform the living conditions of the rural poor in mining communities. Mineral resource extraction would fail to produce the perceived socio-economic benefits such as clean water, improved housing, health and greater employment opportunities which are some of the main socio-economic challenges persistently encountered by resource-rich communities (Vertigans 2011).

Sirolli (2008) then posits that because of lack of participation of local communities, development under CSR often fails to last beyond the life of the company because it does not emanate from the communities, and there is minimal local participation. Bridger and Luloff (1999) argue that expert led development sustain relations of domination between corporate institutions and local communities, something they suggest contribute to the brevity of community development initiatives after the end of mining activities because there is little community ownership and empowerment.

## **2.4 Chapter Summary**

Thus this chapter was meant to review concepts and findings of other researchers relating to the impact of CSOTs on the development of rural communities in Zimbabwe. The aim of literature study was to place the research questions in the context of scholarly previous work in such as way as to explain and justify the relationship of the variables. This was also meant to help shade light on what other scholars say about the impact of CSOTs on the development of rural communities in Zimbabwe as well as other countries.



## **CHAPTER 111**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter is a summary of methodological aspects employed in this study in order to obtain the required information. The chapter gives an overview of the approaches that were used in gathering information, sampling methods used, data analysis techniques and the problems encountered in conducting the research. The research philosophy employed in this study is post positivist view which emphasises meaning and creation of new knowledge and support movements that aspire to change the world and contribute towards social justice, based on careful observation and measurement of objective reality in the world.

#### **3.1 Research Design**

A research design explains how the researcher goes about obtaining the objective information he or she needs to answer the requirements of the matter under investigation. According to Labovitz and Hagedon (1985), a research design is a logical manner in which individuals or other units are compared and analysed. It is thus a basis on which data is interpreted. The research design which this researcher used is a qualitative research design which seeks to investigate the impact of community share ownership schemes on development in Mberengwa District in Zimbabwe. The research design was chosen because of its suitability for the phenomenon not sufficiently known, the purpose being to provide explanations and comprehension of such little understood phenomenon.

#### **3.2 Qualitative Research Design**

A qualitative research design is based on phenomenological paradigm which uses a variety of interpretive research methodologies. As Best and Kahn (1993) put it, qualitative methods consist of three kinds of data collection which are depth or open ended interviews, direct

observation and written documents. The data obtained from interviews consist of direct quotations from people about their experiences, opinions, feelings and knowledge. The data from observations consist of details of people's activities, actions and full range of interpersonal interactions and organisational processes that are part of observable human behaviour. Analysis of documents includes careful analysis of organisational excerpts, quotations memoranda and correspondences, official publications and reports. It also includes open ended written responses to questionnaires and surveys. According to Patton (1990), there are 10 themes that inculcate qualitative research and these themes are what makes various qualitative research methods distinct from quantitative methods. All qualitative research methods are similar in the sense that they use qualitative data, context sensitivity, emphatic neutrality and inductive analysis as well as other themes.

### **3.3 Population**

Best and Kahn (1993) define population as "any group of individuals that has one or more characteristics in common that are of interest to the researcher." Thus population consists of all the possible observations of the variable under study. Babbie (1990) also sees population as a total number of subjects from which the study is conducted. This research was conducted through all the levels of management at Mimosa Mine as well as traditional leaders in Mberengwa District. Thus the population studied comprised of 20 traditional leaders and 8 management staff at Mimosa Mine. The traditional leaders included chiefs, some of whom were members of the Board of Trustees as well as councillors and other leaders within the political structures of Mberengwa District.

### **3.4 Sample Frame**

It is a list of respondents within a population who can be sampled. The researcher undertook a research in Mberengwa District where there was a total population of 28 comprising 20

traditional leaders and 8 management staff of Mimosa Mine. Saunders et al (2009) defined a sample frame as a complete list of all the cases in the population from which a sample will be drawn. The researcher therefore managed to solicit for and record information from the 28 people.

### **3.5 Sample Size**

A sample is a subset of the population on which observations are made. The essential thing is to have a sample that is representative enough to enable the researcher to make proper conclusions. The sample size of this research was 18 traditional leaders and 6 managers from Mimosa Mine. A total of 30 questionnaires were produced and submitted to all the participants for completion. All the traditional leaders completed the questionnaires and 8 managers obliged at Mimosa Mine. The researcher managed to move around the district to visit all the respondents. In this study the sample size was determined by the need for accuracy and the nature and size of the population the researcher targeted.

### **3.6 Sampling Techniques**

Babbie (1990) postulates that a sample is one member of a larger population. Chikoko and Mhloyi (1995) also argue that a sample should be a true representative of the population. The reasons for sampling are to reduce the population to workable size and reduce costs but one should always ensure that it is simply representative enough for a proper conclusion to be made. For this study purposive sampling was used and this sampling is done with a purpose in mind. When using purposive sampling, researchers choose participants arbitrarily for their unique characteristics or their experiences, attitudes or perceptions (Cresswell et al 2007). The sample size for this study consisted of one top manager, 2 middle managers and 3 junior managers of Mimosa Mine then 8 chiefs, 2 youth development officers from MYDIE's

Mberengwa District office, the CEO of Mberengwa Rural District Council, 3 councillors and 4 village headmen all from Mberengwa District.

### **3.7 Sources of Data**

The research instruments used in this research were the questionnaires and personal interviews. Primary data was obtained from Mimosa Mine management as well as traditional leaders. The questionnaires were hand delivered to the respondents for completion and they were collected a week later to give participants ample time to canvass all the information they had. Personal interview were conducted with management at Mimosa Mine through appointments.

