



**Midlands State University**  
Established 2000

*Our Hands, Our Minds, Our Destiny*

**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF POLITICS AND PUBLIC**  
**MANAGEMENT**

**IMPACT OF THE INDIGENISATION POLICY ON YOUTH DEVELOPMENT IN  
ZIMBABWE FROM 2010-2014. A CASE STUDY OF GWERU URBAN.**

**BY MELODY WHENA**

**R115444F**

This dissertation is submitted in partial fulfilment of the requirements of Bachelor of Social Sciences in Politics and Public Management at Midlands State University

**GWERU**  
**ZIMBABWE**  
**MAY 2015**

# MIDLANDS STATE UNIVERSITY



FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF POLITICS AND PUBLIC MANAGEMENT

**DISSERTATION FIRST DRAFT**

IMPACT OF THE INDIGENISATION POLICY ON YOUTH DEVELOPMENT IN  
ZIMBABWE FROM 2010-2014. A CASE STUDY OF GWERU URBAN.

BY MELODY WHENA

R115444F

SUPERVISOR : MR CHILUNJIKA

*0775368419, melodywhena@gmail.com*

---

## **ABSTRACT**

Since Zimbabwe's political independence in 1980, the government has been making efforts of trying to raise the living standards of the young people through various means. However, because of a variety of challenges and other factors like colonial policies, national divisions, illiteracy, selfishness and a poorly performing economy amongst others, unemployment has continued to affect the youths in Zimbabwe. In Zimbabwe youth constitute a large percentage of the population but they were the most marginalised when it comes to resource allocation. As a result the Government of Zimbabwe in collaboration with the Ministry of Youth, Indigenisation and Economic Empowerment introduced the Indigenisation policy that was meant to readdress the historical imbalances that existed during the colonial error. On this regard the Indigenisation policy was seen introducing the Youth development Fund which was meant to develop and empower the youth on different projects, thereby bringing them back into the mainstream economy and allowing them to economically develop themselves. The Zimbabwean government worked with various Youth Development Facilities that were releasing loans to the youth, aged between 18-35 years and these funding agents were the Kurera/Ukondla Youth Fund, IDBZ, CABS, CBZ and Stanbic. However, despite the availability of the indigenisation policy and these youth funding facilities, youth development remained questionable and has been greatly politicised, thus failing to bring the intended results, regardless of the government's efforts to improve the livelihoods of youth. Qualitative research methodology with the use of interviews and documentary review was used on the impact of the indigenisation policy on youth development in the Gweru urban. Simple random sampling and purposive sampling were sampling designs used on the research and thematic analysis of data was used on data presentation and analysis.

## **DEDICATION**

I would like to dedicate this piece of work to my parents Mr and Mrs Whena, my three brothers, Blessed, Delight, Edgrey and my one and only young sister Selina.

## **DECLARATION**

I Melody Whena of registration number R115444F declare that, this research project was a result of my work and all other sources were duly acknowledged. It has not been submitted anywhere before for any degree purposes or examinations in any other university. It was submitted in partial fulfillment of the requirements for the Honours Degree in Politics and Public Management, in the faculty of Social Sciences at Midlands State University.

## APPROVAL FORM

The undersigned certify that they have supervised the student Melody Whena Dissertation entitled. “Impact of the Indigenisation policy on youth development in Zimbabwe from 2010-2014. A case study of Gweru urban” and was submitted in partial fulfilment of the requirements of Bachelor of Social Sciences in Politics and Public Management.

Supervisor.....

Date.....

Chairperson.....

Date.....

External Examiner.....

Date.....

## **ACKNOWLEDGEMENTS**

First and foremost I thank God Almighty for giving me the opportunity to study an Honours Degree in Politics and Public Management. Thank you my Lord for surrounding me with helpful people throughout this course.

I would like to acknowledge and express my sincere thanks to my research supervisor for his expertise and professional encouragement. Thank you for sacrificing your time. May the Good Lord richly bless you and your family.

My deepest gratitude and appreciation to the Ministry of Youth, Indigenisation and Economic Empowerment officials in their assistance in linking me up with the community and the information they provided which was relevant to my study. My sincere gratitude also goes to Tatenda Kahonde, my friends Jenalda Muzariri, Moses Mugabe ,Simbarashe, Admire Masikati and Tinodaishe Mafukidze for helping me out with the whole research, God bless you I appreciate the time you took away from your personal work to help me with my dissertation. God bless you.

To my Family I appreciate all the love and support you gave in my studies special mention to Mr and Mrs Whena. God be with you all and I love you. My deepest gratitude and appreciation goes to my lovely brother Blessed Chigwa for inspiring and supporting me in all grounds, God bless you. Special thanks goes to Mrs Mugwagwa and Mrs Derere for your effort on this study.

## Table of Contents

ABSTRACT.....	i
DEDICATION.....	ii
DECLARATION.....	iii
APPROVAL FORM.....	iv
ACKNOWLEDGEMENTS.....	v
LIST OF FIGURES.....	ix
ACRONYMS.....	x
CHAPTER ONE.....	1
1.0 Introduction.....	1
1.1 Background of the study.....	1
1.2 Statement of the problem.....	4
1.3 Objectives of the study.....	5
1.4 Research questions.....	5
1.5 Significance of the study.....	6
1.6 Limitations.....	6
1.7 Delimitations of the study.....	7
1.8 STRUCTURE OF THE SUDY.....	7
CHAPTER TWO: LITERATURE REVIEW.....	10
2.0 Introduction.....	10
2.1 Conceptual framework.....	10
2.1.2 Objectives of the policy.....	11
2.1.3 National Indigenisation and Economic Empowerment Fund.....	11
2.1.4 Establishment of the Youth Development Fund.....	12
2.1.5 CBZ Bank Limited Youth Empowerment Facility.....	13
2.1.6 IDBZ Meikles (Out Growers Scheme).....	13
2.1.7 CABS Facility (Kurera/ Ukondla Youth Fund).....	13
2.1.8 Challenges of mobilisation of financial resources.....	15
2.2 Legal frameworks and policies supporting youth development.....	15
2.2.1 Critique of the Indigenisation and Economic Empowerment policy.....	16
2.2.2 Sustainability of the Indigenisation and Economic Empowerment policy.....	17
2.2.3 The concept of micro-finance or micro-credit programme.....	18
2.3 Literature Review.....	20



2.3.1 The impact of micro-finance and micro-credit programmes.....	20
2.4 Chapter Summary .....	25
CHAPTER THREE: RESEARCH METHODOLOGY .....	26
3.0 Introduction .....	26
3.1 Research Design .....	26
3.2 Sample selection .....	27
3.2.1 Study population.....	27
3.2.2 Sampling Design.....	27
3.2.3 Sampling procedure.....	27
3.2.4 Simple random sampling .....	28
3.2.5 Purposive sampling.....	28
3.3 Data collection methods.....	28
3.3.1 Interviews.....	29
3.3.3 Observation.....	29
3.3.4 Documentary review.....	30
3.4 Data Analysis.....	31
3.4.1 Ethical Considerations.....	32
3.4.2 Ensuring the protection of human participants.....	32
3.5 Chapter Summary .....	33
CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND RESEARCH FINDINGS .....	34
4.0 Introduction .....	34
4.1 Youth Beneficiaries in the Gweru urban.....	34
4.2 Sustainability of the IEE policy on promoting youth development .....	36
4.3 Reasons why the Youth Fund failed to revolve.....	38
4.3.1 Funding banks stopped to release Youth Fund.....	39
4.3.2 Lack of technical skills from the Youth.....	39
4.3.4 Lack of money from the Ministry of Youth to carry out a monitoring and evaluation to the beneficiaries.....	40
4.3.5 The Indigenisation policy was regarded as a campaigning strategy.....	40
4.4 Challenges faced by youth on accessing loans .....	41
4.5 The role played by the IEEP on employment creation.....	43
4.8 Chapter Summary .....	44
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....	44

5.0 Introduction .....	45
5.1 Summary of Findings.....	45
5.2 Conclusions .....	46
5.3 Recommendations .....	47
5.4 Suggestions for further research .....	50
REFERENCES.....	51
APPENDIX 1 .....	56

## **LIST OF FIGURES**

Figure1: Rate of Youth Beneficiaries .....	34
Figure 2: Comparison of Youth Beneficiaries.....	37

## **ACRONYMS**

CABS-Central African Building Society

CSOT-Community Share Ownership Trust

CSR-Corporate Social Responsibility

CYEF-CBZ Youth Empowerment Facility

ESAPS-Economic Structural Adjustment Programmes

ESOT- Employee Share Ownership Trust

GOZ-Government of Zimbabwe

HOD-Head of Department

IMF-International Monetary Fund

LRP-Land Reform Programme

MYIEE-Ministry of Youth, Indigenisation and Economic Empowerment

NIEEB-National Indigenisation and Economic Empowerment Board

NYS-National Youth Services

SI-Statutory Instrument

YDF-Youth Development Facilities

YDCEF-Youth Development Employment Creation Fund

ZANU-PF-Zimbabwe African National Union Patriotic Front

ZYC-Zimbabwe Youth Council

# CHAPTER ONE

## 1.0 Introduction

Youth unemployment and disempowerment were the key challenges affecting youth in trying to solve this, the Zimbabwean government has implemented the Indigenisation and Economic Empowerment Policy (IEEP) in 2010 that was meant to readdress the historical imbalances that existed during the colonial error. This research analysed the impact of the Indigenisation policy on youth development and in this chapter, the background of the study was outlined, the statement of the problem was also given and objectives of the study were stated. Research questions were formulated, the significance of the study was drawn, limitations and delimitations of the study were also proffered. A chapter summary caps all the work outlined in this section.

## 1.1 Background of the study

The periods of colonialism across Africa and Asia witnessed various forms of oppression and marginalisation that were implemented by the colonial governments through skewed land and business ownership, uneven education systems and unequal opportunities in employment and business. Zimbabwe was once a British colony before attaining its independence in 1980. During the colonial error, the majority people in Zimbabwe were forced to stay in the unfertile soil, that was unsuitable for agriculture activities and the major areas that was reserved for the black were the Gwaai and Shanghai reserves. The colonialist were very oppressive to the Zimbabweans to the extent of looting everything that belongs to them. The land was taken, mineral resources and their freedom was suppressed as well.

This oppression has occurred for a prolonged time and it led the majority of Zimbabweans to wage war against the British government. In 1980, Zimbabwe became a free British colony but this does not mean all the imbalances created by the colonial regime were addressed. The country have received political independence in 1980, hence there was need to address the economic imbalances that were triggered by the colonial regime. The Government of Zimbabwe (GOZ), as a way of reversing the inequality and marginalisation caused by the colonial regime, implemented a policy

of empowerment that increases the participation of marginalised groups in the economic mainstream known as the indigenisation policy.

The GOZ embarked on many policies soon after its independence, the first policy implemented to recover the economic imbalances was the Land Reform Programme (LRP) of 2000. The major aim of this policy was to re-distribute the land into the hands of the black people in Zimbabwe and people were moved from the unfertile soils to better places that were good for agricultural activities. The LRP did not benefit all the people in Zimbabwe because, among the beneficiaries of the programme, not even one single youth was given land. The LRP was judged as inhuman by other international countries and the Zimbabwe government was sanctioned for that, including some of its members. It was because of the LRP that, the World Bank and the International Monetary Fund (IMF) refused to give Zimbabwe any aid and this became a threat to the economy again.

The government made several attempts to restore its economy and improve employment crisis through implementing several policies. Economic Structural Adjustment Programmes (ESAPs) were also introduced in a bid of recovering the economy, this program worsened the economy of the country to the extent of high inflation rate that was uncontrollable. ESAPs brought the 3Ds that forced the government to Decentralise, Devalue and Deregulate. In Zimbabwe, the ESAPs policy document of 1990 emphasized on reducing government expenditure on social services and promoting economic growth through deregulating the domestic market and other institutional reforms of liberalization Zhou and Zvoushe, (2012). This translated to mean that social and economic development in resource-endowed communities assumed a market-based approach, and this was mainly pursued under the banner of Corporate Social Responsibility (CSR) by private businesses Sirolli, (2008). The ESAPs failed to neither improve the economy of the country nor create any job, rather it increased hyperinflation and increase in food prices. After the failure of the LRP and the ESAPS, the government worsened the economic situation by playing a role in the DRC war and compensation of war – veterans in 2005.

The need to restore the imbalances caused by the colonial regime has gave birth to the policy of Indigenisation and Economic Empowerment in most previously colonized countries like Malaysia, Brazil, South Africa and Zimbabwe. These countries have embarked on indigenisation and economic empowerment in varying notches with the aim to increase the role played by the

previously sidelined population groups in the mainstream economy and also to correct imbalances in resource ownership which were identified as the great obstacles to economic growth and development.

