

**RESOURCE NATIONALISM QUESTION IN ZIMBABWE: AN ANALYSIS OF
ZIMASSET PROGRAMME BENEFICIATION GOALS AS AN INSTRUMENT FOR
PROMOTING INDIGENIZATION IDEALS (2013-2016).**

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Abstract

The abundance of natural resource particularly minerals in Zimbabwe raises prospects of a matching socio-economic development. On the contrary, the country has very little to show for all the resource she has been exploiting for over a century. This unfortunate reality emanates from the fact the country has been losing a greater percentage of potential value through exporting its natural resources in their raw state, thereby forfeiting the accumulative value to the importing countries. The status quo was a result of deliberate actions of the colonial regime that cared less about local development than it did supplying home country with cheap raw materials. In order to reverse this legacy, the government adopted the Indigenization and Economic Empowerment policy as the overarching policy stimulating sustainable growth and development. The government through the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) identified Value Addition and Beneficiation of minerals and other primary products as critical in facilitating the achievement of Indigenization and Economic Empowerment policy outcomes. This study interrogated local beneficiation policy in order to establish its contribution towards the attainment of Indigenization and Economic Empowerment policy goals. Specific objective of the research are; to interrogate beneficiation as a policy alternative, to analyse the implementation of beneficiation policy by the government, to investigate the potential of beneficiation policy to promote the Indigenization and Economic Empowerment policy goals, among others. In order to get a deeper understanding of the issue under investigation, the study utilized the exploratory case study design, where face-to-face interviews were conducted with Key Informants from the government Ministries responsible for the implementation of the policies on Indigenization and Economic Empowerment and also Value Addition and Beneficiation policy. The qualitative data obtained from the interviews revealed that beneficiation policy promotes the attainment of Indigenization and Economic Empowerment policy goals. This occurs industrialization and also through downstream, upstream and sidestream linkages within the products value chains, and also through employment creation, among other things. Despite the identified potential of beneficiation policy, numerous challenges have been identified as undermining the policy success, and these include lack of funding, policy inconsistency, and infrastructural bottlenecks, among others. When these challenges are addressed systematically, there is huge potential for the policy to yield many positive outcomes in the economy. In order for the policy to achieve its goals, it is recommended that the policy implementation should be guided by a legal and regulatory framework specifically designed to address the needs of stakeholders involved in the process and also the government should seek to address the macroeconomic challenges that are affecting the ease of doing business in the country, as well as utilizing the Special Economic Zones policy in the VAB industry.

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Dedication

This study is dedicated to my parents, Mr and Mrs L. Fana for making education a first priority in our family. Also, the study is a special dedication to all African intellectuals and policy practitioners making efforts to bring a paradigm shift in policies governing our extractive sectors, for maximum local gain.

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Acronyms

BBBEE	-	Broad-Based Black Economic Empowerment
BEE	-	Black Economic Empowerment
BTA	-	Bilateral Trade Agreements
DTC	-	Diamond Technology Centre
ERA	-	Economic Partnership Agreements
FID	-	Foreign Direct Investment
IEE	-	Indigenization and Economic Empowerment
IEEA	-	Indigenization and Economic Empowerment Act
IMF	-	International Monetary Fund
IOC	-	International Oil Companies
MEMR	-	Ministry of Energy and Mineral Resources
MIC	-	Ministry of Industry and Commerce
MMMD	-	Ministry of Mines and Mining Development
MNC	-	Multi-national Corporations
MPRDA	-	Minerals and Petroleum Resources Development Act
MYIEE	-	Ministry of Youth Indigenization and Economic Empowerment
NEP	-	New Economic Policy
NIEEF	-	National Indigenization and Economic Empowerment Fund
NRC	-	Natural Resource Charter
RMI	-	Raw Materials Initiative
SAP	-	Structural Adjustment Programmes
VAB	-	Value Addition and Beneficiation
WB	-	World Bank
ZimAsset	-	Zimbabwe Agenda for Sustainable Socio-Economic Transformation
ZIMPREST	-	Zimbabwe Program for Economic and Social Transformation
ZMDC	-	Zimbabwe Mining Development Corporation

CHAPTER ONE

INTRODUCTION

1.1 Background of the Problem.

The ensuing discussion in this chapter will present the background to the problem, the statement of the problem, objectives of the study, research questions to be addressed by the study, present the hypothesis as well as the justification of the study. Organization of the study will also be included, to give a synopsis of the entire study. The concept of beneficiation cannot be fully appreciated outside the discourse of resource nationalism. Resource nationalism can be understood as actions by the State seeking to control or own natural resources found within their respective country territories (Andreasson 2015:8; Leon 2013:1). Resource nationalism manifests in varied forms but the common denominator however is the maximisation of benefits accrued from natural resources endowments by the State, on behalf of the citizens, by minimizing such benefits on the privates sector (Stevens 2003:5; Ward 2009:6). This is in tandem with beneficiation policy which entails any subsequent processing undertaken on a primary product or mineral resource after extraction in order to enhance its market value (Nzenzema et al 2015:219). Beneficiation policies in extractive industries world over are pursued in order to induce economic diversification, by moving away from dependence on revenue derived from export of raw products and minerals (Jourdan 2005:21; Hausmann et al 2008:3; Grynberg 2013:8).

In Zimbabwe, consistent with the need to diversify the economy, the government has underpinned beneficiation also as instrumental to the broad based economic empowerment of the indigenous people (GoZ 2013:102). This would be achieved through mandatory mineral beneficiation by mining companies, as well as promoting beneficiation of other sectors such as forestry and agriculture through the manufacturing sector in order to capture more value from exports from these sectors (GoZ 2012:12; GoZ 2013:102). The need to adopt policies that will guarantee equitable benefits from natural resources for host countries arose out of the realisation that the presence of mineral deposits are failing to bring about sustainable development (Andreasson 2015:8; Ross 2003:23). Empirical evidence has shown that the presence of abundant mineral resources is correlated to under development (Di Matteo et al 2008:5). This phenomenon known as the ‘resource curse’ is prevalent in most resource rich developing countries, manifesting in the forms of corruption, conflict, economic stagnation,

among other things (Andreasson 2015:2). Resource nationalism is one policy alternative which can be instrumental in promoting sustainable development, thereby mitigating on the effects of the 'resource curse' (Ibid: 6). Since resource nationalism efforts are directed towards localising benefits from natural resources, a parallel can be drawn between resources nationalism and indigenization policies. Both of these policy instruments are adopted as antidote to injustices inflicted on the citizens by foreign systems such as colonialism and neo-colonialism. Indigenization can be understood as deliberate efforts by the government to increase the local participation in resource exploitation gainfully or ownership thereof, in order to achieve economic empowerment of the previously disadvantaged group in the society (Wilson 1990:413).