### **3.8 Data Collection Instruments**

The research used both primary and secondary sources of data. Babbie (1990) noted that one of the advantages of the case study is that it allows for in-depth data collection using simple sources. Primary data for this study was obtained through face to face structured and non structured interviews with Mimosa Management and traditional leaders in Mberengwa District. Questionnaires with both open ended and closed questions were also used to collect data. On site observations of projects being implemented were also conducted during the study. Secondary data was obtained through an extensive review of literature available for this research. Electronic media was also made use of to obtained relevant data.

### **3.9 Primary Data**

Flower (2002) defined primary data as data which is collected for the first time. In this case, the data was relevant to investigate the impact of CSOT on development of Mberengwa District in Zimbabwe. This data was collected through questionnaires and interviews. Hox and Boeijie (2005) agree that primary data are collected for the first time for a specific research problem following procedures that best fit the problem. In this context,

questionnaires were used because they enabled the researcher to capture the beliefs and values of respondents with regards the matter under study.

### **3.10 Secondary Data**

Church (2002) defines secondary data as data collected for some other use other than the research problem at hand. This data can be found in libraries or from company records. The researcher also used secondary data which refers to information gathered by someone other than the researcher. The researcher used books, journals and articles from other authors to have an overview of the area of the study. The researcher also collected secondary data in the form of company brochure, magazines, periodicals and records.

### **3.11 Questionnaires**

A questionnaire is any data collection instrument involving a checklist, attitude scales and rating scales. It is a document designed to solicit for information appropriate for research analysis. It is a written list of questions, whose answers should be provide by a respondent. In a questionnaire, as there is no one to explain the meaning of questions to respondents, it is important that the questions are clear and easy to understand.

### **3.12 Interviews**

According to Borg and Gal (1971), an interview is an important research tool that acts as a means of cross checking facts and views obtained from respondents. It can either be structure or unstructured. According to Taylor et al (2006) an interview involves an interviewer reading questions and respondents giving answers. Any personal interaction whether face to face or otherwise, between two or more individuals with a specific purpose in mind is called an interview. A structure interview uses an interview schedule with a set of predetermined questions in a set sequence. In this study the researcher used unstructured interviews to solicit for some information that was felt necessary.

### **3.13 Open ended Questions**

An open ended question is designed to encourage a full, meaningful answer using the respondent's own knowledge and feelings. The advantage of open ended questions is that the respondent is given the freedom to structure a response and use words of their own choice in their replies. Under the circumstances, the researcher is likely to get authentic responses. The obvious response is that analysis of data contained in the response is potentially more troublesome. According to Levin and Rubin (1994), the researcher wanted to know about the benefits of training for work in China experienced by expatriates and used open ended questions. This format of questioning is appropriate for non quantitative research.

### **3.14 Data Presentation Procedures**

The study utilised content analysis in analysing data. Church (2002) described content analysis as a basic approach used for analysing and interpreting narrative data. Narrative data comes from different sources including brief responses to open ended questions and comments written on questionnaires, stories, case studies, interviews, observations and testimonials (ibid).

### **3.15 Ethical Considerations**

According to Hesse Bieber and Leavey (2006), researchers need to anticipate the ethical issues that may arise during their studies. Israel and Hay (2006) added that it is important in research to protect participants, develop a trust with them, promote the integrity of the research, guard against impropriety that might reflect on the organisation or institutions and be able to cope with new problems. They further posited that ethical questions are apparent in the modern world on such issues as personal disclosure, authenticity and the credibility of the research report, the role of researchers in cross cultural contexts and issues of personal

privacy through internet data collection. Thus when carrying out a study, researchers anticipate data collection and therefore need to respect participants and the sites for research.

Sarantakos (2005) asserted that researchers need to develop informed consent from participants to sign before they engage in the research. The form asserts that the rights of the participants will be protected during data collection and some of the elements of the form include identification of the researcher, purpose of the study and guarantee of confidentiality to the participant. An ethical issue arises where there is no reciprocity between the researcher and the participants. A good research should benefit both the researcher and the participants. Confidentiality of data supplied by the respondents in this study was guaranteed thereby ensuring that the respondents did not give biased replies.

### **3.16 Chapter Summary**

This chapter gave an in-depth analysis of the research methodology employed in this research which was the qualitative research methodology because of the nature of the study. It covered the research design, looking extensively at the qualitative research design. Other issues looked at included the population, sample frame, sample size, sampling techniques, sources of data, data collection instruments, primary and secondary data, questionnaires, interviews, open ended questions and data presentation procedures. It ended with a look at the ethical considerations in research.

## CHAPTER 1V

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

In this chapter the researcher analyses the data which was obtained in the field. The chapter gives an overview of Mimosa Mberengwa CSOT, the demographic analysis of respondents, the development programmes undertaken in the district since the introduction of CSOTs, the effects of CSOTs on poverty eradication in the district, the impact of CSOTs on welfare of individual households, administrative challenges faced by the CSOT and the relationship between the CSOT in Mberengwa and the country's indigenisation and empowerment policies. In this chapter the researcher presents data that was canvassed during his field tour and analyse whether the data provides traces of development or not.

#### 4.1 Basic Demographic Information of Respondents

The researcher undertook a research in Mberengwa District where there was a total population of twenty eight (28) comprised of eight (8) traditional chiefs and 20 members of management from Mimosa mine. This was after thirty questionnaires were distributed giving a response rate of 93%. Of the 28 respondents, 23 were male while 5 were females. This difference between the number of male and female respondents who participated in the research is reflective of the low numbers of women who are either in management positions in companies and who assume traditional leadership positions in rural Zimbabwe. In fact, all the 5 female respondents were company middle managers at Mimosa Mine and none from the traditional leadership were female.

The table below shows the numbers of respondents in each age bracket who participated in the research.