According to Mupazviriho (2011) the IEEP was rooted in the 1990s, whereby it was focusing on the growth of the private sector as an approach for economic liberalization and the government of Zimbabwe first published the policy framework in February 1998 and this spearheaded the creation of the National Investment Trust of Zimbabwe that allowed indigenous Zimbabweans to participate in the mainstream economy. In October 2004, the indigenisation policy was revised with the adoption of the 'Revised Policy Framework for the Indigenisation of the Economy.' This policy framework provided the principles for the formulation of the current indigenisation and economic empowerment legislation. The parliament of Zimbabwe then passed the Indigenisation and Economic Empowerment Act (Chapter 14:33) in 2007 and the Act was gazetted on March 7, 2008, and signed into law on April 17 2008 (Sokwanele, 2010).

On January 29, 2010, the GOZ published the indigenisation regulations (Indigenisation and Economic Empowerment (General) Regulations, 2010) with respect to the Act that included the requirement for foreign owned companies operating in Zimbabwe to provide information about their indigenisation implementation plans to the Minister of Youth Development, Indigenisation and Empowerment, by April 15, 2010 (Sokwanele, 2010).

In the quest of eradicating the growing challenge of youth unemployment the Ministry of Youth, Indigenisation and Economic Empowerment has partnered with foreign owned financial institutions like the Old Mutual and CABS. Old mutual has complied with the demands of the indigenisation policy by giving the government a sum of US\$10 million which was supposed to be channeled towards the funding of viable projects being done by the indigenous youths across the country. CABS has also come out with the Kurera /Ukondla youth fund on spearheading youth development.

The Kurera/Ukondla youth fund code was meant to fund youth businesses and income-generating projects as well as enable youth's participation in the mainstream economy and allow economic growth and development. This fund is also meant to assist social and economic development in communities through decreasing idleness, promoting productivity and create employment. The fund which has a maximum brink of US\$500.00 is meant for youth aged between 18 and 35. The

projects to be funded fall under the following sectors, retail, manufacturing, distribution, mining, agriculture, tourism, services, telecommunications and engineering. Besides the Kurera/Ukondla Youth fund, CBZ, IDBZ and Stanbic bank also gave loans to the youth to run their projects and empower them.

According to Chapter 4 section 14 of the Zimbabwe new constitution, “The State and all institutions and agencies of the government at every level must endeavor to facilitate and take measures to empower, through appropriate, transparent, fair and just affirmative action, all marginalized persons, groups and communities in Zimbabwe”. Section 20(1)(c) of the same constitution highlights that, “The state and all institutions and agencies of the government at every level must take reasonable measures including affirmative action programs to ensure that the youth, for example between the ages of 15 and 35 years, are afforded opportunities for employment and other avenues to economic empowerment.”

Statistics showed that Zimbabwe was a country with a population of 13million and 70% of this population are the youths, aged between 0 and 35 years and they have no part in the mainstream economy. As a way of restoring the imbalances and empowering the marginalised indigenise Zimbabweans, the government embarked on the IEE policy that also served a purpose of empowering youth through spear heading their running projects. The Youth Fund was then formed under the IEE policy and this fund served a purpose of giving loans to the youth who have running projects and this was supposed to even create employment to the youth and the whole nation by and large.

## **1.2 Statement of the problem**

Unemployment and disempowerment were the major challenges faced by youth in the Gweru urban. According to Zimbabwe National Statistic Agency (2013), 83.5% of the unemployed persons are aged between 15 and 35. This research simply indicates that, youth were the most vulnerable group in terms of unemployment. ILO (2012) emphasized that about 72% of Africa’s unemployed people were the youth and 49, 6% are underemployed. According to Zimbabwe National Statistic Agency (2013), the largest number of people unemployed has been found to be in the age group of 15 – 35 years, the agency further notes that for every 5 people who are



unemployed, 4 are youths. This therefore highlights a major problem that is affecting the country and the need to carry out a research of this magnitude was important so as to analyse the impact of the indigenisation policy on youth development.

The introduction of the indigenisation policy in Zimbabwe was meant to enhance youth development, despite its introduction youths are still marginalised, disempowered and underdeveloped. They are still dogged by the challenges such as unemployment, poverty among other many challenges. It is against this backdrop that this study seeks to unravel the impact of the indigenisation policy on youth development in Gweru urban.

### **1.3 Objectives of the study**

1. To assess the impact of Indigenisation and Economic Empowerment Policy on youth development in the city of Gweru.
2. To examine the sustainability of the Youth Development Fund in Gweru urban.
3. To assess the challenges faced by youth on accessing loans under the Indigenisation and Economic Empowerment Policy in Gweru urban.
4. To evaluate the rate of youth fund beneficiaries residing in Gweru urban
5. To examine the reason for the failure of the revolving of youth development funding in Gweru.

### **1.4 Research questions**

1. What was the impact of Indigenisation and Economic Empowerment Policy on youth development in Gweru urban?
2. How sustainable was the Youth Development Fund in Gweru urban?
3. What were the challenges faced by youth on accessing loans in the city of Gweru?
4. How many youths have benefited from the Indigenisation Policy in Gweru urban?
5. Why did the Youth Development Funding fail to revolve in the Gweru urban?

## **1.5 Significance of the study**

Unemployment of young people has become the talking business to the whole world and many policies were implemented in Zimbabwe as a way of solving the problem. This research was seeking to explain on the role played by the Indigenisation and Economic Empowerment policy on promoting youth development. The research seeks to help the policy formulators on the factors they should consider before implementing a policy and it also helped the community to understand the whole process of indigenisation and youth development. The research was also important to the professional peers and other academics on understanding the impact of the Indigenisation and Economic Empowerment Policy (IEEP) on youth development and the study also add to the existing stock of knowledge on indigenisation and youth development.

## **1.6 Limitations**

Some of the officials working for the Ministry of Youth, Indigenisation and Economic Empowerment were unwilling to expose sensitive information important to the project due to fear of losing their jobs, but this was solved through telling them that, this research was not going to be published and it was meant for academic purposes only. Since Zimbabwe is a multi-part state, this affected the study for some of the youth were uninterested on the research because they thought that, the indigenisation policy was meant for ZANU PF members and supporters and some youth were believing that, the indigenisation policy was a campaigning strategy which was used by the ruling party to win the 2013 elections. The researcher overcome this, by informing the youth that, the indigenisation policy was meant to benefit everyone who was previously marginalised before 1980. The time was very limited to interview all the individuals under the research but this was solved by rescheduling the time to a position that allowed the researcher to visit all individuals necessary to be conducted. The CABS youth fund organizer was always busy and the researcher failed to conduct an interview with him, but the researcher has managed to get some of the information from the Ministry of Youth, Indigenisation and Economic Empowerment (MYIEE) officials. This research basically used a small sample size, hence making it difficult to generalize the findings.

## **1.7 Delimitations of the study**

The youth were not the only individuals who were affected by unemployment but all age groups were living under poverty but the research focused on the impact of the indigenisation on youth development. Also the indigenisation policy was meant to benefit the whole of Zimbabwe but this differs with age for example the community has benefited through Community Share Ownership Trusts (CSOT) and Employee Share Ownership Trustee (ESOT). Some of the objectives of the indigenisation policy were not discussed in this research because the policy have a lot of functions from the individuals to the community and the researcher was only looking at the role played by the indigenisation policy on the young people, since they were the most vulnerable people in the society. Mcneil (1985) defined delimitations as choices made by the researcher that should be mentioned.

The time frame of the research was from 2010-2014 of which the indigenisation policy was an ongoing process and some of the results were to be obtained from where the researcher left and they might be different from the current ones. The youth that were studied were those residing in the Gweru urban meaning to say the information only suits for urban youth excluding the youth on the rural areas and also the population researched was very small to compare it with the 70% of the 13 million living in Zimbabwe, (Zimbabwe Statistics 2010).

## **1.8 STRUCTURE OF THE SUDY**

### **CHAPTER ONE**

This chapter outlined the background information of the study, statement of the problem, purpose and objectives of the study, research questions, and significance of the study, limitations and delimitations in relation with the impact of the indigenisation policy on youth development in Gweru urban were also revealed.

## **CHAPTER TWO**

This chapter outlined the concept of Indigenisation and Economic Empowerment Policy, the objectives of the policy and also its legal framework was also discussed. Key terms of the study topic in line with the impact of the indigenisation policy on youth development were also explained. The related literature to the study and conceptual framework were also discussed on chapter two.

## **CHAPTER THREE**

Chapter three explained the research methodology ranging from the research design, research sample selection methods, data collection methods. Data analysis as well as ethical considerations which were considered on the impact of the indigenisation policy on youth development in Gweru were also outlined on this chapter.

## **CHAPTER FOUR**

This chapter focused on data analysis and data presentation of the findings on the impact of the indigenisation policy on youth development in the Gweru urban, in line with the research design outlined on the previous chapter. Qualitative research methods were used to obtain the data and more data presented in this chapter was obtained through interviews and documentary review. Data was presented and analysed in line with the research questions and objectives of the impact of the indigenisation policy on youth development in Gweru.

## **CHAPTER FIVE**

This chapter gave a summary of the research findings, drew conclusions from the impact of the indigenisation policy on youth development in Gweru, in relation with the data analysed in chapter four. Recommendations and suggestions for future research were also outlined and the research concluded that, the indigenisation policy so far has failed to create meaningful youth employment

and economic empowerment in the Gweru urban with regards to the Youth Development Fund programme.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

This chapter provided literature reviews, conceptual framework and theories that were related to the impact of the indigenisation policy on youth development. The views of the different scholars on the concept of indigenisation policy were outlined in this chapter and the critique of the policy was also exposed.

### **2.1 Conceptual framework**

#### **Indigenisation and Economic Empowerment Policy Framework**

The Zimbabwe Indigenisation Act of 2007(Chapter 14:33), defined the policy of Indigenisation and Economic Empowerment as the creation of an environment which enhances the performance of the economic activities of the indigenous Zimbabweans into which they would have been introduced or involved through Indigenisation. The indigenisation was a deliberate involvement of indigenous Zimbabweans in the economic activities of the country, to which hitherto they had no access before, so as to ensure equitable ownership of the nation's resources. Empowerment was therefore viewed by post-colonial governments as a policy imperative in order to remedy historically rooted injustice that created racially based social and economic inequalities, (Makwiramiti 2011).

The Indigenisation Policy Framework was first published by the government of Zimbabwe in 1998 and was later reviewed and adopted in 2004 to become the foundation for the Indigenisation and Economic Empowerment(IEE) Act (Chapter 14:33) of 2007. According to the National Indigenisation and Economic Empowerment Board, NIEEB (2013), the IEE Act was meant to transform blacks from being mere suppliers of labor and consumers and support their participation and ownership of resources and is being applied through the IEE Act and two key Statutory Instruments (SI) namely as the 2010 Indigenisation and Economic Empowerment General Regulation and the Indigenisation and Economic Empowerment General Amendment Regulations of 2010, (Zhou and Zvoushe 2012).

### **2.1.2 Objectives of the policy**

The government of Zimbabwe passed the Indigenisation and Economic Empowerment Act Chapter 14:33 in 2008. The Act included the legal and institutional framework through which indigenous Zimbabweans were to be part and parcel of the main stream economy. This policy's legal instruments included a combination of previous efforts that were agreed in the early 1990s.

#### **The Act outlines the objectives of broad economic empowerment as follows**

- To economically empower the previously disadvantaged Zimbabweans by increasing, mainly through economic expansion, their participation in the economy so as to create employment and eradicate poverty.
- To create conditions that will enhance the economic status of the hitherto disadvantaged Zimbabweans by facilitating their contribution to and benefit from the economic development of the country.
- To increase access to ownership of the productive assets of the country.
- To promote the development of a competitive domestic private sector that will spearhead economic growth and development.
- To develop a self-sustaining economy in which there are opportunities for all to attain better and satisfactory living standards.

### **2.1.3 National Indigenisation and Economic Empowerment Fund**

According to the Zimbabwean law section 14 of chapter 4, "The State and all institutions and agencies of the government at every level must endeavor to facilitate and take measure to empower, through appropriate, transparent, fair and just affirmative action, all marginalised persons, groups and communities in Zimbabwe. "In view of this law, since the youth were the most vulnerable individuals in terms of unemployment, this law served to support and help them to come out of their marginalised conditions and this was done through empowerment. According to the Indigenisation and Economic Empowerment Act 14 of 2007, Chapter 12(1), "There is hereby established a fund to be known as the Indigenisation and Economic Empowerment fund that provide financial assistance to indigenous Zimbabweans, Chapter 12 of the same Act (2) (a), to

provide finance for business startups, rehabilitation and expansion, Chapter 12 (2) (b), to finance capacity- building projects on behalf of indigenous Zimbabweans. As a way of helping the youth on their susceptible conditions, the government of Zimbabwe introduced the Youth Development Fund (YDF) which was meant to empower and develop the youth who were on various projects.