The Indigenization and Economic Empowerment policy aims to promote the integration of the previously disadvantaged blacks into the mainstream economy, to eradicate poverty and promote sustainable economic growth. The government seeks to achieve this by mandating all foreign owned companies operating in Zimbabwe to cede 51% worth of shares to indigenous Zimbabweans, through partnerships with business people, community share trusts and worker share trusts and other designated entities identified as representing the interests of the indigenous people (GoZ 2008). Consistent with the goals of the Land Reform Programme (LRP) and Indigenization and Economic Empowerment (IEE) policy, the government identified beneficiation of primary goods as a critical step towards requisite empowerment of the previously economically marginalised groups in the society. This enhanced participation of the majority groups in the economy would then transform into desired growth through such things as more investments in the economy through emergence of new industries, employment creation, social infrastructure development, among other things. All these factors would result in the transformation of the local economy through diversification of activities and industrialisation, thereby creating sustainable development. These ideals are consistent with beneficiation policy goals. Beneficiation of minerals and agriculture products presents opportunities for economic growth through diversification by mitigating the 'resource curses' and large-scale industrialisation (Baissac et al 2015:12). The LRP and the IEE policies laid the basis for the beneficiation policy, mainly because beneficiation activities aims at extracting maximum value from the outputs of LRP and IEE policies. Beneficiation policy presents an opportunity for the government to exercise more autonomy on the resource extraction and derive more value for the benefit of the citizens (ibid). Evidently, the aims of

resources nationalism and indigenization are centrally focused on the protection and promotion of the welfare of indigenous citizens by securing their fair share of benefits from natural resources.

As such, this paper identifies resource nationalism policy paradigms as informing indigenization and beneficiation policies in Zimbabwe, particularly the mining, agriculture, and manufacturing sectors. In most developing countries, the demands for government intervention emerge from the colonial history where the policies formulated were essentially designed to promote sectional interests at the expense of the indigenous people. This is particularly true in the extractive sector where policies are oriented towards the production of raw materials for the developed countries, which entails that all the benefits that occur throughout the value chain of the minerals tend to be transferred accordingly (Hrituleac 2011:44). This transfer of benefits to developed nations in the postcolonial era occurred through established economic systems such as the participation of private sector organisations in the form of Multinational Corporations (MNC) in the extractive sectors in resource rich countries and also through the various forms of trade agreements. A combination of these mechanisms have a common goal of perpetuating the extraction of resources for supplying industrial inputs to the developed countries, leaving very little benefits for the producer country (Kabemba 2012:7). The mining industry in Zimbabwe is exemplary to this parasitic relationship, where a greater percentage of minerals are extracted by the MNCs and exported in their raw state for further processing and value addition in overseas countries. The result of this scenario is that the country is only left to rely on its tax regime, to capture revenue from the mining sector, which however, constitutes an absurdly small percentage of the profits realised by the extracting companies. For example, the royalties collected from precious metals between January and September 2010 amounted to a trivial \$20.7 million from the sale of \$93.8 million (Dhliwayo et al 2011:31). This situation clearly shows that the current policy framework guiding how mineral resources are exploited and the proceeds are shared is biased towards allocating more benefits to the mining firms and their parent country of origin.

The basis of this exploitative relationship between the government and mining firms is embedded in the colonial legacy. The Mining and Mineral Act of 1961 was oriented towards

providing cheap raw materials for the erstwhile coloniser, while at the same time ignoring the need for locals to benefit from minerals in their territory. The post-independence period failed to update the policy framework governing the extractive industries to suit the new dispensation. Rather the macroeconomic policies during the second decade after independence only served to further perpetuate the exploitation of minerals for the benefit of Western economies. The adoption of Structural Adjustment Programmes (SAP) centred on liberalisation of economies opened up more doors for the private companies in the extractive sectors as investors. The majority of these investors were basically MNCs from the same Western governments, which were former colonisers. The contributions of these MNCs to national development agenda are trivial, when compared to the huge profits they take back home abroad. Relying on the various taxes to be paid to the government alone does not constitute enough revenue to stimulate local communities' development. This is particularly true in the Marange community where the discovery of diamonds did more harm than good to the cultural, social, and economic lives of the inhabitants (Dhliwayo et al 2011:55). This unpleasant reality gives rise to resource nationalism sentiments in the host governments, as they attempt to secure a bigger and better piece of the pie, for their citizens.

As such, the resource nationalism question in Zimbabwe took the forms of indigenization and economic empowerment espoused in the IEE Act and beneficiation policy set out in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). The ZimAsset, as an overarching blueprint guiding economic planning in the country, identifies beneficiation as a dedicated cluster on which economic development will be premised on. The aims of the Value Addition and Beneficiation cluster of the ZimAsset are employment creation, increasing fiscal revenue, achieving net trade gain and also improving capacity utilisation (Baissac et al 2011:14). The Indigenization and Economic Empowerment policy objective is to dilute foreign domination of the country's economy through empowering the local black people who are economically disadvantaged, to participate meaningfully in the mainstream economic activities. This policy was signed into law in 2010, marking a new dawn in the economic history of the nation where all economic planning or policies in the resource natural resource sector are geared towards exploitation by predominantly Zimbabweans (Baissac et al 2015: 16; Nzenzema et al 2015:216).

1.2 Statement of the Problem.

The adoption of the Indigenization and Economic Empowerment policy presented concerted efforts by the government towards the empowerment of the indigenous Zimbabweans. However, these efforts are undermined by the fact that the extractive sector is premised on yesteryear policies that fail to prioritize the needs of the people. The failure of the mining sector to process the minerals, opting to export them in their primary state is clearly contradictory to the current economic policies geared towards economic indigenization and empowerment of the local people. The country is losing a great deal of potential revenue through the export of unprocessed primary products from the mining, forestry and agriculture sectors, and other sectors of the economy. The failure of these sectors to beneficiate primary products negatively affects the economy in such ways as getting minimal value from selling raw export products, failure to utilize raw materials to diversify the economy by exporting them in their raw state, transferring of jobs and other benefits that occur in the value chain of the mineral products to overseas countries who will perform the beneficiation activities, among other things.

1.3 Objectives of the study.

The objectives of the study are:

1. To interrogate beneficiation as a policy alternative;
2. To analyze the implementation of beneficiation by the government;
3. To investigate the potential of the beneficiation policy to promote the indigenization policy goals;
4. To identify challenges to local beneficiation policy; and
5. To identify key determinants to the success of beneficiation policy.

1.4 Research Questions.

1. What entails local beneficiation?
2. Does the government approach to beneficiation implementation guarantee the desired outcome?

3. What are the likely implications of beneficiation policy on the promotion of indigenization goals?
4. What are the potential hazards to successful implementation of beneficiation policy?
5. What are the important lessons for Zimbabwe from Malaysia, South Africa, Botswana and Indonesia?

1.5 Hypothesis.

Beneficiation activities promote sustainable economic growth through greater participation of indigenous citizens in the economy.

1.6 Justification of the Study.

This study is important to Zimbabwe as it provides an impartial analysis of beneficiation as a policy initiative, and also examines its suitability to support the foundational policy adopted by the government in trying to promote sustainable economic growth through indigenization and empowerment of the citizens. The study aims to assist policy makers in identifying some of the issues that need to be addressed in order to ensure successful implementation of the policy, thereby minimizing unintended effects thereof. To the academia, this study will contribute to the ongoing debate on beneficiation, particularly in light of its relations with indigenization and empowerment. Lessons will be drawn from Indonesia which has managed to beneficiate successfully and also South Africa which has a relatively similar background to Zimbabwe.