**Table 1: Number of respondents by age groups involved in the research**

Ser	Age Bracket	No of respondents Sponsored
1.	Below 25 years	Nil
2.	25 – 30 years	1
3.	31 – 35 years	6
4.	36 – 40 years	11
5.	41 years and above	12
	<b>TOTAL</b>	<b>30</b>

From table 1 above, no respondents were in the below 25 years at either Mimoso Mine management or traditional leaders. Although this does not mean members of the community below the age of 25 cannot be managers at companies or traditional leaders, it is a pointer to the fact that those below the age of 25 will still be pursuing tertiary education in order to attain managerial experience while traditional leadership is usually a preserve for the mature and wisdom ridden members of society. However, the only respondent in the 25-30 years age group who is a traditional leader due to the passing on of his father, represents a youthful view to the research as development also involves and affects the youth.

One hundred percent of the respondents are married. Issues of development are quite paramount to married people as it is usually an issue they hold dear to their hearts that their families should be able to benefit at present as well as in future. The zeal to see Mberengwa District develop was shared by all the traditional leaders who responded to the questionnaires and their biggest wish was for their off springs to benefit in future. It is a matter of worry that the district is losing a lot of young educated youths to neighbouring countries due to

underdevelopment in the district and the possibility of a reverse of that phenomenon brings hope to the traditional leaders and other community members.

#### **4.2 Overview of the Mimosa Mberengwa Share Ownership Scheme**

In this section, the researcher now presents and analyses the nature of the community share ownership scheme entered into by Mimosa Mine towards the development of Mberengwa District. Before venturing into the Mimosa Mberengwa share ownership scheme, it is the researcher's view that a brief background to the scheme be proffered in order to enhance better understanding of the relationship. The initial CSOT funded by Mimosa Mine was meant to develop Zvishavane District as the assumption was that the Mine was located in Zvishavane. With this assumption, the initial 10 million dollars was deposited into the Mimosa Zvishavane CSOT.

Traditional leaders in Mberengwa District then sat down and constituted a team to take up the complaint that Mimosa needed to direct their share ownership resources towards both Mberengwa and Zvishavane Districts since the Mine lies on the border between the two districts. Their arguments were supported by geological maps that showed that claims for Mimosa were indeed in both districts. This new development led to a rethink of the way the trust funds were to be distributed between the two districts. The initial overtures were that the districts needed to divide the fund by half. However, part of the trust fund had already been committed in Zvishavane District and plans had been put in place to use the entire amount, leading to calls for the company to give the same amount towards the Mberengwa District trust. Mimosa mine could not commit to the new request which led to an agreement being reached that the Zvishavane CSOT was to cede 30 percent of the fund to Mberengwa District. Thus the Mimosa Mberengwa CSOT was launched to the tune of 3 million dollars. The Mine

therefore did not add any more funds towards the two districts CSOTs but instead oversaw the division of the already committed resources between the two Districts.

#### **4.3 Development programmes undertaken since the introduction of share ownership schemes**

It is important to highlight at this stage that the CSOT in Mberengwa District is at its infancy. Most respondents were of the opinion that most of the development programmes under the CSOT were still at their initial stages while others were still on paper. However, the researcher managed to solicit for information regarding the programmes and managed to visit some of the sites for the proposed programmes as well as the ones already in full swing. Mberengwa District lies on the country's ecological region 5 and rainfall patterns are always on the below normal level. This means that the district often struggles in its quest to produce enough foodstuffs for its population. Respondents also felt that one of the most important areas that the CSOT sought to address was the provision of water for both irrigation and domestic use. The share ownership scheme therefore sought to fund the drilling of boreholes in 27 wards in the district. Drummond and sons drilling company was contracted to do the job and work was scheduled to begin anytime from October 2015.

As highlighted earlier on, respondents also felt that the focus on irrigation other than rain water agriculture was identified as the way to go. Already land preparation had begun on the Mundi-Mataga irrigation scheme where a total of 7000 hectares of land was expected to be put under irrigation in order to produce sufficient food for the district's population. Other respondents also highlighted that plans were afoot for the establishment of another irrigation scheme along Ngeziriver but land had not been identified for that purpose. The traditional leadership in the District was looking at the issue so that the vast water in the river can be put to good use. Smaller water reservoirs in the district had also been identified as suitable for

supporting smaller irrigation schemes that could see the residents being able to practice market gardening. The dams identified included among others, Mubhaiwa Dam in Mataruse, Biri Dam in Chingoma, Chegato Dam in Chizungu and Mudhangu Dam in Nyamhondo. These dams had previously been used for the same purpose by the NGO funded irrigation schemes and the CSOT resources were meant to spruce up and raise the capacity and ensure that the inhabitants of these areas get real benefits.

The researcher gathered that Mberengwa District was poised to build 10 clinics using proceeds from the CSOT with Mimosa Mine. The clinics were to be built in areas under chiefs Nyamhondo, Mahlebadza, Muposi, Mataruse, Maziofa, Chizungu, Ngungumbani, Chingoma, Muketi and Mapiravana. While these areas would get clinics in their areas, the remaining 6 chiefdoms had been designated to have schools built in them. Respondents indicated that it did not mean that the areas where clinics were being built would not have schools built as well. Instead, preference was going to be given to those chiefdoms which did not get clinics. A good example to show that an area under one chief would get both a clinic and a school was in Chief Mataruse where a clinic was being built at Mwembe while a secondary school was being built at Ruuraugwi, areas in wards B1 and B4 respectively in Mataruse chiefdom. In total, the CSOT was meant to assist in the construction of 8 schools some of which were already under construction.