#### **2.1.4 Establishment of the Youth Development Fund**

Youth Development Funds were financial resources that were allocated and reflected in national budgets by governments, either as grants or loans for young people to start new businesses or expand existing projects, ILO (2011).

Youth development was a descendant of resilience studies in the early 1980s whereby scholars began to discover why some children and youth achieved a healthy, even happy adulthood despite serious adversity, Rutter et al, (1985). The National Youth Development Research Response Initiative, (2003) defined youth development as a process by which young people acquired competencies and positive connections and the larger community. In short, it is in essence, of all the essentials necessary for young people to move from childhood into positive, productive adulthood.

According to Watson (2010), the government of Zimbabwe introduced a revolving micro-loan facility for the youth that was known as the Youth Development Fund. This fund was combined with the Employment Creation Fund formed in the early 90s. A facility known as the Youth Development and Employment Creation Fund (YDECF) was also established as a way of supporting youth entrepreneurship development. It provided loans at a concessionary rate of 10% per annum for a period of up to 36 months depending on the type of a project. The Ministry of Youth, Indigenisation and Economic Empowerment (MYIEE) was responsible for co-administering the facility. The following were financial institutions working with the ministry in promoting Youth Development, CBZ bank limited Youth Empowerment Fund, IDBZ Youth Development Fund, IDBZ Meikles Out grower Scheme, CABS-Kurera/Ukondla Youth Fund and Stanbic Bank Zimbabwe Youth Wealth Creation Fund.



### **2.1.5 CBZ Bank Limited Youth Empowerment Facility**

The CBZ Youth Empowerment Facility (CYEF) was a facility structure in partnership with the CBZ on the principle of Private Partnership. Through the Youth Development Fund, the government has made a Loan Guarantee Investment with the bank for security reasons. The CBZ played a pivotal on youth empowerment and improving the livelihoods of the youth for example it was funding youth on sectors such as, manufacturing, agriculture, retail and sales, (Siroli 2008).

### **2.1.6 IDBZ Meikles (Out Growers Scheme)**

Meikles has availed a total sum of USD200 000 as part of its indigenisation share for youth empowerment and it was mainly targeting youth in small livestock production and horticulture. This facility was working under IDBZ and ran a pilot basis during 2012 covering a radius of 100 kilometers from the city of Harare. This programme was said to expand during 2013 to the entire part of Zimbabwe and a great number of youth have benefited from the IDBZ as a way of getting rid of employment.

### **2.1.7 CABS Facility (Kurera/ Ukondla Youth Fund)**

The Kurera /Ukondla Youth Fund was launched on 24 November 2011 by the former Vice President Joyce Mujuru. This youth development fund was being administered by the Ministry of Youth, Indigenisation and Economic Empowerment in conjunction with the Central African Building Society (CABS).

Old Mutual Zimbabwe Limited, in partial fulfillment of its Indigenisation and Economic Empowerment quota allocated 2.5% of shares to a Trust Fund for youth empowerment. The shares have been hedged as security for youth empowerment facility (Kurera/Ukondla Youth Fund) with CABS. The facility was administered by the trust comprising of the Old Mutual Zimbabwe Limited, CABS, MYIEE and the Zimbabwe Youth Council (ZYC). This was further supported by the National Youth Policy which encouraged the establishment of a youth fund and other institutional funds that removed barriers to ensure access to capital by youth. The facility was administered by the trust comprising of the Old Mutual Zimbabwe Limited, CABS, Ministry of Youth, Indigenisation and Empowerment and Zimbabwe Youth Council (ZYC). The

Kurera/Ukondla Youth Fund was financed to the tune of \$ 10 million, (New Zimbabwe African Report, 2013)

The Kurera /Ukondla Youth Fund was meant to fund youth businesses and income-generating projects as well as enabling youths to participate in the mainstream economy and it contributed to the economic growth and development. Realising the challenges faced by the young people in Zimbabwe, the Kurera/Ukondla youth fund was formed to assist social and economic development in communities through reducing idleness, promoting productivity, create employment and a sense of worth among youth.

The Kurera/Ukondla youth fund was designed to offer loans to youth aged between 18 and 35 years of age. In line with its agreement with the Ministry of Youth, Indigenisation and Economic Empowerment (MYIEE), this fund was created to offer a maximum amount of US\$500.00 to existing projects. The projects funded by this youth development fund were falling under different sectors such as the manufacturing, engineering, tourism, retail, agriculture, telecommunications, distribution and services. The loan facility did not required youths to produce any collateral for the youths to access the loan (Chronicle, 21 November 2011).

The indigenisation policy has improved the livelihoods of youth and created employment through the YDF that were given to the young people to inject their projects. The youth who managed to access loans were able to create jobs for other young people and their projects started to grow rapidly, (New Zimbabwe African Report, 2013). Sustained periods of unemployment naturally motivate the youth to seek alternatives to wage employment, which can include various types of production and income-generating activities (Omondi 2013).

Therefore the CBZ, CABS, Stanbic and IDBZ have contributed a lot to the developing of the youth through releasing loans to running projects. These were the Youth Development Facilities (YDF) working with the Ministry of Youth, Indigenisation and Economic Empowerment in improving youth livelihoods and developing them. All this was done to fulfil the pre-requisites of the indigenisation policy that also have a tendency of helping the marginalised young people by bringing them back into the economic activities of the country.

### **2.1.8 Challenges of mobilisation of financial resources**

If there was one aspect that could make or break the indigenisation program, it was the availability or lack of capital to finance the programme. While the systems have been set through legislation and awareness has been fairly extensive, there was an urgent need not only to define the financial mechanisms through which the programme will be financed but to raise empowerment funds and disburse them in a fair and consistent manner. For the funds currently holed up in Barclays, Standard Chartered, CBZ or Royal bank were neither adequate nor ideally structured to finance such a monumental and transformational programme that the indigenisation programme has become. While the Ministry of Youth Development, Indigenisation and Empowerment has covered a lot of ground in enforcing compliance and mobilising youth empowerment funds in very difficult circumstances, the issue of financial mobilisation has remained a cause for concern, Mupazviriho (2011). The government of Zimbabwe faced a challenge of finance to boost up the indigenisation policy since it was relying on funding banks for releasing loans to the youth and that means a drawback of a funding agent, youth development will become null and void and this might disrupt the whole indigenisation programme.

### **2.2 Legal frameworks and policies supporting youth development**

The government of Zimbabwe has developed a variety of laws that have impact on youth development. Youths constitute the pillar upon which a nation is built and they are the potential strength of the nation. Section 14 of Chapter 4 of the New Constitution provides “The State and all institutions and agencies of government at every level must endeavor to facilitate and take measures to empower, through appropriate, transparent, fair and just affirmative action, all marginalized persons, groups and communities in Zimbabwe, (Indigenisation Act 2007).

Section 20(1)(c) of the same Constitution provides “The State and all institutions and agencies of government at every level must take reasonable measures including affirmative action programs to ensure that the youth, for example between the ages of 15 and 35 years, are afforded opportunities for employment and other avenues to economic empowerment”. In effect, the new Constitution provided for socio-economic rights that were missing in the old Lancaster House Constitution. For instance it provided specifically for the right to education, healthcare, shelter, among others, using the country’s available natural resources. Section 3 of Cap 14:33 mandates

Zimbabwe to take legislative measures to indigenize its economy and to provide support for the economic empowerment of indigenous Zimbabweans and sets the 51% indigenous quota as minimum, (Constitution of Zimbabwe 2013).

The National Youth Policy was developed in 2000 to provide an enabling framework for the development and empowerment of youth in comprehensive, coordinated and multi-sectoral manner. The policy was seeking to ‘empower the youth by creating an enabling environment and marshaling the resources necessary for undertaking programs and projects to fully develop the youths’ mental ,moral, social, economic, political, cultural ,spiritual and physical potential in order to improve their quality of life’, ( National Youth Policy, 2013).

### **2.2.1 Critique of the Indigenisation and Economic Empowerment policy**

The Indigenisation and Economic Empowerment policy, in terms of youth development was reported to be a pie in the air never been tasted. This was because of its failure to completely eradicate youth unemployment within the first four years period of its implementation from 2010-2014. According to Zhou and Zvoushe (2012), one of the policy’s objective was to economically improve the livelihoods of the youths through the provision of funds to running projects. However the system of the funds to the intended beneficiaries was being hampered by the lack of transparency in accessing loans.

Media reports indicated that the fund has not been equitably distributed and its implementation has been carried out without the key elements of empowerment, capacity assessment, namely training, systems development and mentoring, The Chronicle Saturday, 26 January 2013. The funding system lacked proper and efficient structures to ensure that deserving applicants accessed the loans. This was further worsened by the process of accessing loans which was long and unfriendly to the uneducated youth. Whilst the Indigenisation and Empowerment drive has a body titled, Indigenisation and Economic Empowerment Board (NIEEB), no such institution existed for the Youth Development Fund. The presence of such a board might have helped on spearheading the distribution and monitoring of Youth Development Funds, analyzing business proposals and approving of loans. This might have limited the chances of corruption since transparency will be easier to measure.

The maximum limit of the loan (US\$500, 00) was insufficient for the targeted sectors for example mining required a lot of money to buy machinery and also accessing of all the required mining permits to start on a new projects was a milestone to climb ([www.ruzivo.co.zw](http://www.ruzivo.co.zw)). The fund was probably enough for running small projects like horticulture and poultry. There has been a growing increase in the number of outcries from the youths, ranging from delays on the assessment of projects, to the fact that some projects have not been funded for many years. The reason being, low quality of business proposals and the bank policy that required funding successful applications. However it should be highlighted that some proposals were not accepted or took so long to be accepted because they did not meet the required standards set by youth ministry and the financial institutions.

### **2.2.2 Sustainability of the Indigenisation and Economic Empowerment policy**

There was no guarantee on the sustainability of the empowerment policy in the event that a political change occurs. The opposition has been very critical of the Indigenisation policy from its inception. The major arguments that the opposition party propounds so often was the fact that the Indigenisation policy was being used as a political tool by the ruling party meant to galvanise political support at the expense of the economic development of the country. In addition opposition political parties has noted that the policy scared away investors in an environment where the country desperately needed foreign direct investment. Even within (ZANU PF) there was discord on how people viewed the indigenization policy, for example the former minister of Youth, Indigenization and Economic Empowerment (Kasukuwere) was vowing to indigenise the banking sector whereas the former Governor of Reserve Bank of Zimbabwe (Gono) spoke strongly against the indigenisation of the banking sector, RBZ (2011). The fact that, indigenisation policy lacked support from the start made it to become a failure on its own hence youth unemployment and development were greatly influenced by this disagreement among influential members.

Matzyszak, (2011) proclaimed that, the indigenisation legislation does not enforced the stated 51% objective since there were no provisions on criminalizing a failure to implement an indigenisation plan for example there was lack of legal instruments which compelled the transfer of 51% of the shares foreign owned business to indigenous Zimbabweans. In the absence of a compelling legislation, the implementation of the policy was likely to drag on for a protracted time. It might

even spill into law courts, a process that further delayed the empowerment process. The loophole might even give foreign investors time to sabotage the economy by way of transferring their equity from Zimbabwe to other parts of the world where conditions are more favorable for capital accumulation, (Matzyszak, 2011).

The indigenisation policy failed to be clear on the benefits to be obtained by the marginalised people living in the countryside. According to the General Regulations of 2010, the threshold acquisition of 51% pertains to foreign - owned business with a net asset value of or above US\$500 00. By implication, a 51% share means that the indigenous Zimbabwean, would need to have a capital of at least US\$255 000 to control a company effectively. The majority of Zimbabweans living in both rural and urban areas might not have the capacity to raise the required share capital, hence the Regulation excluded both rural and urban communities from acquiring a substantial number of shares in the indigenized companies. No wonder why Matzyszak (2011) argued that, the indigenisation policy in Zimbabwe has been drafted to enrich those who are already rich.