1.7 Organization of study.

Chapter one set out to present the background to the resource nationalism question in Zimbabwe, statement of the problem, objectives of the study, the research questions to be answered by the study, the hypothesis and also the justification of the study. Chapter two will present theories that inform the current discussion on resource nationalism discourse that has a bearing on beneficiation policy. The main goal of this chapter is to link the resource curse theory, dependency theory and the staples theory with resource nationalism discourse,

beneficiation and indigenization policy, in order to identify how these theories informs the study. Chapter three will review the literature on beneficiation, indigenization and resource nationalism. Particular attention will be awarded to countries that have some experiences with beneficiation policies and these include Malaysia, South Africa, Botswana and Indonesia. These case studies will expose the potential of resources nationalism in mitigating the effects of the resource curse and at the same time promoting economic growth premised on local ownership of natural resources. Lessons will be drawn from the economic experiences of these countries, with regards to the policy regime that hold the most chances of successful transition from raw mineral/ product export to beneficiation induced growth. Chapter four will present the methodology and procedure that will be used to gather data. As the study is a qualitative inquiry, exploratory case study design will be employed. The data collection methods include semi-structured interviews, will be conducted with government officials, members of the academia with special knowledge on the subject matter. Also documentary searches and content analysis will be utilized to provide a rather extensive coverage of the issues under study. Chapter five will report on the results of analyses and findings that will emerge from the study and summarize the study and findings, providing evidence based conclusion, and also proffer recommendation for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter will provide a historical purview of the resource nationalism philosophy, indigenization and beneficiation policies. In order to fully comprehend the resource nationalism philosophy, focus will be directed towards identifying trends and forms which it took overtime from the 1970s juxtapose to recent manifestations in the 2000s. To achieve this, empirical evidence will be drawn from countries in Latin America and Africa as well as developed countries such as Australia and the United States of America. Also discussion on resource nationalism as a theoretical perspective informing this study will be done. Review of the literature on indigenization and beneficiation policies will be country-focused, drawing on the experience of individual countries in order to identify the context specific variables that have had a bearing on the outcomes of the policy implementation, in contrast to the desired outcomes. The Malaysian experience with indigenization policy will be explored in order to draw parallels with the Zimbabwean Indigenization policy, and also South Africa, Botswana and Indonesia will be utilised to provide insights into mineral beneficiation policy. The second part of the chapter will expound on the theoretical perspective which informs this study, and these are the resource curse, dependency, staples theories and resource nationalism.

2.1 Resource nationalism

2.1.1 A historical overview.

The origins of the resource nationalism as a policy paradigm can be traced back to the period between 1950 and 1970s when oil rich countries such as Saudi Arabia, Iraq, Iran and Kuwait sought to rectify the immensely unfavourable concessions awarded to International Oil Companies (IOC) (Andreasson 201:1; Ward 2009:6). Adoption of resource nationalism during this period was a reaction to the ‘resource privatisation’ whereby the interests of the private foreign firms took centre stage during the contract negotiations between the host county and the private investor, paying scant regard to the needs of the indigenous people (Ward 2009:6). Wide scale privatisation of natural resources that had occurred during the colonial era in developing countries set in the wave of resource nationalism soon after

erstwhile colonies attained their independence. As such, post-independence policies governing the resource management were centred on affirming the territorial sovereignty, which also entails setting new rules aimed at fully controlling the activities of MNCs involved in their respective territories. In that regard, outright nationalisation of energy and mineral resources characterised the early manifestation of resource nationalism. Nationalisation of resource sectors is an extreme form of resource nationalism where by the state takes back ownership of the natural resources from the private sector and put it firmly into the hands of the state. During this era, resource nationalism agendas were based on ideological stands which led to the prevalence of the legacy resource nationalism during this 'golden era' of resource nationalism (Andreasson 2015:18). Legacy resource nationalism is characterised by a long history of nationalisation of natural resource in respective countries to such an extent that nationalisation policy agendas becomes central to the political and cultural identity of that country (Ibid). In this category we find countries such as Mexico which pioneered nationalisation of natural resource assets in 1938 and went on to shape the policy of that country for over 3 decades. In the Sub-Saharan Africa, Nigeria alone fits in this category of legacy resource nationalism following the nationalisation of the oil reserves in 1970 soon after attaining its independence. In both of these cases, resource nationalism played a symbolic role in shaping the political and economic policies of these countries.

A defining feature of resource nationalism across time is that it is cyclical in nature, whereby the nationalisation of assets and natural resource precedes the privatisation of the same, when conditions around the exploitation of these resources change over time due to market forces such as price boom (Leon 2013:7). This is particularly true in the oil sector during the 1970s when the price of the product increased four times, prompting producer countries seeking to capture those rents by taking back control of the reserves from the IOCs (Andreasson 2015:14). Due to the long lifespan of investments in natural resource sectors, it is difficult for host governments to factor in future variations in prices, as determined by the demand and supply matrix, while tax rates and royalties are pegged at flat figures (Hill et al 2012:2). Resource nationalism as a result seeks to rectify this misnomer, by affording host states a window of opportunity on which they can review and align their positions in line with ensuring maximum benefits for their citizens (Ibid). As the prices fall back to normal, and extraction becomes more capital intensive, the need for Foreign Direct Investment (FDI) into these same sectors result in transfer of resource back into the hands of the private sector

players with the capital and the requisite knowledge on extraction. Massive resources privatisation in developing countries was experienced mostly when they ascribed to the Structural Adjustment Programmes of the International Monetary Fund and the World Bank.

According to Andreasson (2015:10), there has been a resurgence of resource nationalism in the 21st century particularly in the minerals sector following the price boom that lasted for almost a decade leading to 2010. However, the current wave is driven by a combination of factors which are varied and complex beyond mere prices like the 1970s. Issues of resource security (scarcity), environmental protection, poverty reduction and sustainable development have been pointed out as taking centre stage in the discussions on the desirability of resource nationalism policies in the present era (Leon 2011:517). Ward (2009:18) supports by adding that contemporary world resource nationalism should factor in issues addressing the ‘resource curse’, good governance in the low and medium income countries, the creation of ‘enabling environments’ for business in resource rich developing countries, as well as the ability to come up with quantitative measures of the contributions of extractive industries in the countries respective economies. Deducing from the evidence provided by a combination of all these factors, a contrast can be draw between the 20th and 21st century resource nationalism, with the former being ideologically driven, while the contemporary is driven by pragmatic factors that seeks to enhance efficient economic functionality of the state, simultaneously maximizing the citizens benefits from the extractive sectors. Achieving this would therefore dictate new rules of engagement different from the 1970s era. The current trends in resource nationalism are aimed at achieving competitive advantage in exports from extractive industries, diversification of the economy, inducing wide scale industrialisation, among other things (Burnett et al 2013: 8; Auty 2001:844; Di Matteo et al 2008:12). As a result, a shift from resource ownership by the state to a rather controlled state intervention characterises recent manifestations of resource nationalism such as export bans, quota systems, and sovereign wealth funds, among others.

The recent surge in resource nationalism in the minerals and metals sectors was initiated by Australia in 2010 when the government introduced a Resource Profit Super Tax which aimed at capturing a larger stake from coal and iron ore mining proceeds (Burnett et al 2013:1). Following the Australian lead, a ripple effect resulted world over as countries increased their

mining taxes and royalties. The first responders were Chile in 2010 and Peru in 2011 (Ibid). More and more countries have announced or enacted new mining regimes which cater for an increase in mining royalties and taxes and these countries include the Democratic Republic of Congo, USA, Zambia, Bolivia, Canada, Poland, Mongolia and Ghana, among others (Ibid). This contagious nature of resource nationalism in the 21st century particularly in the extractive sectors bears testimony to its popularity as far as capturing more benefits from the natural resources is concerned. However, a clear contrast exist between 20th and 21st century resource nationalism as the former was aiming at state ownership of the natural resource through nationalisation and other means. The current trend seems to be anchored on state intervention rather than ownership. State intervention in the resource sector is premised on the need to enhance efficiency in revenue generation, after the perceived private sector inadequacies (Solomon 2012:74). In some instances, state intervention is based on the need to control commodities of strategic importance to the domestic economy such as coal and oil (Ibid).