Management felt that Mberengwa district had some of the worst gravel roads linking its key infrastructure such as hospitals, schools and administration centres. The rehabilitation of roads was thus another key area that the CSOT sought to undertake. Though the rehabilitation had not commenced by the time this research was conducted, the roads that were earmarked for attention were the Mberengwa-Mnene-Mataga, Zvishavane-Buchwa-Ngungumbane-

Mataga and Mberengwa-Chegato-West Nicholson roads. These roads link the key institutions in the district such as the Lutheran Church run Mnene, Msume and Masase hospitals as well as the rural district council offices at Mataga Growth Point. The rehabilitation of roads in Mberengwa District opened up lots of potential for the people in the district because the area was a hive of activity in terms of mining and accessibility has been one of the most critical challenges bedeviling actors in the industry. They were also of the opinion that it could allow the market gardeners access to the nearby town of Zvishavane which had grown quite significantly since the commencement of mining activities at Mimosa Mine.

The researcher discovered that Mnene Hospital was the biggest referral hospital in Mberengwa District. In acknowledging its status, the traditional leadership who constitute the board charged with the administration of the CSOT, decided to assist the health facility with maternity homes for pregnant mothers. This programme was one of the pioneer projects undertaken under the CSOT and had since been completed. Four blocks for accommodation of pregnant women were constructed to ease the pressure on the existing infrastructure which had outlived its lifespan having been constructed decades ago. Plans were also on to do the same at Mberengwa District Hospital in order to increase the capacity of the institution in its responsibility of maternal health. Respondents also suggested that these maternity homes would help to encourage pregnant women to come forth and deliver at these health institutions as opposed to delivering at low capacity clinics or even at their homes which had led to high maternal deaths in the district before. They were also of the view that the infrastructure would also go a long way in raising the morale of the midwives who would definitely realize that their efforts were being recognized by having their places of work upgraded.

#### **4.4 Effects on poverty alleviation in Mberengwa District as a result of share ownership schemes**

The researcher gathered that Mberengwa District ranked amongst the poorest in rural Zimbabwe. This was despite the district being endowed with a variety of minerals namely gold, platinum, iron ore, tantalite, chrome and emeralds. Most respondents felt that the introduction of CSOT came as a relief to many as they envisaged the end to their poverty. As indicated earlier on in this research, the CSOT programme was still in its infancy in the district, its effects on poverty can be measured in terms of the plans put in place and the initial endeavours to end poverty. According to the administrator of the Mberengwa CSOT, the Chief Executive Officer of Mberengwa Rural District Council, the scheme was definitely going to reduce poverty levels in the district. His assertions were based on the proposals that the various projects to be undertaken under the scheme would employ a large number of youths in the area in skilled, semi skilled and unskilled labour sectors. Respondents also highlighted that unemployment was very rife in Mberengwa just like any other district in Zimbabwe and that the CSOT was set to absorb quite a number of the unemployed people though on a short to medium term basis. The district was in the process of establishing a database for its skilled manpower in order to create conditions for their placements when time comes.

The researcher having identified hunger and starvation as perennial challenges in Mberengwa, any initiatives meant to curb these were definitely welcome. The placing under irrigation of over 10 thousand hectares of land would help in reducing hunger in Mberengwa District. The deliberate effort done to utilize large reserves of water in the dams went a long way in addressing this scourge. The district was in the process of building teams of agriculture experts to lead the envisaged green revolution. The experts were derived from the college trained members of the districts who had either been employed under other ministries

or had not been employed. The researcher also gathered that land clearance and preparation at Mundi Mataga irrigation scheme had begun with over 5000 hectares readied for the programme. Work at other stations was also in progress and the deadline set for land preparation was March 2016 of which over 50% of the work had been done. Respondents felt that due to constraints of space at other smaller irrigation schemes, the current cleared and utilized land was being demarcated to show new patterns rather than the previous pattern which was mainly bankrolled by NGOs for individuals. In this vein the projection of the board was that by 2017, the district should be able to produce in excess of requirements in terms of food. They also anticipated that the district would be able to establish a market for vegetables at Mataga growth Point and Mberengwa offices for trade with the communities outside Mberengwa District.

One of the key MDG is health provision for all citizens. In this regard, respondents felt that Mberengwa District through its CSOT with Mimosa Mine sought to fulfill this important requirement by ensuring that they reduce significantly the distance travelled by its citizens to a health facility. The 10 clinics being constructed would help in meeting the health needs of the community. The researcher gathered that the district had 4 hospitals with Mnene being the major referral hospital. The other 3, Msume, Masase and Mberengwa helped to cater for minor cases. The District Medical Officer was stationed at Mnene Hospital and the hospital had good surgical and maternal facilities that befitted the status of a hospital but primary care provided by clinics had not been up to the required standard in the district. Thus the respondents felt that the increase in the number of clinics in the district would bridge this gap. The clinics would also help communities by monitoring disease outbreaks as well as detecting potential hazards in their areas through their environmental officers. This would go a long way in addressing the health needs of the district.

The researcher gathered that the road network in Mberengwa District was way below the required levels. The district had less than 70 kilometres of tarred roads. Most respondents were of the opinion that the gravel roads that constituted the longer stretch of the roads were so bad and often impassable especially during the rainy season. They also indicated that it was apparent during the initial planning stage that the roads needed attention and as such they got a fair share of resources channeled towards them. Roads link the district with the outside world and once they are attended to they will definitely bring more opportunities to the district. Villagers would be able to ferry their produce to nearby Zvishavane town as well as bring foodstuffs and other needs from the same town. This would significantly reduce poverty in Mberengwa District as the people will have access to markets as well as other traders reaching out to them. A good road network also translates to an improvement in the outreach and awareness programmes in the district. Some areas were virtually unreachable during rain seasons and this was the time when many diseases set in leaving those communities at the mercy. Respondents indicated that the movement of patients from rural health centres to Mnene and eventually to central hospitals in Bulawayo would be easier and more flexible. The obvious result was the reduction of mortalities usually associated with delays in accessing the necessary health care.