### **2.2.3 The concept of micro-finance or micro-credit programme**

The current global youth population was the largest in history. Of the world's 3 billion people estimated to be under the age of 25, approximately 1.3 billion are between the ages of 15 and 24. This group is faced with imminent poverty. Attempts to alleviate the youth from this poverty level have been carried out in as many places as are the methods. For example, it is agreed that loans, by increasing family income, can help the youth to accumulate their own capital and invest in employment-generating activities. However, as development takes place, the question that arose was the extent to which credit can be offered to these youths to facilitate their taking advantage of the developing entrepreneurial activities, which in turn can help in efforts to fight poverty among them, Omena, et al (2012). Under half of the 1.3 billion young people live on less than two dollars a day.

The origin of micro finance can be traced back to 1976, when Muhammad Yunus set up the Grameen Bank, as experiment, on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh. The main aim was to provide collateral free loans to poor people, especially in

rural areas, at full-cost interest rates that were repayable in frequent installments. Borrowers were organized into groups and peer pressure among them reduced the risk of default Khan et al (2007).

George (2005) refers to microfinance as the provision of financial services to the low income-households and micro and small enterprises provide an enormous potential to support economic activities of the poor thus contribute to poverty alleviation. Microfinance can also be defined as the practice of providing financial services such as micro credit, micro saving or micro insurance to poor or disadvantaged individuals. By helping them to accumulate useably large sums of money, thus expanding their choice and reducing the risk they face.

Rieneke, (2010) the concept of microfinance was not new. Savings and credit groups that have operated for centuries included the "susus" of Ghana, "chit funds" in India, "tandas" in Mexico, "arisan" in Indonesia, "cheetu" in Sri Lanka, "tontines" in West Africa, and "pasanaku" in Bolivia, as well as numerous savings clubs and burial societies found all over the world. Yunus (1998) by establishing Grameen bank in 1983 Muhammad Yunus sought to realize his vision of self-support for the poorest people by means of loans on easy terms. The bank has since been a source of inspiration for similar microcredit institutions in over one hundred countries. Grameen bank works on the assumption that even the poorest of the poor can manage their own financial affairs and development given suitable conditions. The instrument is microcredit small long term loans on easy terms. By 2006 Grameen bank had granted more than seven million borrowers microloans, average amount being 100 dollars and repayment being very high. By the end of 2008 the bank had loaned over USD 7.6 billion to the poor and in the same year it had 2100 branches. The Grameen Bank can be compared to the indigenisation policy that introduced the YDF as a way of helping the young people to empower and develop themselves through acquiring loans from the government.

Overall, MFIs in Africa were dynamic and growing. Of the 163 MFIs 57 percent were created in the past eight years-and 45 percent of those in the past four. African MFIs appeared to serve the broad financial needs of their clients. Unlike trends in most regions around the globe, more than 70 percent of the reporting African MFIs offered savings as a core financial service for clients and used it as an important source of funds for lending. MFIs in Africa tended to report lower levels of profitability, as measured by return on assets, than MFIs in other global regions. Among

the African MFIs 47 percent post positive unadjusted returns; regulated MFIs reported the highest return on assets of all MFI types, averaging around 2.6 percent (Patricia, 2004).

## **2.3 Literature Review**

### **2.3.1 The impact of micro-finance and micro-credit programmes**

The Indigenisation policy was meant to re-address the historical imbalances that existed before the post-colonial error. The impact of micro-credit programmes on reducing poverty alleviation and enhancing social well-being has raised a lot of questions among different scholars. Reviewing the literature, like any other micro finance, micro credit do have positive and negative impact to the beneficiaries.

The positive impacts of microcredit on income and consumption levels have been well documented. For example, in the study on participants of Grameen Bank in Bangladesh, (Hossain 1988) discovered significant impacts of the effect of microcredit programs on alleviating poverty in Bangladesh. This was reflected in higher income, capital accumulation and employment among loan recipients. Similarly Khandker (1998) found that 5% of the loan recipients' households in Bangladesh were able to get out of poverty due to the loans from microcredit institutions. In both studies there were spill-over effects where the overall employment rate and wages rate were enhanced in the whole village in which the microcredit programs operated. Additionally the significant effects for the programs were found to be greater when the recipient was a woman, (Pitt & Khandker 1998).

Other research in Bangladesh by Mustafa (1996) found that microcredit programs enabled the recipients to enhance their material wellbeing reflected in indicators such as wealth, revenue earning assets, value of house structure, the level of cash earned, per capita expenditure on food, total household expenditure. While Zaman (1999) found microcredit programs to enhance recipients' ability to build assets and reduce their vulnerability by enabling them smooth their consumption through balancing between their savings and spending during different phases of their life, hence become less vulnerable to income shocks. The results showed that in general participants were relatively more efficient in promoting the well-being of the households. The results were further emphasized in further studies in Bangladesh (see Khandker et al., 1998; Khandker, 2001, 2003). This can be linked to the indigenisation policy that allowed young people



who benefited from the YDF to expand their businesses to the extent of even employing two or more workers on their projects. Therefore indigenisation policy just like any other micro-credit programme do have negative and positive impacts to the beneficiaries.

In addition microcredit programs have been found to enhance household social well-being and women empowerment. In his study Khandker (1998) found significantly higher levels of schooling for children and especially that of girls for all credit program participants. Other positive impacts of microcredit on households' wellbeing were found in their children's education, health, reduced vulnerability and improved food security. Moreover, microcredit empowers people by enabling them to make their own decisions, increase their mobility, awareness, and self-esteem, Hashemi et al (1996). However this significant positive impact of microcredit was not reached by other studies. Banerjee et al (2010) did not find such positive impacts on social wellbeing like measures of health, education, or empowerment of the beneficiaries. Lastly, Karlan and Zinman (2009) found no positive impact on the social wellbeing of the household in India especially when women were the participants. On the contrary he found that males' applicants are significantly more likely to enroll their children in school than female applicants. Socio-economic impacts were also identified in the Grameen bank participants.

Khandler (1996) noted that that the Grameen bank had socio-economic impacts as evidenced by male borrowing from the Grameen bank reduced fertility by 4% and increasing contraception by 37 percent. Thus microfinance has the ability to reduce unwanted and teenage pregnancy on both males and females as they would have found a source of income. Indirect benefits were envisaged as a result of the Grameen bank experience. Khandler (1996) further observed that the Grameen bank helped to increase household income by 24%, total value production (both farm and nonfarm) by 56%, labor force and monthly hours worked by 7 % and rural wage by 5%. In this light microfinance seeks to benefit the immediate beneficiaries, it is crystal clear that there are spillover effects of microfinance as evidenced by the Grameen bank experience where they indirect beneficiaries as a result of the project. The Grameen Bank just like the indigenisation policy benefited more young man than woman this was because, woman were very reluctant on carrying out projects and lacked knowledge on how to start projects.

On the other side, Pischke et al (1992) found microcredit to be ineffective on the poor income and overall well-being status. The researchers argued that lacking financial services was not the most

pressing problems faced by the poor; and further argued that their problems will not be solved by going into further debt. The cost of providing these financial services was also very high compared to the benefits received by recipients especially in poor countries. This was further emphasized by (Buckley 1997) in his research on micro entrepreneurs in the informal sector in Kenya, Malawi and Ghana. He found that these form of “capital injections” offers the “illusion” of fixing the profound problems of these people which rather need more structural changes in the socioeconomic conditions that defines their activities.

Utilizing case studies from Sri-Lanka and Bangladesh, Montgomery (1996) showed the disadvantages of group lending schemes. He argued that there was incompatibility between meeting the poor needs and extending the credit. These programs gave more pressure to the recipients and resulted in added social costs. Therefore one can argue that, giving the marginalised people loan cannot be a good solution to eradicate poverty or improve livelihood but it can be problem to them if they failed to use the loan as expected. This was similar to what have happened to the youth after receiving the loans they misused the money and ended up in meaningless credits, instead of improving the living conditions of the youth, the indigenisation policy crippled the minds of the youth and they became dependent on the government for their survival.

The study carried out by Okoree, (2012) in Ashaiman (Ghana community), revealed that micro finance had a positive impact on the lives of beneficiaries. This was demonstrated in the marked increase in incomes which in turn increased their capacity to save money. An increasing number of them were able to educate or contribute to their children’s education. Many were also able to purchase household goods. Having an income from which they could buy the necessary household food, ensured improvements in the household diet. Most respondents reported that they felt empowered because their self-confidence was promoted, and they were able to contribute to discussions at not only the household level but at other social groups. This was very important as it showed the relationship between economic power and political power. Most of the respondents reported an increase in their incomes since the time they accessed loans. The study has therefore shown that, giving access to micro finance can increase income levels as users are empowered to engage in various economic activities which in turn do not only increase the welfare of their households. Micro-credit programmes as indicated above that may brought positive impact to the

beneficiaries since they allowed those who benefited to buy basic commodities that are necessary for a good living.

Increased incomes from the businesses were channeled into enhancing facilities such as education, food and health. These findings were similar to the researching of Mayoux, who reported that giving loans to persons engaged in small scale businesses leads to increase in their income level. It further confirms his assumption that access to microcredit will commence a 'virtuous upward spiral' where individual economic empowerment of women will lead to wider economic, social and political empowerment, Mayoux (1999).

Mayoux, (1999) argued that, the targeting of women and the assumption of the virtuous spiral is actually the result of three distinct paradigms of microfinance which have become entangled. These are the financial self-sustainability paradigm, the poverty alleviation paradigm and the feminist empowerment paradigm. They all assumed that women will be socially and politically empowered when they become economically empowered. In all these paradigms women are held to be reliable borrowers. They spend most of their increased income on their family's wellbeing. The majority of the respondents expressed that their participation in the micro credit program had given them an opportunity to accumulate savings, something which they could not have done in the past. They felt empowered because they owned this money even though it was little and they still could accomplish gender specific roles and responsibilities within their households. Rutherford (2000) noted that poor people have the ability to save and they need a savings mechanism in order to turn their savings into investments. However, this can only be realized if they were able to have positive net incomes.

However, the control of the business and income of women beneficiaries was not quite clear and conclusive. At an aggregate level, it is assumed that the microfinance sector has involved economic participation for the majority, particularly marginal groups, including the poor and downtrodden that had been previously not considered as potential lenders by lending institutions, Adu-Okoree (2014) It can be argued that activities like education and nutrition have a long-term pay-off for individual lenders and their families. By providing education to their children, these women are breaking the cycle of a lack of access of opportunities in which they were caught due to poverty. Likewise, by providing healthcare and improved Adu-Okoree (1997) nutrition to the members of

the household the women relieve themselves from burdens of taking care of the sick and therefore, they can spend ample time on improving and maintaining their businesses.

Microcredit which is the extension of small loans to entrepreneurs, who are too poor to qualify for traditional bank loans, has been the main components of microfinance especially in developing countries. Microcredit enabled very poor people to engage in self-employment projects that generate income thus, allowing them to improve the standard of living for themselves and their families. This has been achieved by the creation of opportunities for entrepreneurship which enables the poor to eliminate unemployment and poverty by fulfilling their creative potential Yunus, (2001). A study in Ghana and South Africa by Afrane, (2002) provides evidence indicating that microfinance programs have every potential to improve the conditions of beneficiaries. Afrane (2002) found out from the two impact studies that microfinance projects have impacted the businesses and lives of the beneficiaries in several positive ways, particularly in their economic circumstances and access to essential life-enhancing facilities and services.

The studies established that 43 and 44% of the enterprises sampled in Ghana and South Africa respectively had increases in their profit levels as well as in employment. In addition, the total number of people employed by the enterprises surveyed increased by 46 and 49% respectively. Similarly, in a study by MKNelly and Dunford (1998), they found out that the majority of the 1997 participants sampled had increased their incomes by 67% since they joined the credit with education programme. A report by Hishigsuren et al (2004) on client impact monitoring and performance by some clients of Sinapi.

Aba trust in Ghana also give empirical evidence on the impact of microcredit on poverty levels. The findings were similar to that of Remenyi and Quinones (2000) who also found out that the household income of families in Indonesia with access to credit is significantly higher than comparable households without access to credit.

Although microfinance has claimed more and more of the aid budget it may not always be the best way to help the poorest. Government and the donors should know whether the poor gain more from small loans than accessibility to good health care, food and infrastructures. Most measures of the impact of microfinance organizations fail to control what could have happened in the absence of MFIs. The question is whether microfinance is better than some other development projects for the poor as a whole, (Francis et al 2014).

In addition, Francis et al (2014) in the study of the role of micro-finance in economic empowerment of the youth, a case of Mombasa country Kenya discovered that, the MFIs engaged youth in some form of capacity building before advancing microloans. From the findings 56% of the youth agreed to the fact that they had been taken through some training before being advanced a loan. This was important in ensuring that money given out was well utilized and only spend according to the indented purpose.