Basing on the resource nationalism typologies by Bremmer and Johnston (2009), the 21st century forms have tended to be a mixture of economic and soft resource nationalism (Mjimba 2013:6). This is due to their attempts to rebalance natural resources access from private to state control, with less emphasis being place upon ownership but rather on increasing fiscal revenues from the natural resources to the state (Andreasson 2015:18). The ‘soft’ version of resource nationalism, manifest when the control or governance of natural resource is pursued through ‘arbitrary actions’ which utilises already established legislative and regulatory frameworks to attain the desired objectives (Andreasson 2015:18; Mjimba 2013:7). The use of Bilateral Trade Agreements, FDI, Raw Materials Initiative (RMI) and Economic Partnership Agreements (EPAs), by the European Union is a clear manifestation of this soft resource nationalism, where the governments of the member countries seeks to get unrestricted access to raw materials for their industries from developing countries (Kabemba 2012:6-10). Ward (2009:11) refers to this as consumer country resource nationalism, where by countries in need of raw materials take concrete steps to gain and maintain security of supply of raw materials through advocacy, regulation or in extreme circumstances political and military means. Ironically, it is against such moves by developed nations that the resource rich countries in the developing world are adopting resource nationalism as a protection mechanism to ensure that their citizens benefit more from their resources. The

situation exposes the constant dilemma that resource rich countries face in managing their resources, in the face of global demand for the same. As a result of this, some resource rich countries have gone beyond mere taxation to capture minerals, to include mandatory in-country beneficiation. Countries that have so far adopted this requirement include Brazil, Zimbabwe, South Africa, Indonesia, Vietnam and Botswana (Burnett et al 2013:2). Indonesia and Zimbabwe have however chosen a less trodden path of indigenization policy, as a central economic doctrine that informs policies in the extractive sectors.

2.1.2 A theoretical perspective.

The discourse on resource nationalism can also be interrogated from a theoretical standpoint, on which the adoption of mineral beneficiation, under the indigenization policy framework in Zimbabwe rest on. As show by the above discussion, resource nationalism is not necessarily a theory but rather a philosophy that informs policy activity to governments, both in developing and developed world. The basis for resource nationalism is premised on the Natural Resource Charter (NRC) (2011:3). The idea being that a people have rights over the resources that are found in their locality. As such, it is the duty of the respective governments to ensure that the resources are effectively managed in order extract maximum benefits for their citizens. According to the NRC, it is the role of the government to pursue policies they regards as serving the interests of their citizens in the best way possible. According to Andreasson (2015:8) resource nationalism is the transfer of ownership and/ or control of assets or resources from the private sector to the public sector organisation/ institution. Solomon (2012:73) in agreement asserts that resource nationalism entails the aspiration of the people of resource-rich countries to extract additional economic benefit from their natural resources and their governments' resolution to concomitantly exercise greater control over the natural resource sectors. It is an umbrella term that represents a cocktail of measures at the state's disposal in pursuit of a greater control of their natural resources in order to derive a greater percentage of economic value from the extraction of these resources (Leon 2013:1). It can also be understood as mechanism employed to rectify or address the evils that were done by resource privatisation (Leon 2011:517). Forms of resource nationalism vary widely, ranging from complete nationalisation of mining companies, increasing royalties or mining taxes, mandatory beneficiation, resource contracts review aimed at renegotiation or cancellation, indigenization and local equity, introducing fiscal measures, increased direct state

participation in resource sector through a state owned company, among other things. Early forms of resource nationalism were characterised by two defining aspects which are limiting the role of private companies operations and increasing or asserting greater state control over the resources development (Stevens 2008:5). Hill et al (2012:1) concurs by arguing that resource nationalism oriented policies are adopted when the state thinks that the foreign investors are getting too good a deal from their investments especially after a mineral price boom beyond the margin previously anticipated. When such a situation occurs, the state will react by seeking to impose new regulations on such investments that will improve its position (Ibid). Recent developments in resource nationalism add on the aforementioned ideals, by incorporating trending issues with regards to natural resources exploitation such as the resource curse, environmental sustainability, resource security, poverty reduction and sustainable development, creation of enabling environments for business practices, political risks assessment, good governance, among others (Leon 2011:517, Ward 2009:18). The periodic differences between early and present trend in resource nationalism are inherently evident in the approaches utilised, with the former assumed the roles of nationalism of mineral reserves while the present trend is more inclined to indigenization of resource deposits (Leon 2011:517).

Motivation for pursuing resource nationalism is context dependent, and the variations are dictated by the country goals. Common reasons for adoption of resource nationalism oriented policies include the political doctrine emphasising on the ownership of resources by the state, promotion of an inclusive developmental growth path by the state, employment creation, pursuit of industrialisation through value addition activities and enhancing strategic and fiscal cooperation by leveraging the industry, among other things (Solomon 2012:72; IMF 2011:54; Mohammed 2014:62). In Zimbabwe, resource nationalism sentiments manifested through the indigenization in order to promote local ownership of controlling stakes in the economy and also through beneficiation of primary goods aimed at diversification of the economy, which would lead to sustainable economic growth. In discussing resource nationalism, it is crucial to consider the colonial history of countries as having a greater influence on the adoption of resource nationalism oriented policies. This is particularly true after the realisation that the presence of abundant minerals has not produced corresponding development, and such underdevelopment can be attributed to the effects of colonial policies which paid little regard to lasting impacts of minerals in the communities they are found. This argument also

resonates well with the Zimbabwean context where by the mineral resources exploitation failed to transform into meaningful development, but rather the exploitation of minerals left a lot of underdevelopment after the resource were exhausted. The emergence of ghost towns in Mvuma and Mashava bears testimony to this, with the only enduring phenomenon left behind in these areas is the environmental degradation and pollution. The resurgence of resource nationalism in developing countries can be attributed to the inadequacy of IMF and WB SAPs to bring about long-term development, as the increased participation of the private players in resource extraction resulted in the transfer of profits back to their homelands, rather than reinvestment in the local economies (Solomon 2011:75).

Implementing resource nationalism oriented policies is saddle with potential risks, which if not successfully mitigated will act to worsen the effects of the resource curse. The most challenging task confronting countries pursuing resource nationalism, particularly in mining concessions is balancing the needs of the investor, the state, and mining communities in an equitable manner (Leon 2013: 517). In most cases, resource nationalism has been found to be hostile to investments as it puts the state at a centre stage in resource exploitation while undermining the role of the investor in the sector (Ibid:519). Governments are confronted with the dilemma of how to maximise their benefits from the extraction of finite resource without scaring away investors, who in most cases have the requisite knowledge and financial resource for extraction of the resources (Hill et al 2012:2). Due to the contagious nature of resource nationalism, in 2012 Ernst and Young regarded it as the biggest risk facing the mining sectors both in developed and developing nations (Leon 2013:1). Regardless of these misgivings, resource nationalism remains a viable option for most governments of mineral rich countries seeking to maximise benefits from minerals for the benefit of their citizens.