Education is also key to human development. Most respondents felt that the building of better schools in Mberengwa district would go a long way in improving the quality of education. After the historic FTLRP at the turn of the new millennium, the district saw the opening up of new schools but without proper infrastructure. These schools had been operating with inadequate and inappropriate infrastructure and the CSOT sought to correct this by building the required infrastructure. The researcher discovered that Chomubhobho



Primary School, Ivhu Kuvanhu Primary School, Neta Secondary School and Sovelele Primary School were some of the examples where the CSOT was building appropriate schools structures. Education opens horizons for the youth and once they are equipped with relevant educational qualifications, their opportunities increase. Despite the high unemployment rate in the country, Zimbabwean educated people are held in high regard in other countries. This means that the educated can even export their labour to other countries for higher returns and this has a positive effect on poverty levels as they may end up remitting to their families back home. Education is also important as it teaches life skills which can be used to reduce poverty levels in a community and Mberengwa District was no exception.

#### **4.5 Administration challenges of share ownership schemes in Mberengwa District**

Interviews with the Chairman of the Mberengwa community trust revealed that the biggest challenge which was actually delaying the implementation of pipeline projects was that the board of trustees was not yet fully constituted. The researcher gathered that there was neither substantive Trust Administrator nor substantive Trust Accountant. The Mberengwa Rural District Council Chief Executive Officer triples as acting Trust Administrator, Accountant, and Secretary of the programme. This was a serious dilemma since there was too much work for one man, worse in an acting capacity. This was likely to have affected the pace at which development projects were being implemented in the district.

According to the board of trustees of the Mberengwa CSOT, there was no legal backing or constitution for the Mberengwa CSOT as yet. It was noted that there was a group of external legal advisors who were working with the Board of Trustees. The team was however, reported to have demanded huge sums of money for their payment from The Trust, money which should otherwise be used for other crucial community development projects. The

programme has limited funding due to the earlier problems with the whole amount being pledged to Zvishavane and it was threatening to plunge the CSOT into chaos if such things like legal fees threaten to gobble large amounts of money. The other problem which the study revealed was that most of the stakeholders who make up the board of trustees did not have a background or expertise of community development programmes. This was actually a challenge in as far as community development is concerned. Board of Trustee was made up of local community leaders some of whom lack the required skills to steer such a huge initiative forward. An interview with the district youth officer in Mberengwa revealed that the youths are the most sceptical about the leadership of the CSOT as they did not have confidence with the trustees. Further to that, the influence of political leadership in the trustees also threatens to scupper the programme. It was gathered that Mberengwa District was predominantly a ZANU PF stronghold, therefore decisions made were in line with what the ruling party dictated. Suffice to say that any other ideas that were brought forward by people whose political standing was deemed otherwise was simply not taken of board.

Linked to the issue of political interference in the CSOT, the researcher gathered that Mberengwa District had its rural district offices at Mataga Growth Point whereas other district offices were at Mberengwa Business Centre. This separation was proving an archilles heel to the CSOT efforts as the political leaders at Mataga feel everything should be controlled there as the CEO was stationed there. On the other hand, for accessibility reasons, Mberengwa Business Centre was closer to Zvishavane town and Mimosa Mine and therefore others saw it as ideal for being a headquarters for the CSOT. Information gathered also showed that Mimosa Mine could have constructed its staff accommodation and other offices at Mberengwa only for their efforts to be foiled by the political heavyweights in the district who directed that if the company wanted to develop the district it had to consider Mataga

other than Mberengwa. Mataga is 90 kilometres away from Mimosa Mine whereas Mberengwa Business Centre is only 15 kilometres away. Zvishavane town is even further at 32 kilometres from Mimosa mine which meant that it made more sense for staff quarters and offices to be stationed at Mberengwa.

Corruption has been mentioned as threatening the recovery of the economy and it is a fear shared by most of the respondents in this research that the scourge can actually scuttle the good effort that the CSOT sought to achieve. Although no case of corruption had been reported in the Mberengwa CSOT, respondents feared that the current national trend where the powers that be sniff at every opportunity to make an extra dollar would eventually get to affect the scheme. Some trust members had previous cases of alleged corruption and the community members were afraid that history would repeat itself and affect the potential benefit of the community. Corruption had also been linked to nepotism in the award of tenders as well as employment opportunities derived from this scheme. Others respondents feared that those unemployed youths who do not have political connections may still remain in the doldrums while those with relations to political leaders would get the lion's share.

#### **4.6 Impact of share ownership schemes on the welfare of individual households in Mberengwa District**

The researcher gathered that the impact of share ownership schemes in Mberengwa District households was set to become a long term issue. As the scheme sprung into full gear, the impact on individual households was going to tell. However, this research sought to look at the potential which was there in improving the welfare of individual households. The main focus on individuals was to improve their social being in order to make them self sustaining and take care of themselves and their families. The share ownership schemes sought to improve the health of the community and households would benefit. Respondents felt that

since patients would not be walking long distances to health facilities, it meant that more time was therefore availed for household chores instead of being spent on the road looking for medical attention. Generally the population would stay well devoid of ailments that could be treated timeously. It was the opinion of most respondents that even HIV/AIDS positive patients would have their drugs availed closer to them meaning that their chances of defaulting due to distances were reduced. A healthy family would have cohesion and work hard to provide for itself and even have excess for resale.

The researcher contends that households with educated children had positive spill offs from their education. Share ownership schemes sought to guarantee education to children in the district which would translate to skilled members of various household. Most respondents felt that these skills would definitely be used to improve the livelihood of their households. With the advent of technology communities were guaranteed that with better education they would also be able to transact with other parts of the world from their community. Others also felt that educated community members would bring internet communications to their households meaning that business could be conducted from the comfort of their homes. In this global village, even relatives and friends in the diaspora would be able to interface with their relatives in rural Mberengwa without having to go to town to do so.