This was reflected by the findings on the business performance after training. It was clear that performance in business management 62%, saving culture 72%, investment opportunities 43% and financial planning 40% were all rated very good. The findings further revealed that the youth were impressed by the microfinance products available among different MFIs. It was evident that with 53% respondent saying yes and that although MFIs had different legal forms, methodologies and missions all provide financial services to the poor, (Francis et al 2014).

Omena et al, (2014) on the study of effect of micro finance services on the financial empowerment of youth, asked the respondents to indicate their views on the loan amount and 92.9% of them considered the loan as insufficient to run their projects, only a minority 7.1% reflected it sufficient. Basing on this study, micro-finance still have loopholes on poverty alleviation. Microfinance just like the indigenisation policy has failed to address the problem of unemployment on the youth but rather increased poverty and dependent syndrome among its beneficiaries. Micro-finance just like the Youth Development Fund in Gweru urban has failed to meet the young people's priorities because the fund was reported to be insufficient enough to start projects like mining, since the maximum amount of loan to be received with the youth was US\$500, 00. Many projects were reported to be underfunded and this disturbed the evolving of the funding system.

## **2.4 Chapter Summary**

This chapter outlined the concept of Indigenisation and Economic Empowerment policy, the objectives of the policy and also its legal framework was also discussed. Key terms of the study topic were also explained including the related literature to the study. Conceptual framework was part and parcel of the chapter.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter outlined the research design, sample selection methods and the instruments used to collect the data. Data analysis as well as ethical considerations that were considered on carrying out the research on the impact of the indigenisation policy on youth development were analysed.

### **3.1 Research Design**

A research design is a “blue print” for empirical research aimed at answering specific speech questions or testing specific hypotheses and must specify at least three processes which are the data collection process, the instrument development process and the sampling process, Bhattacharjee (2012). The researcher used a case study research design. A case study is an in depth investigation of a problem in one or more real-life settings over an extended period of time and usually the data may be collected using a combination of interviews, personal observations, and internal and external documents, (Lincoln 2000).

The researcher used a case study of Gweru urban and the case study ensured the researcher to have a deeper understanding of the situation in which the study is being carried out and this information can be necessary to generalize other areas. The researcher used the case study instead of a survey because a case study improves generalization by replicating and comparing the analysis in other case sites in a multiple case design, Ryan et al (2001). A case study research design allowed the researcher to spend much time focusing on one area, which was Gweru urban and a deeper understanding of the impact of the Indigenisation and Economic Empowerment policy on the youth development. It was also an advantage to the researcher since the researcher focused on a small area and that reduces financial cost of travelling around the whole part of Zimbabwe for the Indigenisation and Economic Empowerment policy was a nationwide programme.

The researcher used a qualitative research methodology which was descriptive in nature and it was directed to make careful observations and detailed documentation of a phenomenon of interest,

Bhattacharjee (2012). This approach has allowed the researcher to understand the impact of the indigenisation policy on youth development in the Gweru urban from 2010-2014.

## **3.2 Sample selection**

### **3.2.1 Study population**

The population studied consisted of youths living in the Gweru urban. This research was mainly based on the impact of the indigenisation policy by examining on the youths that have benefitted from the youth development funds and those that did not benefitted from his programme as well as all youths in general. The other individuals who were part of the research were the Ministry of Youth urban officials, bank officials from the CABS responsible for Kurera/Ukodhla youth fund, ZYC, NYS officials and the Urban Administrators were also part of the study population. Population is also called a unit of analysis which refers to the person, collective, or object that is the target of the investigation, (Murathe 2005).

### **3.2.2 Sampling Design**

Sample design is a definite plan to determine any data are actually collected for obtaining sample from a given population by the researcher. Sampling design is an important tool as well as flexible method of data collection in the legal research, Mack et al (2005). The major objective of drawing out a sample design was to make an interference of a larger population using a smaller sample, this saves time and money since the researcher has to examine and analyse a limited population while doing the research. A large sample might become unwieldy and conversely, too small a sample might be unrepresentative, Cohen (2006). Since there was a great number of youth residing in Gweru urban, it was difficult for the researcher to conduct all the youths, therefore the researcher managed to interview 20 youths on the impact of the indigenisation policy on youth development.

### **3.2.3 Sampling procedure**

The study used a variety of procedures to conduct the research which were purposive, snowballing and simple random sampling. These procedures were implemented on the study of the impact of the Indigenisation and Economic Empowerment policy on youth development.

### **3.2.4 Simple random sampling**

The researcher used simple random sampling which is also known as chance sampling or probability sampling, (Blankertz 1998). Simple random sampling was randomly picking of youths on the study without using a pattern or a criteria and this allowed the researcher to collect different views from various youth age groups. Simple random sampling helped the researcher to collect the unbiased information that might have been distorted by use of certain uniformity. Simple random sampling also allowed the studied population to have an equal and independent chance of being included and this method was used in conjunction with all other probability sampling plans therefore serves the foundation upon which all types of random samples are based, (Jawale 2012). One disadvantage of this method was, it excluded the other population that was part of the research. The researcher used simple random sampling by picking up youth to be interviewed randomly disregarding of the gender, sex and age.

### **3.2.5 Purposive sampling**

Purposive sampling was used in the study on the Ministry of Youth officials, youths and Youth Development stakeholders like the CABS. The sampling size depends on the resource and time available as well as study objectives and purposive sample sizes are often determined on the basis of theoretical situation whereby the new data no longer bring additional insights to the research questions, Magnani (1997). According to Laerd (2007) purposive sampling is also known as judgmental, selective or subjective sampling, is a type of non-probability sampling technique in research.

## **3.3 Data collection methods**

The following were used by the researcher to gather the data, interviews, observation and documentary review. Unstructured Interviews were used on the youth who have benefited from the CBZ, IDBZ, Stanbic and CABS. The Ministry of youth officials were also interviewed on how they view the indigenisation policy on youth development. Observation was used on the behavior



of the youth to government policies and documentary review was used to analyse the statistics of youth unemployment rate in Zimbabwe.

### **3.3.1 Interviews**

Witkin et al (1995), outlined that interviews resemble everyday conversations, although they are more focused on the researcher's needs for data. Interviews structures differ from person to person depending on the area one is researching about. On this research, unstructured interviews were conducted on three Ministry of youth informants, one from the Midlands Province and the other two from the Gweru District. Unstructured interviews were also used to interview five youth on how they viewed the indigenisation policy on youth development. Interviews are a useful tool which can lead to further research using other methodologies such as observation and experiments, Jensen and Jankowski (1991). The researcher used interviews because they gave room for more focused discussions and follow up questions thereby allowing the interviewer and the interviewee to ask questions where there is misunderstandings, for example the researcher managed to get answers on why the indigenisation policy failed to benefit all the youth who were residing in the Gweru urban.

There was a higher probability of getting distorted information due to the direct contact of the interviewer and the interviewee for example the youth were uncomfortable to expose sensitive issues on the presents of the interviewer hoping that they might be sued or black listed. The researcher found it difficult to analyse the data obtained from the youth and the Ministry of youth officials, since some of their answers were contradictory and Bryman (2001) argued that, multiple interviews usually brings contradicting information that will make it hard for a researcher to analyse the data.

### **3.3.3 Observation**

Rossmann et al, (1989) defined an observation as "the systematic description of events, behaviours, and artifacts in the social setting chosen for study". Observation have allowed the researcher to collect first-hand information on how the youth responded to the indigenisation policy.

Observation does not allowed the researcher to understand why the youth were behaving in different ways on the impact of the indigenisation policy on youth development for example a researcher might have a false assumption on their behavior. This research method was more of a guess work than reality and there as a great probability that the researcher collected biased information because the moment the people became familiar about the research, they might give false picture of themselves as a way of pleasing the researcher.

### **3.3.4 Documentary review**

Documentary review was the other method used by the researcher to collect information on the impact of the indigenisation policy on youth development. This research method included the search of necessary information from existing resources such as the newspapers, statistical publications, analytical reports, textbooks and journals. The researcher used Ministry of youth reports to get the information about the number of youth who have benefited from the Youth Development Fund (YDF) from 2010-2014 and the number of young people who have applied for the loan during the same period were also observed through document review. The Indigenisation Act was also part of the documents used to obtain information about the objectives of the policy in line with youth development. Zimbabwe Statistics Reports were used to investigate the rate of unemployed youth since the implementation of the indigenisation policy. The Constitution of Zimbabwe and the NIEEB Act were other documents used by the researcher to gather information on the impact of the indigenisation policy on youth development.

Using documentary review, the researcher was able to compare data about youth unemployment rate in Zimbabwe from the Zimbabwe Employment Statistic with the one collected from the interviews and the observation discussed above. Documentary review helped the researcher to absorb current information on youth development fund through reading newspaper articles and journals.

Documentary review also have its own disadvantages to the researcher because some of the information written on the documents might be biased and the researcher just believed on everything that was written regardless of who wrote since there was none to help on clarification. Using documentary review was also a challenge to the researcher especially on the rate of youth

fund beneficiaries for the Ministry of Youth Reports were contradicting with the newspaper and internet articles and there was none to question for these differences.

### **3.4 Data Analysis**

Le Compte and Schensul (1999) connote that data analysis for qualitative such as in-depth analysis tends to be an on-going process that took place throughout the data collection process as the researcher thinks about and reflects upon the emerging themes, adapting and changing the methods if required. This study used thematic analysis, by highlighting the key themes that emerged from the study. Anderson (2007) argued that, thematic analysis portrays the content of interview transcripts and it identifies common and sometimes recurring themes in the texts provided. The researcher created a lists of common themes from the texts and then grouped them in an order that expressed common elements emerging through participants' voices. Following this approach the researcher engaged in a lengthy process of data processing by reducing the bulk of the raw data from the transcripts. Certain quotations from the interviews were organized using thematic approach and the data was arranged in themes that showed the objectives of the impact of the indigenisation policy on youth development.

The researcher used thematic analysis that was defined by Braun and Clarke (2006) as a qualitative research method that is used to analyse data, identify and reporting it at the same time. Thematic analyses minimally organized and described the data set in rich detail and interprets various aspects of the research topic. The researcher opted for thematic analysis because it allowed one to become familiar with the data, generate initial codes, search for themes, review themes, defining and naming themes and producing the data, Braun (2006). The researcher used thematic data analysis in line with the research questions to be answered on the impact of the indigenisation policy on youth development. The data was arranged into similar themes and each theme was explained in line with the research questions and objectives of the impact of the indigenisation policy on youth development.

### **3.4.1 Ethical Considerations**

Ethical considerations entails that, the researcher have responsibilities to the research participants and to the people to whom the findings are to be presented. On gathering the information, the researcher avoided to ask sensitive questions especially to the whole population studied. Since Zimbabwe was a multi-party state, the researcher did not discuss or question anything that have to do with political parties. Ethical issues that were considered on this study were ensuring the protection of human participants, confidentiality and voluntary consent and informed consent.

### **3.4.2 Ensuring the protection of human participants**

“It is of paramount importance that educational researchers respect the rights, privacy, dignity, and sensitivities of their research populations and also the integrity of the institutions within which the research occurs, American Educational Research Association (2002). The researcher has informed the youth and Ministry of Youth officials that were part of the study about the nature of the research and their involvement, the method of interview and that the research was part of the academic requirements. The respondents were also informed about the time of their interviews and were allowed to withdraw from the research if they feel like doing so. Among the respondents nobody was forced to be part of the research and everyone who contributed to this research have done this under their willing. The interviewees agreed that they do not have problem with writing of their real names on the study.

Voluntary consent is concerned with each individual’s ability to exercise the free power of choice without the intervention of force, fraud, deceit, duress, or other forms of constraint or coercion. This right to exercise choice must be present throughout the entire research process, Hardman et al, (2006). The research has made it clear that all participants in the research were protected from any harm that might affect them for it was their right to be protected. All the respondents who were part of the study of the impact of the indigenisation policy were allowed to expose their views without fearing of anyone and without being forced to behave that way.

### **3.5 Chapter Summary**

Chapter three explained the research methodology ranging from the research design, research sample selection methods, data collection methods, data analysis and ethical considerations considered on the impact of the indigenisation policy on youth development. The following chapter focuses on data presentation and analysis of the findings in line with the research design outlined before.