2.2 Indigenization policy: An overview.

The adoption of indigenization policies world over is driven by the need to correct the historically imposed imbalances between different ethnic groups, in how they access and benefit from the resource found in their localities. Indigenization policies are redistributive in nature, as they seek to change the ownership structures in the society in favour of the disadvantaged groups. Indigenization or Black Economic Empowerment (BEE) policies identifies prevailing economic disparities in the society as emanating from the

institutionalised systemic dispossession and marginalisation process by one group of people who possess the political and economic power to do so. As a result, addressing such disparities also require the same formula, which entails adoption and institutionalisation of policies that deliberately allocates benefits to the formerly disadvantaged groups. In most countries, natural assets such as land, minerals and energy stock feeds (oil and natural gas) are the usual targets for redistribution. In Zimbabwe however, the policy is all inclusive to service, infrastructure, technology, banking and other sectors. This overarching reach of the policy in sectors that are capital and knowledge intensive, has conversely discouraged investments by foreign players as shown by declining inflow of Foreign Directed Investments and capital flight by resident investors (Sibanda 2013:7;Uppal 2014:6). It is also worth noting that indigenization policies are controversial in nature as they allocates advantages to one group over another, leading to the creation of other social problems such as resentment between different groups. Another challenge that seem resultant of indenisation policies is that they tend to benefit few individuals who are politically and economically connected, in the target groups, thereby perpetuating the same disparities they set out to remove (Sibanda 2013:7). Despite the potential dangers that exist in indigenization policy implementation, there is a general belief that indigenization policies constitute a pragmatic approach to addressing past injustices, minimizing present inequalities and also assist previously oppressed people transcend the colonial dispossessions (Uppal 2014:7).

2.3 The Zimbabwe experience.

The key drivers of the indigenization policy implementation in Zimbabwe are grounded in attempts to reverse the colonial legacy left behind by the Rhodesian government. The indigenization and empowerment question in Zimbabwe played a central role in shaping events in the country's history. The liberation war fought between the white settler government and the indigenous Zimbabweans sought to address the ownership structure of key resources in the economy by the black majority. Consistent with post-colonial economic policies in most African governments, indigenization policy in Zimbabwe seeks to allocate economic opportunities to the black majority who were formerly disadvantaged by colonial policies. The economic policies of the Rhodesian government were designed to promote the interest of the white minority, at the expense of the black majority. After the country attained its independence in 1980, the new government was faced with the duty to rectify the damage

that had been inflicted on the majority black people. Political freedom alone was not enough to bridge the economic gap created by colonialism between the white minority and the black majority population. The colonial legacies were hampering developmental objectives of the nation, as they left behind deep-rooted inequalities in the economy (Zhou 2001:4). The economy remained firmly under control by the white minority after independence as evidenced by over 80% foreign ownership, weaker and smaller domestic private sector run by non-indigenous enterprises, and over 70% foreign ownership of key sectors of the agriculture, agro-based manufacturing mining (Ibid:11). As such, it was obligatory that the government adopt affirmative action oriented policies to promote economic freedom and empowerment of the formerly oppressed people, sooner or later. The policies during the first decade after independence saw the government directing its focus on the social spending on programmes that sought to cushion the majority of the people from the vulnerability created by colonial policies, and this saw the government embarking on massive social spending characterised by free education and free health services for all (Raftopoulos 1996:12). As a result, the first decade policies after independence lacked the radical redistributive and transformative features that characterises empowerment policies, particular in post-colonial Africa.

The indigenization policy sentiments were first voiced by the Riddell Commission of 1980 setup to investigate income disparities in the country (Tigere 2012: 23). This was followed by the setting up of the Indigenous Business Development Centre (IBDC) created in 1990 seeking to put pressure on the government to put policies in place aimed at promoting black businesses and promote their participation in the economy through preferential resource provision (Raftopoulos 1996:14). This initiative was not focused on the majority of the black population, as it sought to secure the interests of the blacks in business. However, it can be credited for starting the momentum that led to the government putting indigenization on its agenda in 1992 through a Select, Committee on the Indigenization of the National Economy, followed by the 1994 Affirmative Action Group. These efforts had one goal in mind, which was to promote wide scale indigenization of the economy, by lobbying the government. Ultimately, the explicit reference to indigenization policy adoption by the government first appeared in the Zimbabwe Program for Economic and Social Transformation (ZIMPREST) 1996-2000 policy document. However, nothing concrete was put in place in terms of promoting majority empowerment during the ZIMPREST era. The passage of the Indigenization and Economic Empowerment Act (IEEA) of 2007 marked the first policy to

explicit put into law the need to empower the black majority formerly side-lined by the colonial systems. The IEEA seeks to award a controlling stake or 51% shareholding in any foreign owned business to indigenous Zimbabweans through ‘designated’ entities which are the National Indigenization and Economic Empowerment Fund (NIEEF) , the Zimbabwe Mining Development Corporation (ZMDC) and its subsidiary companies, a statutory sovereign wealth fund and community and employee share ownership trusts (Solomon 2012:118). There have been several notifications passed in 2010, 2011 and 2013 statutory instruments seeking to provide a guideline on the implementation of the 51% shares advocated by the Indigenization policy (Uppal 2014:7).

2.4 Beneficiation policy

2.4.1 Origins and general overview.

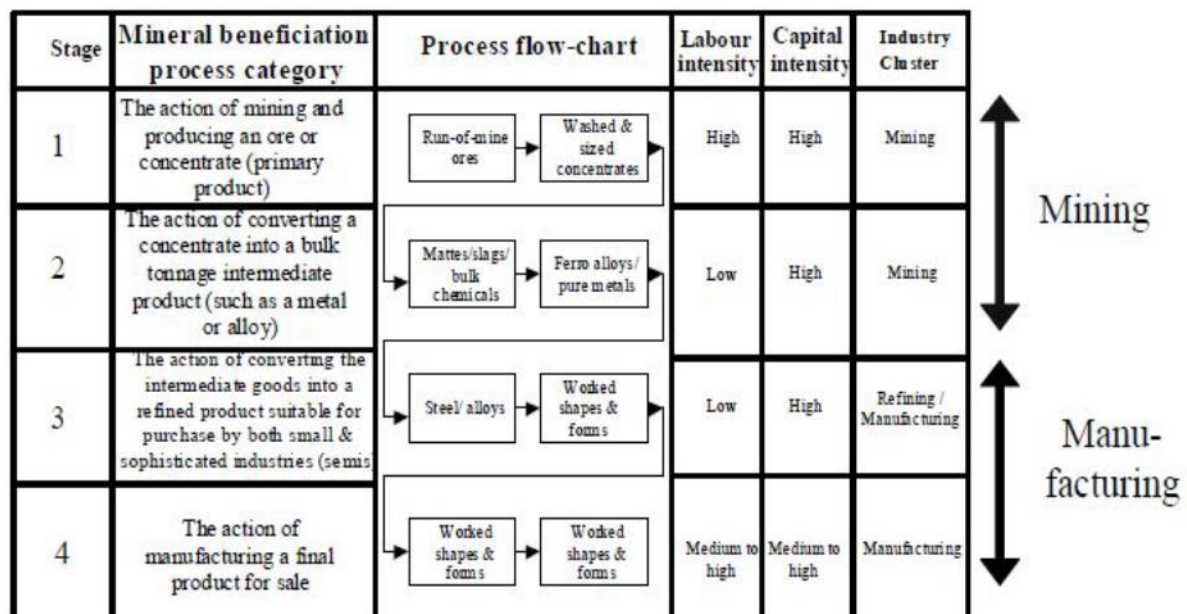
The contemporary discussion on beneficiation policy has its roots in the Staples Thesis of the 1920 by H.A Innis and W. Mackintosh, which sought to explain the linkages between minerals or primary products and manufacturing sector in promoting industrialisation. More recent work on the economic linkages between mineral resources that informs beneficiation policy was done by Hirschman through the Dependency theory. Both of these theories will be explored in detail in the ensuing discussion. The presence of minerals and other natural assets presents an opportunity for revenue generation in host countries, which plays an invaluable role in their developmental efforts. The massive industrialisation of the 17th century was made possible by the massive revenue generated from natural resources exploitation. However, it should be noted that the presence of vast mineral resources does not automatically translate into positive development. The Democratic Republic of Congo, Niger Delta and Sudan cases bears testimony to this, as the presence and exploitation of such resource as diamond and gold has been associated with conflict, corruption and economic stagnation (Andreasson 2015:3). The western industrialisation aforementioned was made possible by the presence of large domestic markets, which absorbed most of the mineral resources. The situation is rather different in Sub-Saharan Africa where the markets are small, and as such their absorptive capacity is very limited. This reality leaves the majority of the natural resources up for export markets. A danger exists, however, when resource rich countries succumb to the ‘staples trap’ where they overly depend on resource export while neglecting industrial development (Auty 2001: 8). Beneficiation of minerals, therefore, is a