Accessibility is key to household development. Most respondents agreed that the rehabilitation of roads in Mberengwa District would surely link the district with all parts of the country as well as the outside world. Households would be able to transport their agricultural produce to markets in town as well as receive other household needs from towns and cities. The researcher that in the 80s and 90s, Mberengwa District used to have buses going to Harare and back when the roads were better but ever since the Cyclone Eline

induced rains in 2000, that had since stopped and it deprived the community of the much needed interaction with the capital city. The refurbishment of the roads under the CSOT would go a long way in reestablishing this necessary connection that was so critical in the welfare of households. It would be easy to transport goods to and from Harare without the need to change buses along the way. This accessibility is as critical to the welfare of households as Harare and other bigger cities provide better markets for products as well as providing cheaper commodities required for use by households in Mberengwa District. The researcher also gathered that ever since the dollarization of the economy, smaller and few cars had been plying the routes in Mberengwa District but they did not have the capacity to carry heavy loads and therefore it was important that the rehabilitation of roads be completed as a matter of urgency.

The respondents agreed that the focus on irrigation other than rain water agriculture in Mberengwa district would go a long way in addressing the perennial hunger and starvation bedeviling most households in Mberengwa. Households had been previously struggling to provide enough for their consumption because the district does not receive enough rainfall for crop production. The emphasis on irrigation would thus help to ease this problem of hunger in the district. Families would be able to access enough food for consumption as well as surplus in some cases for sale. The percentage of households that rely on rain water for crop production would reduce significantly and agriculture would not be seasonal anymore as the water sources in the district had been assessed to be able to support agriculture throughout the year. An example was Mundi Mataga dam which had previously managed to support both winter wheat production as well as summer maize production. Most respondents felt that this would also create employment for the villagers in Mberengwa who would be expected to practice agriculture throughout the year. In other words, agriculture was being taken to

another level where it becomes an industry with permanent staff like any other forms of industry.

#### **4.7 Community Share Ownership Schemes versus National Indigenisation and Economic Empowerment Policy**

This research sought to establish whether the CSOT in Mberengwa District was in line with the country's indigenization and economic empowerment policy or it was a standalone initiative. Zimplats was the first company in Zimbabwe to effectively implement the Community Share Ownership Schemes by establishing the Mhondoro Community Share Ownership Trust on October 13, 2011. This was followed shortly by the launch of the Unki Mine's Tongogara Community Share Ownership Trust on the 24th of November 2011 (Tsvakanyi, 2012). The Mimosa-Zvishavane Community Share Ownership Trust, launched on the 6th of March 2012 was third, followed by the Gwanda Community Share Ownership Trust which was also launched in May 2012. Marange Community Share Ownership Scheme was enacted on the 27th of July 2012 while Masvingo CSOT was also launched on the 16<sup>th</sup> of February 2013 (Tshuma, 2013). The CSOT in Mberengwa being an offshoot of the Mimosa Zvishavane CSOT was established in 2014 after the realisation of that Mimosa Mine lies on the border of Zvishavane and Mberengwa districts.

The CSOT was launched by the Government of Zimbabwe in order to empower indigenous Zimbabweans and to address imbalances spawned by colonial dispossession, (Maodza, 2012). Zimplats agreed to undertake several projects which will benefit the local community and the Zimplats Annual Report for 2010 indicates that US \$10.58 million had been allocated for social development projects in the next few years, (Matyzak, 2012). Saunders (2007:13) adds that the 2006 bilateral empowerment agreement with government saw Zimplats cede an undeveloped piece of ground equalling 36 % of its total land claim to the state in exchange

for indigenisation credits. Also included in the deal were parts of Zimplats built-in infrastructure, including 80km of road, electricity supply, housing and social amenities for the mining communities on site, for which the company was given dollar-for-dollar credits, (Saunders, 2007).

The Indigenisation and Economic Empowerment Act (General) Regulation, 2010 section 3(1) of the Notice provides that:

Every non-indigenous mining business shall achieve the minimum indigenisation and empowerment quota by the disposal, after approval of its indigenisation implementation plan by the Minister, of its shares or interests to designated entities, (Matyzak, 2012). The General Notice 114/2011 requires that all mining businesses achieve indigenisation by disposing 10% shares to a CSOT.

Murombo (2010:584) contends that the Indigenisation and Economic Empowerment Act (IEE Act) provides that:

It is the objective of the Government [of Zimbabwe] ---- to secure that-(a) at least fifty-one percent of the share of every mining company which on or after the fixed date, is engaged in the extraction or exploitation of any one or more strategic energy minerals, shall be owned by the State, of which shares i. twenty-five *per centum* shall constitute the non-contributory interest of the State; and ii. twenty-six *per centum* shall constitute the contributory interest of the State

(b) at least fifty-one *per centum* of the shares of every mining company which on or after the fixed date, is engaged in the extraction or exploitation of any precious metals or precious stones, shall be owned by the State and indigenous Zimbabweans, of which shares i. twenty five *per centum* shall constitute the non-contributory interest of the State; and

- ii. twenty six *per centum* shall be owned by the State or indigenous Zimbabweans;
- (c) at least fifty-one *per centum* of the shares of every mining company which on or after the fixed date, is engaged in the extraction or exploitation of any mineral other than a strategic energy mineral, precious metals or precious stones, shall be owned by indigenous Zimbabweans.

Thus mining companies are expected to meet these requirements within fixed time frames, failing which the relevant Minister, depending on the reason for non-compliance, can cancel the mining licence. The holder of the mining licence is given an opportunity to have reasons for such a cancellation being made and has an opportunity to make written representations, (Murombo, 2010). Kanyenze et al (2011) add that those companies that did not surrender the initial 25 per cent to empowerment for free would be levied a tax of 25 per cent of the value of their production. In the event that no production was realized, the 25 per cent tax would be levied on the estimated value of reserves they would be likely to produce in a year. This analysis therefore goes on to confirm that CSOT in Mberengwa was very much in line with the country's indigenisation and economic empowerment policies.