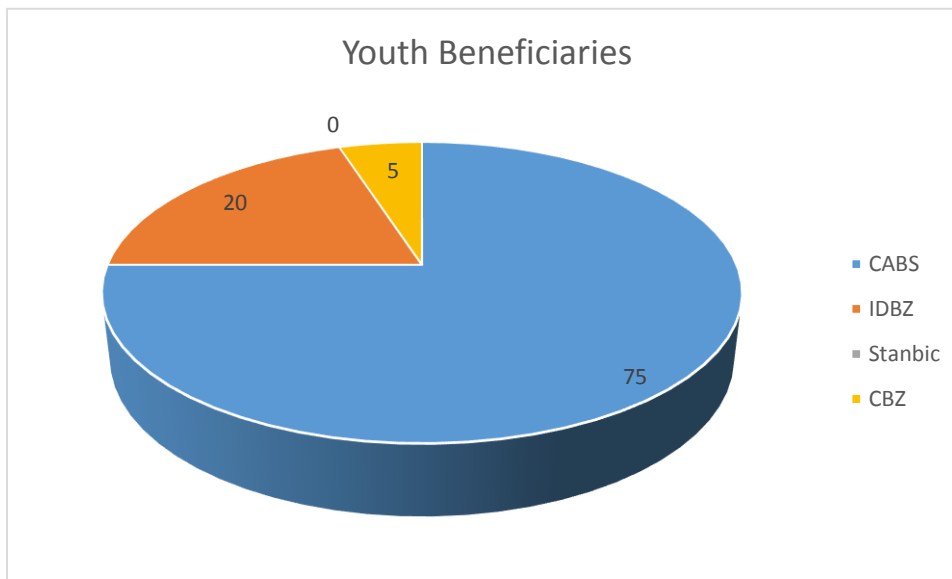
## CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND RESEARCH FINDINGS

### 4.0 Introduction

This chapter focused on data analysis and data presentation of the findings on the impact of the indigenisation policy on youth development in the Gweru urban in line with the research design outlined on the previous chapter. Data was presented and analysed in line with the research questions and objectives of the impact of the indigenisation policy on youth development.

### 4.1 Youth Beneficiaries in the Gweru urban.

**Figure 1 Rate of beneficiaries from CABS, IDBZ, CBZ and Stanbic from 2010 - 2014**



The above figure showed the rate of youth beneficiaries in the Gweru urban, Gweru MYIEE Annual Report (2014). The CABS / Kurera Ukondla have the highest rate of youth beneficiaries which was 75%, followed by the IDBZ bank that have 20%. The CBZ do have 5% youth beneficiaries and Stanbic did not have any beneficiary in the Gweru urban. This indicated that, the CABS bank in cooperation with Old Mutual have greatly supported the youth funding program in comparison to other funding agents. According to the Zimbabwe New African Special Report, (2013) beneficiaries of the Youth Fund in the city of Gweru, who were visited by journalists in mid-June 2013, spoke highly of the empowerment of youths and thanked the government for

helping transform their lives through their businesses. According to interviewee M1 one of the youth beneficiaries in the Gweru urban,

“I am a fruit seller, aged 25, who got a US\$500.00 loan from the Youth Fund and the loan has transformed his business and he was already paying back the profits into a farm allocated to him under the government’s land reform programme. My wife is managing the farm while I tends the fruit stall in Gweru.”

Another beneficiary M2, a fashion designer in Gweru, who got a loan of US\$100.00 in 2011 to recapitalise his business and he employed seven young people, three more than before he got the loan. M2 was a fabrics seller and his wife have done exceedingly with their youth empowerment loan. He started his fabric-selling business in his house, with a capital of just US\$50.00. After receiving his youth empowerment loan of US\$100.00, he managed to rent a shop in the center of Gweru and made US\$300.00 a month from the business. Besides that, M2 has managed to employ two other young people besides his wife, (Zimbabwe New African Special Report 2013).

M2 went on further proclaiming that,

“My business is growing and his life has tremendously changed after receiving the loan. I thank the government and appeal to them to continue helping young people like me. Since my business has improved because of the loan, I managed to buy a residential plot on which I intended to build a house in the near future. I appeal to my fellow young beneficiaries of the Youth Fund to work hard and put the money in good use. (Zimbabwe New African Special Report 2013).

M3, 29 years old was another beneficiary of the Youth Fund who got a loan of US\$100.00 to inject into his sewing business that specialises in school uniforms. He reported that his business has started expanding after receiving the loan from the Kurera/Ukondla youth fund. He and his brother had initially inherited the business from their father, but they were able to employ one worker until the loan was given to them, which assisted them to employ two more workers.

M3 reported that, Indigenisation was a good programme and it has helped him and his brother to earn a better living. He also encouraged the youths outside to embrace the programme so as to create employment. The Zimbabwe New African Special Report (2013) further outlined that, about 389 projects have been funded by the Youth Fund in Gweru in the last two years which include,

fabric selling, hair salons, cattle rearing, and chicken raising projects. Besides being given loans, the young entrepreneurs were given business training by the Ministry of Youth, Indigenisation and Economic Empowerment as part of the deal.

M4 was also part of the Gweru youth beneficiaries. M4 got a loan of US\$400.00 in 2009 from the Kurera/Ukondla Youth Fund and he was able to buy machinery like the compressors, which he was unable to buy before getting the loan. The Youth Fund has helped M4 to inject his project and compete with other carpenters in the city of Gweru. He was able to repay the loan in time, (The Sunday mail 6-12 April 2014).

M5 was another beneficiary from the Youth Fund who has received a loan of US\$100.00 to start a poultry project and she managed to employ one worker since 2010. M5 after being interviewed by the researcher, emphasised that

“Before receiving the loan, my project was without direction and everything has changed for good after I get the loan. Since then, I now have reliable customers like from the surrounding schools and Ascot shops. Though I’m facing a competition challenge, I’m earning a better living than before and I’m able to pay for my college fees at the Mkoba Teachers College.”

In short, among the youth beneficiaries, many people who benefited from the indigenisation policy were ZANU PF supporters and these were the party loyalists who were given first preference and others followed afterwards.

## **4.2 Sustainability of the IEE policy on promoting youth development**

**Figure 2 showed the sustainability of the Youth Development Fund on promoting youth development**



**Figure 2 Comparison of Youth Beneficiaries in the Gweru urban**

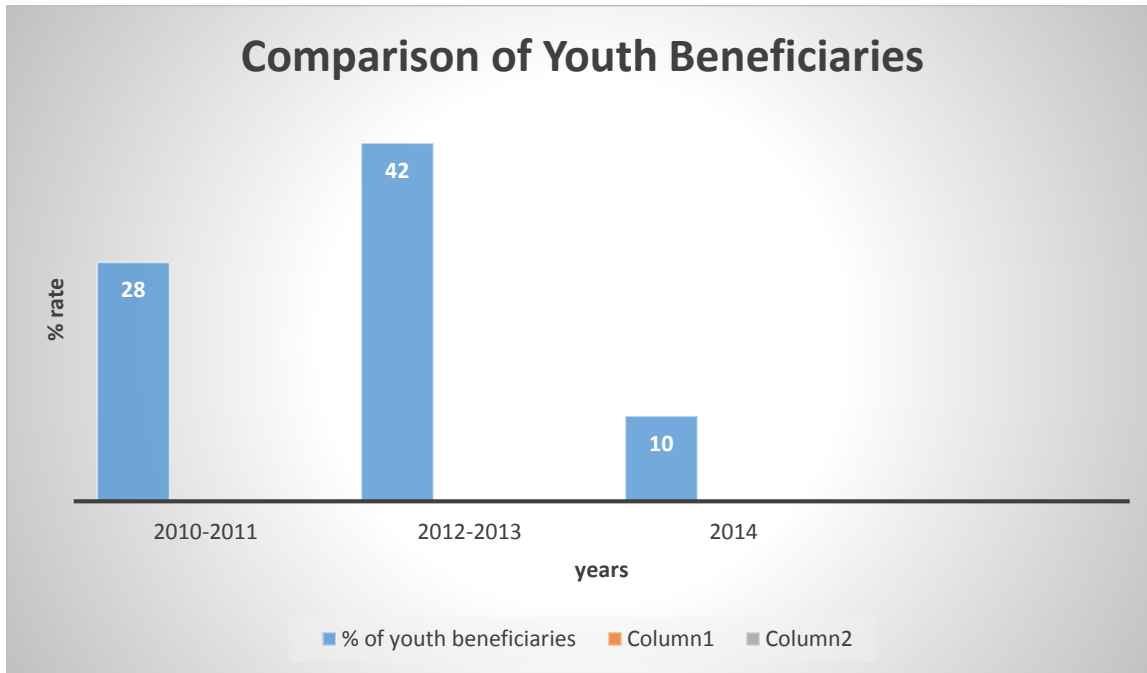


Figure two compared the youth beneficiaries in the Gweru urban from 2010-2014. According to the data presented above, the rate of youth beneficiaries from the year 2010-2011 was 28% and from 2012-2013 the beneficiary rate has increased to 42%. This rate has increased because, during the year 2010 the youths were unfamiliar with the availability of the Youth Fund and in the year 2012, youth became aware of the funding system. There was a great depression of youth beneficiaries in 2014 and this decrease was due to the unreliability of beneficiaries who were failing to pay back the loans to the funding agents so that other youths might benefit from the banks like them. The youth funding programme was failing to revolve, using the above results and this can be witnessed from the decrease of the beneficiaries from 2010-2014, Gweru MYIEE Annual Report 2014.

## **4.3 Reasons why the Youth Fund failed to revolve**

### **Youth Defaulters**

There was an increase in the number of youth defaulters since 2009-2014. After carrying interviewing some of the youth and Youth Ward Officers, the researcher found out that, there was a total number of about 25 youth defaulters who have failed to pay back their loans. According to M6,

“The number of youth defaulters was increasing almost each and every year and this was caused by some projects that were no longer functioning. In 2010 the number was five but it increased to twenty by 2014 and this was a great disadvantage to the youth who were willing to benefit from the Youth Fund and to make matters worse the Ministry of Youth itself and the Funding Banks were no longer trusting youth and they were having a challenge of capital to fund new beneficiaries since the programme was failing to revolve.”

In 2013, the Ministry of Youth carried out a monitoring and evaluation process and according to the Monitoring and Evaluation Report of 2013, out of all the projects funded in the Gweru urban, a few were still running. A total number of 15 projects out of the 25 funded were not functioning and some of them were diverted into other projects that were not similar to the first ones. M7 reported that,

“youths were unable to pay back the 10 % interest of the loan obtained because their projects were unable to suit competition from other business people, for example a youth defaulter who was running a shoe making project reported that, his products were regarded as of poor quality by customers as compared to those of Bata. At the end of the day this defaulter was unable to buy material to make shoes, since customers were running away from him supporting familiar companies like the Bata shoe shop in Gweru. This was also worsened by Huya Uhodhe, a flea market that operates in the city of Gweru during the weekends which was selling shoes and clothes at lower prices.”

The other reason why youth defaulters were increasing in the Gweru city was because the Youth Fund was very limited to the extent of US\$500, 00 that was its maximum amount. This amount was reported by the Accounting HOD at the Ministry of Youth at the Gweru district as insufficient to run projects like mining, for these type of projects required a lot of money to buy mining

equipments. This was also supported by M8 who have applied for a loan of US\$500, 00 to start a project of piggery and unfortunately, he was underfunded to US\$150 and that was a disadvantage to him since he was targeting to start a project at a better stage and this forced him to buy 5 pigs only and later on the project failed to proceed.

Therefore the increase in the number of youth defaulters have disturbed the revolving of the Youth Fund and this was because of youth who misused their loans and under funded projects.

#### **4.3.1 Funding banks stopped to release Youth Fund**

The IDBZ was reported by one of the Ministry officials who is the HOD of the Indigenisation and Economic Empowerment at the Midlands Province as no longer releasing loans to the youth since the year of 2014 because of the increase on youth defaulters who were failing to pay back the money to the bank so that the fund might revolve. The same applies to the CABS which was greatly disappointed by the operation of youth beneficiaries who were reported to get the money from the bank to start their projects but they decided to run away with the money and went to diaspora. One of the Ward Youth Officer working at the Ministry of Youth at district level, M9 reported that,

“A total number of 5 youth beneficiaries went on missing after getting their loans to start projects and this was a great disadvantage to the youths who also wanted to benefit from the same channel. The funding banks were losing interests on helping the youths due to these scandals and it was a great pitfall to themselves.”

In short, funding banks were greatly disappointed by increase in the number of youth defaulters who were failing to pay back their loans and this have affected the relationship that was there between the Ministry of Youth officials and the youth themselves. This behavior of youth has greatly affected the indigenisation policy and the banks were no longer having money for funding new youth members.

#### **4.3.2 Lack of technical skills from the Youth**

The Ministry of Youth January 2013 Report indicated that, a great number of youth beneficiaries in Gweru urban lacked technical skills on running their projects, most of them were even unfamiliar with the projects they intend to start and this was the reason why the government under the Ministry of Youth latter decided to build Vocational Training Centers (VTC) that were

educating youth in all project sectors. In Gweru urban, M9 a Ministry of Youth official reported that,

“About 2% of the beneficiaries were uneducated and this was discovered latter after they have received their loans.”