deliberate effort by resource producing countries to counter the effects of the ‘staples trap’ through the creation of linkages between mineral production and other industries down the value chain. According to Andreasson (2015:4) resource exports in Africa will continue to play a pivotal role facilitating economic growth and development. In order to achieve this, respective governments need to formulate policies that would strike a balance between the interests of the state, society and investors’ as well (Ibid: 6).

2.4.2 What is Beneficiation?

According to Hausmann et al (2008:1) policies that seek to utilise forward linkages as a guide to stimulate structural transformation and growth are essentially beneficiation oriented. Nzenzema et al (2014:219) defines beneficiation as any subsequent processing of primary product, or mineral product post extraction. Jourdan (2005:21) in agreement argues that any treatment of commodity, industrial mineral or ore with the intention to improve its physical, chemical or grade falls within the confines of beneficiation. Beneficiation policies have been termed differently in the literature, with terms value-addition, promoting downstream processing, and completing value chain all refer to the same thing. The underlying idea behind beneficiation concept is that it is only logical and natural for countries producing raw materials in the forms of minerals and other industrial raw products to migrate from mere production to include processing of such assets to high value products in order to derive more market value.

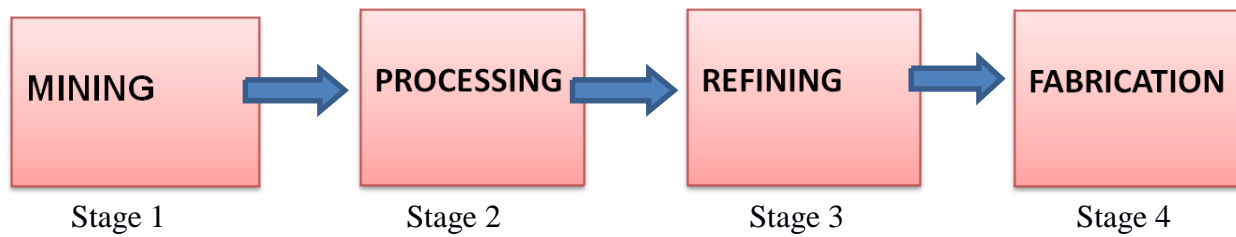
Figure 1. The Four Stage Mineral Beneficiation process



Source: Baxter (2005: 26)

Figure 1 and 2 presents the four stage beneficiation process in the mineral value chain. As the mineral product moves from the initial mining stage, it increases in value as changes are applied subsequently throughout the product lifecycle. Robinson and Van Below (1990:92) argues that an analysis of these stages shows a close interface between mining and manufacturing activities, as the mineral product moves through the stages. Stages 1 and 2 are essentially mining activities where the resources are extracted and transported for further processing usually to a plant in close vicinity from where they are extracted. Beneficiation starts in Stage 2 because the output from the processing results in the product gaining more value. The stages 3 and 4 are manufacturing based as the output of these stages are usable products, either as intermediate products or as finished products. It is critical to note that activities in these stages take place in the industrial zones away from the mining site. Beneficiation policy in Zimbabwe is a targeted policy, with the chrome, nickel, platinum, coal and diamonds among other minerals as the target minerals for beneficiation at stage 2, before being exported. Thus, from a policy perspective, the policy on beneficiation in Zimbabwe is essentially a mining sector responsibility and as such the government pinned its hopes on this single sector to produce most of the deliverables of the policy.

Figure 1: The four stages of mineral value chain.



Source: Adapted from Robinson and Van Below (1990)

The utility of beneficiation in the economy lies in its ability to create more linkages within the product or mineral value chain and the associated increase of product value, as it moves down the chain. Kaplinsky and Morris (2001:4) defines value chain as a complete range of activities required to bring a product or service from exploration or conception, through the different stages of production leading to the final consumers and eventual disposal after use. Within the mineral value chains, there are a number of direct and indirect supporting activities whose roles entails generating more value, through ‘production linkages’ which occurs as backwards, forward or horizontal or side-stream linkages (Kaplinsky 2011: 20). Backward or upstream linkages arise from the linkages between a mine or any extractive industry and its suppliers. These linkages to a mine form part of the supply chain of a mine including specialised equipment manufacturing, providers of other mining inputs, distributors and mining related service suppliers. Horizontal/side-stream linkages are created from inputs such as research and development (R&D), financial services, communications and other essential inputs required by mining companies. Forward/downstream linkages include those activities post extraction, such as further processing and beneficiation of minerals resources (Ibid). In order to fully realise the potential benefits of beneficiation, focus should not be given to downstream linkages alone, but also side-stream and upstream linkages, the combination of which will strengthen the product value chains.

The governance structure within the value chain, on a global level, essentially falls within two groups which are the producer-driven and buyer-driven governance structures (Mjimba 2014:8). Producer-driven governance structures are found in technology-intense industries such as automobile and aircraft manufacturing, manufacturing of heavy mining equipment

and mining itself. On the other hand, buyer-driven governance structures are found in value chains dominated by trading firms and large retailers. Market considerations for export therefore, should be inspired by the need to find ways of integration into such systems, as determined by the product in question. When the exporting country successfully integrates into the global value chains, only then can it turn its benefited or value added products into a competitive advantage, as the products generates higher returns on the market. The capacity to innovate both the product and the process afforded by beneficiation activities goes a long way in maintaining the products' competitiveness, which translate into increased returns for the government. (Kaplinsky and Morris 2001:6).

2.5 The nexus between beneficiation and indigenization.

A close analysis of beneficiation policy and its potential role of inducing sustainable economic growth can be interpreted as inherently affirmative and empowering in nature. The argument here is that there is a positive correlation between beneficiation and indigenization policy, as the attainment of beneficiation objectives promotes the empowerment of the citizens in general. The relationship between the two policies is highlighted by their focus on natural resource assets, in an attempt to govern the extraction process for the greater benefit of the citizens. The overall idea being that in-country beneficiation results in more economic benefits for the host nation such as employment creation through emergence of new processing industries, diversification of the economy through linkages system with other industries, among other benefits. According to Mjimba (2014:19) beneficiation imperative contends that profit from the mining sector and its related activities are retained in the country to benefit local communities and underwrite the industrialization efforts by the government.

