

# Policy Inconsistencies and Community Development: Indigenisation and Economic Empowerment Act Changes and Community Share Ownership Trusts

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## ABSTRACT

Since 1980, rural communities in Zimbabwe have historically suffered poverty and underdevelopment despite being endowed with rich natural resources. The government of Zimbabwe established community share ownership trusts (CSOTs) in 2011 under the Indigenisation and Economic Empowerment Act (IEE Act) to accomplish the beneficiation of locals. Policies are important for they provide consistency and clarity. Under the Act, it was mandatory for companies operating to give back to the community. In 2017, the Second Republic indicated in the Financial Bill that indigenisation terms had been revised and companies would operate with or without CSOTs. This paper advances the argument that Zimplats Mhondoro Ngezi Chegutu Zvimba community share ownership trust (ZMNCZCSOT) has been playing a significant role in community development prior to changes in the IEE Act. After changes, intervention has been minimal, focusing mainly on previously initiated projects. Data was collected using primary and secondary sources; that is, through face to face interviews with key stakeholders and from documentary sources.

## KEYWORDS

citizen participation, community engagement, empowerment, natural resources, policy inconsistencies, stakeholders, sustainable development,

## INTRODUCTION

The IEE Act which emphasized the establishment of Community Share Ownership Trusts was implemented to guide against increasing poverty in resource rich communities. In order to ensure that communities benefit from resources being extracted from their areas, the policy was made mandatory to all mining companies to give back to these communities through Community Share Ownership Trusts. Policy inconsistencies can however cause detrimental effects with regards to development. Regime changes play a key role in changes in policies. Policy inconsistencies therefore result from

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changes in policies and in most cases this happens as an attempt by leaders to reform society. The paper assesses how inconsistencies with regards to the IEE Act has affected community development in Mhondoro-Ngezi. The main objectives guiding this paper were analysing projects undertaken by ZIMPLATS Mhondoro Ngezi Chegutu Zvimba Community Share Ownership Trust to develop local communities before changes in the IEE Act and then assessing community development projects undertaken by ZIMPLATS Mhondoro Ngezi Chegutu Zvimba Community Share Ownership Trust after changes in the IEE Act.

## **BACKGROUND**

In Zimbabwe, the colonial system which existed prior to independence in 1980 was characterized by dispossession, marginalization, and exclusion of black Zimbabweans from participation in the mainstream economy (Davies, 1978; Tevera and Moyo, 2000). Indigenous Zimbabweans, especially those living in communal areas were denied benefits from natural resources extracted from their areas and most of the rural communities in Zimbabwe have historically suffered poverty and underdevelopment despite being endowed with rich natural resources. Based on the realisation that an economy can flourish if it meets the needs of its citizens and their enterprises in a sustainable manner, post independent Southern Africa had an aspiration of having empowerment policies aimed at economic transformation and empowering the previously disadvantaged majority group. The post-Apartheid government in South Africa implemented the Black Economic Empowerment programme (BEE) in order to redress the inequalities of the Apartheid era by giving previously disadvantaged groups of South African citizens economic privileges as well as restoring opportunities to the blacks (BEE, 2010). 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).

Guided by the enabling legislation as detailed in the Indigenization and Economic Empowerment Act (IEEA), the starting point was the mining sector (Tsvakanyi, 2012). This was based on the reality that mining companies have been, for years, extracting and shipping out natural resources (minerals) without giving anything to the locals; the custodians of the resources as propounded by Kurebwa et al. (2014) who states that even though Zimbabwe is endowed with huge natural resources such as reserves of coal, uranium, gas, lithium, gold, antimony, iron, steel, and chrome and is the world's second largest platinum producer after South Africa, much of it has been exported to help develop and improve the livelihoods of foreigners leaving the indigenous people of Zimbabwe especially those living in rural areas amongst the poorest in the world. According to this Act, all mining companies were therefore to cede at least 10% ownership of their companies' produce to local communities. According to Kurebwa and Nechena (2018), economic development initiatives through indigenization and empowerment have become common practice in Africa. CSOTs have been initiated to spearhead community development in several countries.

Regardless of the abundant natural resources in Zimbabwe, rural communities living close to mines have not really benefitted henceforth most of these communities have suffered decades of poverty and underdevelopment. According to Zimstats (2008), most Zimbabwean rural families live well below the Zimbabwean poverty datum line of five hundred and eleven United States dollars hence survive with less than a dollar per day such that they are trapped in their situations with little chance of escaping. This has been a major problem in most rural communities Mhondoro-Ngezi included which has saw communities experiencing underdevelopment challenges prior to lack of health facilities, schools, clean water, and poor road networks. Poverty in rural communities has contributed to increasing levels of vulnerability and food insecurity in most districts like Mhondoro and has remained subject to natural and economic shocks among the rural communities.

The main objective of CSOTs is to readdress the socio-economic deprivation and disadvantages that were imposed against the rural communities by colonialism and racial discrimination through

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