#### **4.3.4 Lack of money from the Ministry of Youth to carry out a monitoring and evaluation to the beneficiaries.**

The Ministry of Youth official, M10 reported that,

“The monitoring and evaluation of youth beneficiaries started at a late stage and many of the projects were no longer running. The monitoring and evaluation process that was supposed to begin three months after the youths received the loans, have started in 2013 in Gweru and it was too late since the first youth fund beneficiaries have received their loans in 2009.”

The Ministry of Youth reported that, it does not have the capital to carry out the monitoring and evaluation process quickly, because it was still busy giving other youths loans. This also contributed to the failure of the Youth Development Fund (YDF) to revolve.

#### **4.3.5 The Indigenisation policy was regarded as a campaigning strategy.**

The Indigenisation policy was not supported by some other political parties and this led to its hatred from the start. Those who were not supporting it, argued that, it was a campaigning strategy used by the ruling party to win the 2013 elections. It was reported that, a popular apostolic sect received about US\$200, 00 of taxpayers’ money from the Youth Fund, apparently to woo its members’ votes ahead of the 2013 elections, (The Zimbabwe situation 8 June 2014).

After carrying out an investigation on the impact of the indigenisation policy on youth development, the researcher found out that, some of the Ministry of Youth officials were abusing the purpose of the Youth Development Fund to the extent of discriminating some youths who were supporting opposition parties from benefiting from it. Instead of spreading the presents of Youth Funds to the youth, they were reported to spread the information to pro- ZANU PF members

only and in view of the youth beneficiaries who have benefited from the Youth Fund in Gweru, a great number of them were ZANU- PF supporters.

According to the Ministry of Youth Annual Report (2013), politicising of the Indigenisation policy was done out of their concern for the fund was meant to benefit all youths who were aged between 18-35 years of age and there was no written law which restricted anyone from getting the loan in line with his or her political background. Therefore this myth has affected the sustainability of the Youth Fund since some of the officials were closing doors for youth who supports the opposition parties and instead of benefiting the whole nation, it was used as a campaigning strategy. The Indigenisation policy became a failure from its own because of its misuse by some Ministry of Youth officials and lack of support from opposition political members and supporters.

There was unequal and unfair distribution of Youth Development Fund and it was reported that, the whole process of accessing the loans was corruptive and nepotism was ruining it. Corruption was witnessed from the Ministry officials and Zimbabwe Youth Council officials too, one of the interviewee M11 reported that,

“Corruption and nepotism has affected the Youth Fund in Gweru urban and this disturbed the evolving of the fund. Old Mutual Youth Fund was politicised from the beginning and youths have lived under false hope that their projects were still being considered”

Therefore, the IEEP failed to revolve because of corruption among its officials, nepotism, weakness of the Ministry of Youth to implement legal frameworks that punish youth defaulters and since the policy was heavily politicised, hence many beneficiaries were unwilling to pay back the loans because they thought that, it’s a compensation for those who voted for ZANU PF in 2013 and before. Some of the youth were comparing the indigenisation policy with the Land Reform Program whereby its beneficiaries were not recommended to pay back anything. All this have led to the failure of the whole process of IEEP which was meant to yield better results by 2015.

#### **4.4 Challenges faced by youth on accessing loans**

The youth reported to have a great challenge on accessing loans and this was caused by the criteria designed by the funding agents that was not user friendly. According to M12 a youth interviewee, the process of accessing loans was very difficult for the youths and besides being difficult, the

required material to get approval of the loan was also a milestone to climb. M12 further argued that,

“The process of accessing loans starts from the Ministry of Youth at District level, whereby one have to fill in a loan application form and attach his or her initial documents. Apart from that, a quotation form from the supplier of products is also required, a trading permit, doctor’s permission if the project is based on vending issues and also company registration permit. The requirements were very difficult to attain for a youth who does not have any capital to obtain all these documents.”

Many youths ended up applying for the fund without attaining all the required documents and at the end, their applications were null and void. The procedure was unfriendly and required a lot of money to use on traveling for example company registration was done in Harare and this was a disadvantage to the youth who does not have money to follow the whole process. Therefore one can argue that, the indigenisation policy was meant to enrich the rich and the poor were greatly disadvantaged on benefiting from it.

M13 also witnessed that,

“After applying at the district level, the forms were moved to the Ministry of youth at provincial level, which then approve if one have the potential of qualifying to get a loan. The next stage after the approval of forms was an approval from the funding banks and it was done in Harare at the Head Quarters. This whole process was too long and many youth after applying dropped their patience because, the responds came after five months or more. As for me, I have applied for the youth loan in 2010 and have been tracing my application ever since, but I gave up, since my application is still on the pending list.”

There was lack of transparency and inequitable distribution of loans among the country’s provinces and districts, The Zimbabwean Situation 8 June 2014. Funding banks also helped to destroy the revolving process of the IEEP, for example CABS have failed to disburse its loans in time and their screening methods lacked transparency too. In Gweru urban, males were reported to have benefited more from the Youth Fund than females, hence the funding system was gender biased, (MYIEE Annual Report 2014).

Therefore, late disbursements of loans from funding initiatives, screening mechanisms, lack of transparency and unequal distribution of funds led to the failure of the IEEP to revolve.

#### **4.5 The role played by the IEEP on employment creation**

The Indigenisation policy was mandated as a way of dealing with unemployment and poverty alleviation. One of the IEEP's objectives was to economically empower the previously disadvantaged Zimbabweans by increasing, mainly through economic expansion, their participation in the mainstream economy, so as to create wealth and eradicate poverty among the majority of Zimbabweans. In short the Indigenisation policy was a cure to the prevailing economic crisis of the nation. Under the IEEP Zimbabwe's young people were benefitting from youth empowerment facility such as the Kurera /Ukondla Youth Fund, (The Zimbabwe New African Special Report 2013).

In the city of Gweru, there was a total number of 25 youth beneficiaries from all the funding banks since 2010 to 2014, (Ministry of Youth March Report 2015). The youth beneficiaries in Gweru urban after being interviewed, they gave a result of only 15 jobs that were created through the Youth Fund and in comparison to the number of all beneficiaries, it is quite clear that the funding system failed to deal with unemployment. According to the Midlands Province Ministry of Youth Annual Report 2013, the projects that were funded failed to create employment because the youth running them reported to have poor profits after selling their products. This was the reason why many youth beneficiaries failed to recruit employees, because their businesses were not bringing more profits to pay someone else and most of these youth were running those projects for themselves.

M14, a Gweru urban beneficiary who was running a poultry project, reported that, at first he managed to employ one person who helped him on his project, but latter on his business started to deteriorate and he was forced to retrench his worker due to the poor business condition. He further explained that, he was willing to employ other youths, only if his business was growing, unfortunately his project failed to grow in line with what he was expecting. Another youth

beneficiary in Gweru urban, reported that employing someone should be done if the project is running smoothly.

Successful youth beneficiaries like M1 managed to employ two young workers, besides his wife on his fabric selling project and M2 managed to employ seven young workers on top of the three he have before receiving the Youth Fund. M15, was a youth beneficiary in Gweru urban who have employed five young workers in his project of sewing school uniforms.

Therefore, the IEEP through the Youth Development Fund (YDF) managed to create fewer jobs to the young people in the Gweru urban and unemployment remain a matter of concern. Unemployment among youth was still reported to be the talk of the day among many young people. In comparison of the 2009 unemployment statistics, one can argue that, the rate of unemployment among the youth was increasing besides the presents of the IEEP that helped youth with funds to start their projects.

#### **4.8 Chapter Summary**

This chapter presented and analysed the data which was obtained from the interviews and documentary review. More data presented in this chapter was obtained through interviews and the next chapter summarised the entire study in line with the research objectives of the impact of the indigenisation policy on youth development.



# **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

## **5.0 Introduction**

This chapter gave a summary to the research findings of the impact of the indigenisation policy on youth development in the Gweru urban. Conclusions and recommendations of the research were also explained in line with the objectives of the study. The chapter ended with the suggestions for further research.

## **5.1 Summary of Findings**

**5.1.1** The research found out that, the IEEP have less impact on youth development because of its failure to completely dissolve unemployment among the young people in the Gweru urban. The research also indicated that, the indigenisation policy have tried to improve the unemployment rate to those who benefitted through the Youth Development Fund and a less percentage of youth, were supporting its presents and were urging the Ministry of Youth and funding banks to restore the funding system.

**5.1.2** The IEEP was on its 5<sup>th</sup> year after its implementation and in view of the research findings, the policy was unsustainable and it was failing to revolve since the rate of youth defaulters was more than the rate of interests received as from 2010-2014. The research found out that, all funding banks have stopped releasing loans to the youth since July 2014 and the reason being increase on the rate of youth defaulters.

**5.1.3** Youth faced a lot of challenges on accessing loans and this was because the strategy used to achieve the loans lacked transparency and they were unable to meet stringent conditions tied to the loan. The youth reported that, the loan's conditions were more favorable to the rich young people who were able to obtain all the required material to get the loan. Nepotism, corruption, under funding of projects and political interest have disturbed the whole Youth Funding system.

**5.1.4** The research indicated that, during the first two years (2010-2012) of the implementation of the IEEP, the rate of beneficiaries was at a better percentage and two years later the rate began to decrease to 0% in July 2014, where the youth fund stopped giving loans to the youths. There was a great number of youth beneficiaries in the urban areas as compared to rural areas and the reason being, information travels faster in urban areas than rural areas where there is poor communication skills.

**5.1.5** The indigenisation policy has failed to completely solve the problem of unemployment in the Gweru urban. It only opened doors for those who benefitted through the Youth Funding and the youth beneficiaries in the city of Gweru were even less than a quarter of the unemployed youth. Unemployment was still at its highest peak ever since the implementation of the indigenisation policy. Young people on the research were reported to be practicing under paying jobs besides being post graduates.

## **5.2 Conclusions**

**5.2.1** The IEEP lost its impact on youth development because a great number of youth did not benefited from the Youth Fund programme that was working to assist the young people to spearhead their projects. The indigenisation policy was more useful to the rich young people and the poor were greatly neglected from it.

**5.2.2** The Youth Development Fund was not financially sustainable in its current status and this was mainly caused by the high rate of youth defaulters. The rate of youth defaulters was increasing almost each and every year and this was a great disadvantage to the funding banks because they gave the loan to the youth expecting to get something back, but unfortunately it was the other way round.

**5.2.3** The rate of beneficiaries was decreasing because of the loan disbursements, youth defaulters and lack of support from other political parties. According to the research, the rate of Youth Fund beneficiaries was decreasing almost every year and in July 2014, the funding banks stopped releasing loans to the youth due to unreliability of the youth who have failed to return back the money to them.

**5.2.4** Unemployment rate among youth was increasing almost each and every day, besides the presents of the indigenisation policy that was working to improve the economy of the country through creating employment for the previously disadvantaged indigenise people in Zimbabwe.

The IEEP was still at an infancy stage and yet to attain measurable progress hence the methodology to analyse the potential of the policy framework and the indicative trajectory based on its set objectives, initial progress and set modus operandi. It is acknowledged that, the socio-economic transformation was a goal that cannot be realised overnight but rather one fraught with complications, requiring policy, coherence and coordination.

### **5.3 Recommendations**

In light of the above research-based conclusions, the research study made the following recommendations.

**5.3.1** The research recommended that, the policy formulators should be familiar with the strength and weaknesses of policies they impose to the people before putting them into ground, so that when a problem arise they should have a standing solution to deal with such issues. The government should implement policies that are user friendly to the majority of the people. On this situation the indigenisation policy was supposed to benefit everyone yet the research showed that only a few enjoyed its fruits. The Government of Zimbabwe should implement another policy that is different from the indigenisation policy that will be focusing on youth development and employment creation only and this will be easier to implement, monitor and evaluate.

**5.3.2** Youths should be involved in the policy making process and there should be some youth members representing the youth in the funding process. This will help the Ministry of Youth officials and the funding banks to give loans to people who are trustworthy and willing on running projects. The Ministry of Youth should budget the capital to use on monitoring and evaluation of youth fund and this should be done as soon as the three months grace period is over. National Indigenisation and Economic Empowerment Board (NIEEB) should therefore monitor the program tightly so as to maintain sustainability of the youth development fund. The community leaders as well as the youth leaders must make decisions on the youth who should benefit from the funding system, for they are familiar with the youth in their community as compared to the funding banks and the Ministry of Youth officials.