The success of beneficiation policies however, depend on the approach utilised by producer country, as this affects how the other stakeholders in the value chain will respond either supporting or sabotaging the policy. Essentially there are two main approaches with which governments can use to implement beneficiation policy. The first approach entails the use of legislation to effect mandatory in-country beneficiation, whereby the current investors in the focus sectors are compelled to establish mechanism for beneficiation. This negative incentivisation or the 'sticks' approach is implemented mainly through export restriction of

raw products, thereby restricting access to foreign markets (Baissac et al 2015: 19). The use of legislation and regulatory instruments to promote in-country beneficiation is common in situations where the producer nation dominates in the world markets for the product in question. The Indonesia ban on the export of unprocessed nickel and bauxite in 2014 fits within the 'stick' approach to beneficiation policy implementation. On the other hand, the use of positive incentivisation or the 'carrot' approach entails utilising incentives such as tax cuts, energy subsidies or using Special Economic Zones to promote investments in beneficiation activities (Ibid). This policy, although it is the most preferred by investor, requires a great deal of innovation on the part of the government to conceive appropriate incentives that would achieve a win-win situation for both the state and the investors.

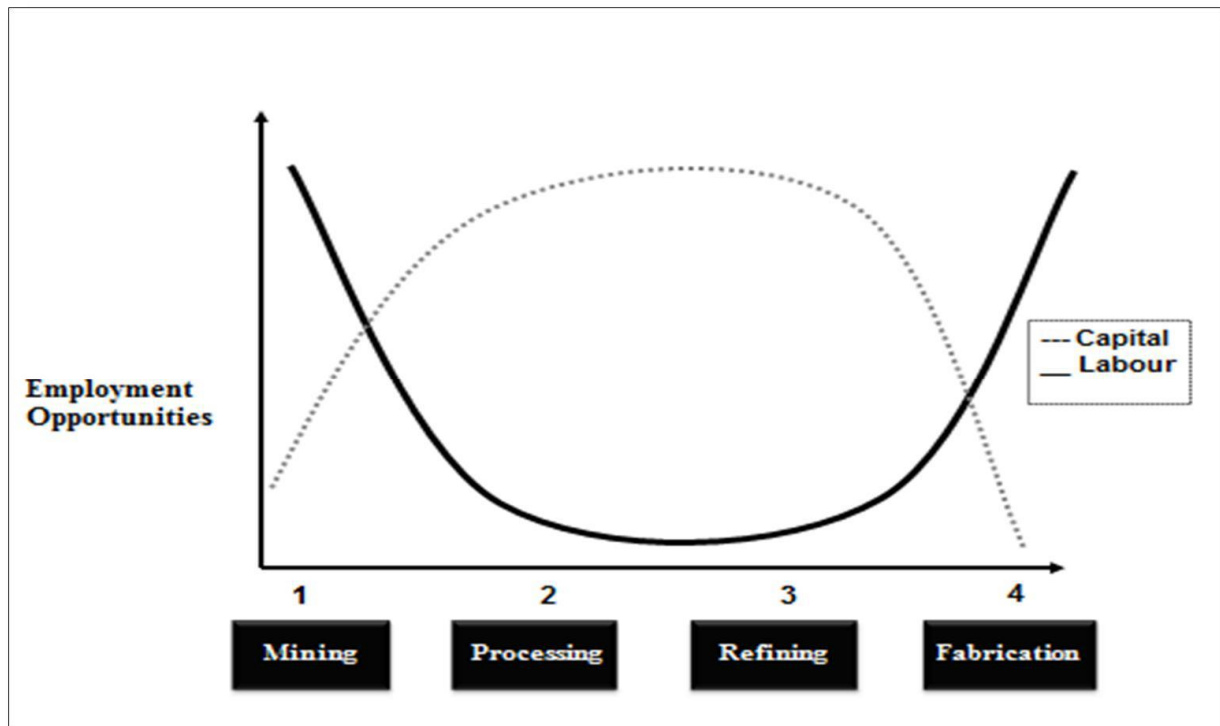
It should also be noted that beneficiation of minerals and other primary products present a foundation to economic growth world over. However, as a policy prescription, beneficiation is fairly a new comer to the development policy discourse. Very few countries have pursued and underpinned their future growth prospects on the success of beneficiation as a standalone policy, as most of beneficiation activities have tended to occur under the rubric of manufacturing processes. As a result, the policy has received limited attention from the academia, as evidenced by the lack of consensus of major tenets that constitute the policy. Whether beneficiation policy is an ideal strategy to achieve growth, in the context like Zimbabwe where the policies are centrally focusing on empowerment and localisation of economy remains to be seen.

2.6 Beneficiation policy in Zimbabwe.

The policy on mineral beneficiation in Zimbabwe should be broadly conceptualised within the discourse of resource nationalism. The resource nationalism agenda is based on the Indigenization and Economic Empowerment policy which entails the localisation of minerals rights ownership and revenue sharing between the government, the mining companies and the local communities that hosts the minerals (Nzenzema et al 2014:221). The underlying assumption of the policy is that it presents an opportunity for the government to exercise autonomy in resources management, in order to utilise strategies that would derive maximum value for the benefit of the citizens (Ibid). According to Baissac et al (2015:3) mineral beneficiation policy in Zimbabwe is a targeted policy where attention is being directed to

establishing limited transformation downstream from mining which include smelting and refining of minerals. A variation here is noticeable, between Zimbabwe and its neighbours particularly South Africa and Botswana, where beneficiation policies are aimed at transforming minerals into finished manufactured products. The different approach could be caused by the infrastructural limitations in Zimbabwe to move from mining to manufacturing. In a context marred by infrastructural bottlenecks, limiting beneficiation to processes that can be performed by mining companies is not only feasible but economically sound. Informed by the need to indigenize the economy, the government formulated the ZimAsset document to guide economic policies formulation, and the document has identified Value Addition and Beneficiation (VAB) as playing central roles in the attainment of needed growth and transformation of the society through local ownership of key economic drivers. Another aspect of beneficiation that makes it an attractive policy option for Zimbabwe is its ability to create employment. Employment creation opportunities in the mineral value chain are highest in the first and last stages, as show in figure 2 below. The implication for the Zimbabwean beneficiation policy therefore is that, by concentrating on stage 2 beneficiation, the country's expectations of massive employment creation induced by the policy occurs through multiplier effects of mineral beneficiation, rather than direct mining activities (Nzenzema 2014:11). Although activities in beneficiation are skills intensive, the country has an abundant educated and trainable workforce, which makes it possible to attain beneficiation goals. The attainment of beneficiation goals, in light of indigenization and empowerment policy however, is debatable. This is because of, among other reasons, the negative implication of IEE policy on attracting investments into the country, as some investors view the 51% local ownership as too much of a burden to bear for mining companies (Gundani and Shangahaidonhi 2014:128).