#### **4.8 Chapter Summary**

This chapter looked at data presentation and analysis where the researcher sought to bring out the ideas that were obtained during the process of data collection. The researcher also brought in personal analysis of trends and ideas gathered in the area of study. The first stage in this chapter was to analyse the development programmes undertaken in the district since the inception of the CSOT. Most of the projects were assessed to be ongoing whereas only one had been completed. The chapter also looked at the effects on poverty alleviation in the district as a result of CSOT. It came out that the district indeed was very poor but the CSOT initiative was indeed doing a lot in alleviating poverty. Administrative challenges being faced by the CSOT in Mberengwa District were explored and quite a number of challenges were



discussed. This ranged from limited capacity of the board members to political interference among others. The impact of share ownership schemes on the welfare of individual households in Mberengwa District was discussed as well in this chapter. It came out that the CSOT was poised to bring out positive effects on individual households albeit in a long term. The last main area of analysis in this chapter was to look at whether the CSOT in Mberengwa District was in line with the Indigenisation and Economic Empowerment Policy in Zimbabwe or that it was just another stand alone policy which derived its mandate from somewhere else. The researcher indeed managed to prove that the CSOT was in line with the policy of indigenization and empowerment in the country. It was discovered that its mandate was derived from the Indigenisation and Economic Empowerment Act.

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter summarises the research. It also gives conclusions that the researcher drew from the study. The chapter ends with a few recommendations on the way forward as the researcher sees the situation after his investigations. It is designed to bring an end to the process of research.

#### 5.1 Summary

One of the specific aims of the CSOT is the funding of key community infrastructure in Mberengwa District. It can be argued that the Mberengwa CSOT had very little success in terms of funding projects because of challenges highlighted in the previous chapters. It is also equally because of the fact that very few people in the district understand the role of the CSOT in stimulating development in their area and how they will benefit. The indigenisation drive has been used as a political tool to canvass support during election time but a detailed explanation of what it is and how communities and individuals can benefit are not given due attention.

One may argue that for a development intervention to have a telling impact on a community, then not all members of that community should necessarily be beneficiaries of funding. Others instead may benefit through the opportunities like employment created by those starting businesses or those expanding their businesses. Some may benefit through the backward and forward linkages created by the increased demand of raw materials and supply of products. The CSOT in Mberengwa looked to do so but it was very difficult to evaluate individual benefit derived from this initiative but the community would benefit through these linkages in the not so distant future. However, the large number of projects being undertaken

meant that more opportunities for employment were created and therefore other benefits thereof would accrue.

It can also be argued that there is need for a shift in the way empowerment is defined and perceived in Zimbabwe from the current definition where it is simply the advancing of rights of black persons who were once marginalised. An example was the earlier Affirmative Action (AA) programme which ended up being an elitist move enjoyed by very few in a country where more than half of the population are classified as poor. The current definition is vulnerable to manipulation by political heavyweights who benefit more from empowerment policies rather than the deserving lot. It must therefore include a more holistic definition that encompasses capacity building within the poor for them to be able to cope with difficult situations. In fact, capacity building should be the first step in any empowerment drive.

## **5.2 Conclusions**

The CSOTs were established in Zimbabwe in 2011 with the objectives of increasing communities opportunities and increasing the participation of mainly rural communities in the country's development among other things. However, 4 years on, the country's empowerment drive seems to be far from meeting its objectives. The Mimosa-Mberengwa CSOT has so far failed to have a meaningful impact on the lives of most residents of Mberengwa District as it has not managed to create substantial employment. Most of the projects have not yet received their share from the CSOT.

The study was a formative evaluation of the impact of CSOTs on development in Mberengwa District. It indicated that the district has largely been marginalised politically, economically and socially. This was despite the fact that it had some of the mostly sought after minerals. It also exposed how the rural communities in Zimbabwe continue to be used and abused by

different groups of people especially the politicians to achieve their selfish interests often endangering the lives of the people in the process. The study also highlighted that the major challenges in the contemporary Zimbabwean rural communities were unemployment and poverty with some scholars arguing that rural unemployment was as high as 80%. The study noted that rural communities, particularly Mberengwa District, have not benefitted much from previous development programmes such as the AA and even land reform and therefore their hope was on the CSOTs. Overall, the objectives of the CSOT were assessed to be relevant to most of the issues affecting Zimbabwean rural communities today.

The study assessed the possible reasons that could have inspired the empowerment drive by the ZANU-PF led government. It emerged that there could be some covert reasons why ZANU-PF was promoting the empowerment agenda. The study also looked at the capacity of traditional leaders in Mberengwa District to administer CSOTs taking into consideration their academic backgrounds. It was established that companies that support CSOTs do not want to be associated with the daily administration of the trust funds once they cede them. This is because they seem to fear being targeted by politicians who are eyeing those funds.

The impact of CSOT on household poverty was also explored where it was discovered that not much in terms of uplifting the livelihoods of individual households had been achieved although the prospects looked promising. The accessibility that a good road network looked to provide meant that synergies with the outside world would lead to the uplifting of the standards of living of individual households.

The study also looked at the legal and institutional framework that is supporting community empowerment drive where it was noted that the indigenisation and empowerment policy was the major policy on which the empowerment drive is premised on. The actual implementation process of the CSOTs was the establishment of the Board of Trustees made of of traditional

leaders who would hold office on a one year rotational basis. There were quite a number of doubters on the composition of the board as the academic qualities of the board members were questionable and chances were that the board members would not keep pace with the demands of their office. It was also noted that the amount financing the Mberengwa CSOT was below the expected amount which meant that it was going to be difficult to share it among the projects identified. The issue of prioritisation of projects was therefore an area of antagonism among the board members.