The government should make sure that it have adequate funds for monitoring and evaluation processes before implementing its policies. It is clear that, the government did not have enough money to implement the indigenisation policy because it failed to carry out the monitoring and evaluation of youth funds in time and some beneficiaries took advantage of this situation. When policies are being implemented, the GOZ should set up conditions to be applied the people who go against the structured rules of the policy. The Indigenisation policy on youth fund was too weak to deal with the youth defaulters and there was no clear rule that was supposed to be applied to the person who failed to pay back the loan in time. The government have done nothing to the youth defaulters and this hindered the sustainability of the youth development fund.

The Zimbabwean government when implementing its policies, it should separate political interests from policy implementation for example, the indigenisation policy was reported as a campaigning strategy used by ZANU PF to campaign for the July 2013 elections. Nepotism should be removed on policy implementation so that everyone should equally benefit from the policy. The Indigenisation policy on youth fund have witnessed a lot of corruption cases from the Ministry of Youth officials, therefore the government should take restrictive measures to deal with corruptive members.

There is need to put in place policies that will remain beneficial to the youth, for example the youth development fund that worked under the indigenisation policy ended up benefitting certain individuals who were not even between 18- 35 years of age. There is more to be done by government to increase youths' awareness of the policies and laws for youth empowerment. Awareness programs should be done in the community for youths, parents and leaders in the community so as to have an appreciation of the policies initiatives that support youth empowerment.

**5.3.3** When policies are being implemented and formulated they should create an environment which is friendly and accommodative to those who are supposed to benefit from them. The government should re-visit the process of accessing loans and came out with a structure that accommodate the youth to participate freely. The government of Zimbabwe should make some awareness campaign about the policies before implementing them, so that by the time of implementation everyone will be familiar with what is happening. The Zimbabwe government in collaboration with the MYIEE should negotiate with the funding banks on restoring the Youth Development Fund, since it has stopped giving loans to the youth on July 2014. Youth Fund defaulters should pay back their interests to the banks they owe some money and also restricted measures should be applied on them if they continue with their bad behavior.

**5.3.4** The government should implement policies that benefits everyone for example disregarding of gender, sex, political backgrounds and place of origin. The IEEP was reported to be more beneficial in the large towns and in rural areas and small towns like Gweru, it was not that viable. Decentralisation of resources should also be considered so that smaller towns can benefit from government policies. When empowerment policies are being formulated, there should be decentralisation of decision making to relevant sectors and there should be present of the professional expertise that will allow circulation of information from different people with different professions and this is an advantage when policies are being implemented, since people will come out with different ideas.

#### **5.4 Suggestions for further research**

The research was mainly focusing on the impact of the IEEP on youth development targeting youth residing in Gweru urban and further research can look at the impact of this policy on other grounds besides youth development. The research was stretching from the youth who benefited from the indigenisation policy from 2010 – 2014, since indigenisation is an ongoing process, further research is needed to cover the undiscussed area.

## REFERENCES

Adams, D and von Pischke, J D (1992) *‘Microenterprise credit programs: ‘deja vu’*, *World Development* 20, 1463-1470

Adu Okoree (2012), *Peri Urban Poverty: Can Microfinance Be a Panacea?* *International Journal of Sociology and Anthropology Vol (4)* pp 190-198 Faculty of Development Studies, Presbyterian University College, Akuapem / Tema College

Anderson, R. (2007) *Thematic Content Analysis (TCA): Descriptive Presentation of Absorptive Capacity in Southern African Economies*, Discussion Paper No.12, ILO/SAMAT Harare.

BCZ (2011) *Business Council of Zimbabwe ± Summary Report on Indigenisation and Economic Empowerment in Zimbabwe: A Strategy for Wealth and Employment Creation for Poverty Reduction*. Harare.

Braun, V. and Clarke, V. (2006). *Using Thematic Analysis in Psychology*. *Qualitative Research in Psychology*, 3: 77-101

Bryman, A. (2001) *Social Research Methods*. Oxford University Press

Buckley, G (1997) *‘Microfinance in Africa: is it Either the Problem or the Solution?’* *World Development* 25(.7), 1081-1094.

Byamuhaya Stanley Omunjau and Francis Fondo (2014), *The role of Microfinance in Economic Empowerment of the Youth*, A case of Mombasa country, *IOSR Journal of Business and Management* Volume 16, pp26-32, Jomo Kenyatta University of Agriculture and Technology.

Braun V and Clarke V (2006), *Using Thematic Analysis in Psychology, Qualitative Research in Psychology*.

Canaan F Dube (2013), *Microfinance in Zimbabwe: Opportunities and Challenges*, ICAZ, Winter School, Victoria Falls.

Charles O. Ondoro and Dorine Omena (2012), *Effect of Microfinance Services on the Financial Empowerment of Youth* in Migori, Kenya.

Cohen L and Manion L (1994), *Research Methods in Education*, Rout ledge London

Constitution of Zimbabwe Amendment (No. 20) (2013).

David Hulme (2010) *Impact Assessment Methodologies for Microfinance, Theory, Experience and Better Practice*, Institute for Development Policy and Management, University of Manchester.

Denzin NK, Lincoln YS (2000) (eds.). *Handbook of Qualitative Research*. London: Sage Publications.

Drury, C. G. (1992), *Methods for Direct Observation of Performance*. In (Eds.) J. R. WILSON AND E. N. CORLETT: *Evaluation of human work*, Taylor and Francis, London

George O (2005), *Regulation and Supervision of Microfinance Institutions*, An essay paper on Regulation and Supervision CGAP, USA University of Maryland March 24<sup>th</sup>

Hashemi, S M, Schuler, S R and Riley, A P (1996) *World Development* 24(4), 635-654

Hishigsuren G, Beard A, Opoku L (2004). *Final Report Client Impact Monitoring Findings from Sinapi Aba Trust*, Ghana for the Institute for Development Studies (IDS). Imp-Act Programme: pp. 3-25.

Hossain F (2002) *Small Loans, Big Claims, Foreign Policy*, London: Sage Publications

Government of Zimbabwe, (2007) Chapter 14:33, *Indigenisation and Economic Empowerment Act 14/2007*. Government Printer

Hossain, F and Knight, T (2008) *Financing the Poor: Can Microcredit Make a Difference? Empirical observations from Bangladesh*, Brooks World Poverty Institute Working Paper 38, School of Environment and Development, University of Manchester

Husain, A. M. Muazzam, ed., (1998) "*Poverty Alleviation and Empowerment: The Second Impact*" Dhaka, Bangladesh: BRAC.

Indigenisation and Economic Empowerment (General) Regulations, 2010.

Indigenisation and Economic Empowerment Act (Chapter 14:33).

Joel H Levine and Thomas B Roos (2002), *Introduction to Data Analysis: The Rules of Evidence*, Dartmouth College.

Karlan, Dean, (2001): *Journal of Microfinance* 3 No. 2 76-85.



Khan A. Ahmed, (2008), *Islamic Microfinance: Theory, Policy and Practice*, Islamic Relief Worldwide, Birmingham

Khandker, S. R (2012) *Grameen Bank Lending: Does Group Liability Matter?* Policy Research Working Paper 6204, World Bank

Khandker, Shahidur, (1998) *Fighting Poverty with Microcredit*. Dhaka, Bangladesh: University Press Limited.

Khandker, S. R., (2005). *Microfinance and poverty: Evidence Using Panel Data from Bangladesh*, World Bank Economic Review, vol. 19, no.2

Makwiramiti, M (2011) *In The Name of Economic Empowerment: A case for South Africa and Zimbabwe*. Consultancy Africa Intelligence.

Matyszak, D (2010) *Everything You Ever Wanted To Know (And Then Some) About Zimbabwe's Indigenisation And Economic Empowerment Legislation But (Quite Rightly) Were Too Afraid To Ask*. Research and Advocacy Unit, Zimbabwe

Matyzak, D.2012.*Digging up the Truth: The legal and Political Realities of Zimplats Saga*. Harare: Research and Advocacy Unit

Mayoux L (1999). *Questioning Virtuous Spirals: Micro-finance in Africa*. J. Int. Dev., 11: 957-984

Mayring P. (2000) *Qualitative Content Analysis*, *Qualitative Social Research*, 1(2),

Ministry of Youth, Indigenisation and Economic Empowerment (2013) Annual Report

MkNelly B, Dunford C (1998). *Impact of Credit With Education On Mothers and Their Young Children Nutrition: Lower Pra Rural Bank's Credit with Education Programme in Ghana*. Freedom from Hunger Research Paper 4. Davis, CA., pp. 1-5.

Morse J. M., Barrett M., Mayan M., Olson K., & Spiers J. (2002) *Verification Strategies For Establishing Reliability and Validity In Qualitative Research*, International Journal of Qualitative Methods 1 (2)

Mustafa, Shams et al., (1996) *An Impact Assessment Study of BRAC Microfinance Program*. Dhaka, Bangladesh: BRAC.

Nehanda Radio 14 November 2012, Why Youth Empowerment in Zimbabwe is a Pipedream

NIEEB (2013) *National Indigenisation and Economic Empowerment Board*. Volume 1.

Patton, M. Q (1990) *Qualitative Evaluation and Research Methods*, (2nded) Sage Publications  
Newbury Park, California

Patricia Mwangi et al (2005), *Overview of the Outreach and Financial Performance of Microfinance Institutions in Africa GAP*

Reserve Bank of Zimbabwe, (2011). *A Sectoral Approach to Economic Empowerment and Indigenization*: Supplement to the July 2011 Mid-Term Monetary Policy Review Statement.

Schuler, S R and Hashemi, S M and Riley, A P (1997), *Impact of credit programs and contraceptive use*, *World Development* 25(4), 563-576

Silverman D. (2000) *Doing qualitative research: a practical handbook*, London: Sage Publications

Sirrolli, E (2008) *Mining and Community Development: From Rhetoric to Practice*, Institute  
Canada.

S.K. Varma and M.Afzal Wani (2006) (eds.), *Legal Research and methodology*, 319 ILI Delhi.  
First Reprint

Sokwanele (2010), *The Indigenisation and Economic Empowerment Act and Statutory Instrument 21 of 2010*

The Chronicle 21 November 2011, *Indigenisation and Economic Empowerment Act*

The Chronicle 26 January 2013, *Youth on indigenisation*

The Newsday Zimbabwe 6 December 2012, *Indigenisation versus Juice: Which is the way forward.*

The Sunday Mail 6-12 April 2014 *Indigenisation: The Future is young*

The Zimbabwe New African Special Report (2013)

The Zimbabwean Situation 8 June 2014, *Shocking details on Youth Fund Looting*

The Zimbabwe Situation 11 July 2014, *Youth Fund viewed as free government money*

Yunus Muhammad (1998), *Banker of the Poor Micro-lending and the Battle against World Poverty*, Bangladesh University Press Limited

Yunus M (2001). Towards Creating a Poverty-Free World in Hossain, F.and Rahman Z. (Eds.), *Microfinance and Poverty: Contemporary Perspectives*. Tampere, Finland: Department of Administrative Sciences, University of Tampere: pp. 21-41.

Zhou, G and Zvoushe, H (2012) *Public Policy Making in Zimbabwe: A Three Decade*

ZimStat, April 2013. Women and Men in Zimbabwe Report 2012.

ZIMSTAT, *Poverty Income Consumption and Expenditure Survey 2011/12 Report*, Harare, April 2013

#### **Internet sources**

<http://www.ruzivo.co.zw>

# APPENDIX 1

## INTERVIEW GUIDE

My name is Melody Whena. I am a student studying an Honours Degree in Politics and Public Management at Midlands State University in Zimbabwe and I am currently collecting data for my dissertation. The title of the dissertation: “Impact of the Indigenisation policy on youth development in Zimbabwe from 2010-2014. A case study of Gweru urban. I respect and appreciate your time, but could you help in answering the following questions. This information will be treated with confidentiality and all information given to me will be used for academic research purpose only.

Position of respondent: .....

Date: .....

1. When did the Youth Development Fund started in the Gweru urban?

.....

2. What are your own views on the indigenisation policy?

.....

.....

3. How many youths have benefitted from the youth development fund that was working under the indigenisation policy?

.....

4. How many youths were targeted by the IEEP on funding youth?

.....

5. (a) Are the funding banks still releasing loans to the youth residing in Gweru urban?

Yes  or No

(b) If yes why did it stopped releasing the loans to the youth?

.....  
.....

6. How reliable were the funding agencies on releasing loans?

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

7. What were the challenges you faced on accessing loans?

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

8. What is the effect of the indigenisation policy on youth development in Gweru urban?

.....  
.....

9. Who benefitted from the indigenisation policy in Gweru?

.....  
.....

10. Why did the indigenisation policy failed on youth development in Gweru?

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

11. Why did the youth development fund failed to revolve in the Gweru urban?