### **5.3 Recommendations**

The researcher recommends that there should be direct community involvement or participation in both decision making and operation of the CSOT, through, for example, employing local yet qualified people from the district to relevant posts in the project implementation hierarchy. Mimosa Mine should also be pressured to embrace a deliberate policy of employing youths and other semi qualified personnel from the district whenever possible. This will improve the relationship with communities in the district.

The CSOT is currently manned by a skeletal staff at administration level. It is imperative that substantive office bearers be appointed to posts such as accountant, administrator and CEO for the smooth running of the programme. Such a move will obviously lesson the burden on the acting staff currently holding office. The Board of Trustees should also engage other educated and respected members from the district in order to add expertise in the running of such an enormous programme. Having those posts adequately manned would obviously improve the pace of implementation of the programme.

It is also recommended that while the Mberengwa CSOT has made commendable progress in its quest to develop the district, the involvement of the MYDIE is very important for monitoring and evaluation of projects. The ministry has evaluation officers at the district

office and they can be utilised to assist in that regard. The ministry can also second their members to the board to assist with their experience in community development issues. In line with this, traditional leaders should then play an advisory role as directors and not necessarily be involved in the day to day running of the CSOT. This will certainly improve the viability of the trust.

Other mines such as Star Mine, C Mine and Sandawana Mine in Mberengwa should also be made to contribute something significant in the quest to bring sustainable development to the district. This will certainly augment the amount ceded by Mimoso Mine for the CSOT. It will increase the benefits of the community by quickening development in the district.

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**APPENDICES**

**Appendix A**

**Questionnaire for Traditional Leaders**

My name is Sympathy Buka I am a final year student at Midlands State University studying towards a Bachelor of Arts Honours Degree in Development Studies. I am carrying out research on the impacts of the share ownership schemes on development in Mberengwa District. This research is in partial fulfilment for the award of the Bachelor of Arts Honours degree in Development Studies. The information you give will be treated as confidential and meant only for academic purposes. I am therefore kindly asking you to answer the questions as truthfully as possible. Please do not write your name anywhere on this questionnaire, just fill in the space provided. Thank you.

Village:..... Position:.....

Age:..... Gender:.....

Level of Education:.....

**RESEARCH TOPIC IMPACT OF COMMUNITY SHARE OWNERSHIP SCHEME  
ON DEVELOPMENT IN MBERENGWA DISTRICT IN ZIMBABWE**

1. What are the development programmes undertaken since the introduction of share ownership schemes by Mimoso mine?.....  
.....  
.....
2. How many members from your area have been employed by the development programmes undertaken under the share ownership scheme?.....
3. How do you think the livelihood of the people in your area will improve with the introduction of these schemes?.....
4. What are the effects on poverty alleviation in Mberengwa District as a result of share ownership schemes?.....

.....  
.....

5. How do you rate the poverty levels in your area after the introduction of share ownership schemes?.....

.....  
.....

6. Do you foresee these community share ownership schemes totally eradicating poverty in your area? Explain your answer.....

.....  
.....

7. What are administration challenges of share ownership schemes?.....

.....  
.....

8. a) Do you think the current administrators of the community share ownership scheme are doing a good job to bring development in your area? .....

b) Explain your answer

.....  
.....  
.....  
.....

9. a) Do you foresee these schemes being bedeviled by corruption thereby hindering development?.....

b) Explain your answer.....

.....  
.....

10. Briefly explain the assertion that community share ownership schemes can bring development?.....

.....  
.....  
.....

11. What is the impact of share ownership schemes on the welfare of individual households in your area?.....

.....  
.....

12. In what ways are children or elderly people in your area directly benefiting from these schemes?.....

.....  
.....  
.....

13. What is your comment regarding community share ownership schemes and the country's indigenisation and empowerment policy?.....

.....  
.....  
.....

14. In what ways do you think the indigenization policy is effective in addressing development challenges you are facing in your area?.....

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.....

15. How do you compare development in your as a result of these community share ownership schemes with that which was in existence before?.....

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## Appendix B

### Questionnaire for Management of Mimosa Mine

My name is Sympathy Buka I am a final year student at Midlands State University studying towards a Bachelor of Arts Honours Degree in Development Studies. I am carrying out research on the impacts of the community share ownership schemes on development in Mberengwa District. This research is in partial fulfilment for the award of the Bachelor of Arts Honours degree in Development Studies. The information you give will be treated as confidential and meant only for academic purposes. I am therefore kindly asking you to answer the questions as truthfully as possible. Please do not write your name anywhere on this questionnaire, just fill in the space provided. Thank you.

Company:..... Position:.....

Age:..... Gender:.....

#### **RESEARCH TOPIC IMPACT OF COMMUNITY SHARE OWNERSHIP SCHEME ON DEVELOPMENT IN MBERENGWA DISTRICT IN ZIMBABWE**

1. Do you think the community share ownership schemes are bringing development to local communities?.....

.....  
.....

2. What is your view with regard to the administration of the community share ownership schemes?.....

.....  
.....  
.....

3. What problems do you anticipate in the communities in relation to distribution of proceeds of these schemes?.....

.....  
.....

4. As company management what do you think is the best option to bring development to communities surrounding your area of operation?.....

.....  
.....

5. Are your community share ownership schemes in line with the country's indigenisation and empowerment policy?.....

.....  
.....  
.....

6. In what ways do you think the indigenization and empowerment policy is effective in addressing development challenges in Mberengwa district?.....

.....  
.....  
.....

7. How has the community share ownership scheme impacted on the corporate social responsibility that you have been undertaking in Mberengwa district?.....

.....  
.....  
.....

8. How does this new statutory requirement affect your operations in the long term?.....

.....  
.....  
.....

9. As management how do you deal with the influence of political leaders?.....

.....  
.....  
.....



10. In your opinion how do you evaluate the degree of citizen participation in the community share ownership schemes?.....

.....

.....

.....