Figure 2. Mineral value chain and the potential for employment creation



Source: Baartjes 2011

2.7 Country experiences

2.7.1 Malaysia Indigenization Policy

Malaysia is one of the few countries in the world that have adopted empowerment policy, as an instrument for resolving longstanding differences in economic opportunities between the majority citizens and the minority groups. Under the rubric of New Economic Policy (NEP) of 1971, the government sought to placate the social tension that culminated in racial riots in May 1969. The NEP set to run for the 20 years since its inception, was aimed at achieving national unity through inter-ethnic economic parity between the majority Malay Bumiputera and the non-Bumiputera most of whom were of Chinese origin (Uppal 2014:6). With this policy, the government sought to increase corporate equity share ownership of the Malaya Bumiputera by 30% by the year 1990, thereby creating a new group of competent entrepreneurs within a single generation (IMF 2011:69). This policy was premised on two overarching ideals which were; poverty eradication regardless of race and restructuring of the society aiming to reduce and eventually obliterate the race based disparity in the economic

function of Malaysia. According to Uppal (2014:8), the implementation of the NEP entailed increased state intervention in the economic management, in order to create conditions favourable for the creation of Malay middle class, capitalists, and as well as capital accumulation to finance the redistributive agenda at a national level. It should also be noted that the NEP period coincided with the oil price boom, as well as the other key exports of tin and rubber which were all selling well in export markets, thereby creating a conducive environment to achieve a win-win situation for both the government and the private sector (IMF 2011:70). According to official statements, the policy only achieved a 23% corporate equity shareholding for the Bumiputera by the end of 1990. Others analysts argue that the government surpassed the set target, sighting the current income per capita which increased over the last four decades from \$339 to \$10,400 (Uppal 2014:10). The end of NEP saw the adoption of the National Development Policy, which built on the objectives of the previous policy and shaping future policies even until today.

2.7.2 Mineral beneficiation in Indonesia.

The extractive industry particularly mining sector in Indonesia offers an insightful case for other countries seeking to enact mineral beneficiation, particularly under the background of affirmative action policy. The 2009 Mining Law set new requirement for foreign owned companies participating in mining activities. Two main stipulations by this law stand out, firstly, foreign companies were allowed to operate under a 100% foreign ownership basis for a five year period but ownership structure had to change in favour of local investor, through divestment of shares over a five year period. The overall aim of the divestment exercise is to ensure that 51% shares are owned by local entities which include the central government, the regional and state owned companies (Bellefleur 2014:4). Secondly, mining companies would be required to process their minerals in-country to a specified purity level in order to be able to export such minerals. This second requirement came into force in 2014 through the Ministry of Energy and Mineral Resources (MEMR) Law 1/2014. It should be noted however, that companies involved (intending to be involved) in the beneficiation activities are exempt from the divestment requirements, and hence they can be wholly foreign owned and controlled, as long as such company is not owned by the parent company holding a mining permit (Ibid:6). Also the government put in place some tax and non-tax investment incentives in the minerals processing and beneficiation activities (Ibid). The beneficiation

requirement when first introduced restricted raw exports of every other mineral except coal. However, only bauxite and nickel have remained under that requirement, while other minerals are due for export subject to varying progressive tax until 2017 (Baissac et al 2015:33).

2.7.3 Diamond beneficiation in Botswana.

The need to diversify the economy in the face of rising unemployment, deteriorating standards of living for the ordinary citizens as well as the desire to derive more value from the export of mineral resources prompted Botswana to adopt beneficiation policy in the diamond sector (Grynberg 2013:1). Also, diamond beneficiation in Botswana is considered central to promoting sustainable economic growth (Government of Botswana 2010:26). Diamond mining plays a critical role in the economic life of the country as it accounts for 25% of the Gross Domestic Product and also is the dominant export accounting for 75% of the total exports (Nzenzema et al 2015:224). Given this importance of the diamond industry to the country, it presents both opportunity and risk to the future of the country. Opportunities emanated from the revenue derived from the export of raw diamond to developed countries. The risks however originated from the fact that reliance on revenue from diamond in an economy that is not diversified creates vulnerabilities stemming from the market price fluctuations. Moreover, the high forex inflows from diamonds export resulted in overvaluation of the Pula resulting in deteriorating standards of living for the majority citizens and unemployment rising due to the fact diamond mining in Botswana is capital intensive because the diamonds are located deep down from the earth surface, hence the industry's labour absorptive capacity is very minimal as only machines can extract them (Government of Botswana 2011:26). These push factors prompted the government to implement a beneficiation policy, through a strategic partnership with De Beers which saw the formation of Debswana company on a 50/50 shareholding joint venture. This special joint venture made possible the transfer of the De Beers diamond beneficiation industry from London to Botswana, which saw the establishment of the Diamond Technology Center (DTC) in Botswana to perform diamond beneficiation activities on all diamonds extracted from Botswana as well as all proceeds from DeBeers global mines (www.dtc.com). This presented massive opportunities for the country to diversify its economy, creation of employment in the diamond cutting and polishing, the creation of national capacity building,

and also increasing on the market value of the diamonds mined and beneficiated in Botswana (Ibid:).

2.7.4 Mineral beneficiation in South African.

Beneficiation policy in South Africa was driven by the need to leverage the country's comparative advantage on natural resource endowments to build a dynamic economy characterised sustainable growth, through employment creation and radical economic transformation (Samanga 2015:3). It is worth noting that the South African beneficiation policy, just like the Zimbabwean experience, occurred under the economic empowerment policy aimed at transforming the socio-economic fortunes of the previously marginalised groups in the society (Southall 2006:34). In South Africa, this occurred through the Black Economic Empowerment (BEE) which essentially sought to achieve transformation through greater economic empowerment beyond mere political rhetoric (Andreasson 2010:6). Compliance with BEE regulation entailed that companies were expected to promote the emergence of black capitalists through on job training and representation at all levels in the organisational hierarchy. However, BEE has been criticised for promoting the interests of the rich while doing nothing to change fundamental economic structures and inequalities intact (Southall 2006: 70). Also the implementation of the policy was associated with corruption and elitism. This inadequacy led to the adoption of the Broad-Based Black Economic Empowerment (BBBEE) Act in 2003 aimed at achieving wider societal participation in the empowerment programme (Republic of South Africa 2004:8).

The SA government adopted an economic development policy known as the New Growth Path (NGP), which seeks to set the nation on a trajectory course to growth. The expected growth is aimed at creating five million jobs by the year 2020. In order to achieve this, the policy identifies value-addition and beneficiation of minerals as providing the highest value proposition for the achievement of the policy objectives (Republic of South Africa 2011:1). In line with the NGP, the government amended the Minerals and Petroleum Resources Development Act (MPRDA) of 2002 in line with promoting beneficiation of strategic minerals such as diamonds and platinum group of metals. The policy on beneficiation came at a time when the government is seeking to extend its role in the management of natural resource aimed at capturing a great deal of returns from such natural assets. Also, it should be

noted that this move is further fuelled by the resource depletion, as the country is not enjoying the same comparative advantage as before (Baissac et al 2015:34). This success of the South African mineral beneficiation strategy in promoting diversification and employment creation is hinged on the creation and utilising linkages within the value chains such as energy generation, jewellery manufacturing, steel and stainless steel fabrication, super alloy and pigment production (Republic of South Africa 2011: 20).

2.8 Lessons learnt.

The Malaysian experience with indigenization policy can provide a number of lessons for Zimbabwe. This is particularly true in how such policies can be implemented, in order not to discourage economic growth. The implementation of indigenization policies should factor in the time dimension, as the economic inequalities that were created over a relatively long time cannot be overturned overnight. The Malaysian experience paid cognizance to this fact and hence awarded a fairly long timeframe before results of the redistributive policies could be quantified. Also, redistributive policy, when implemented during periods of economic stability, backed by sound export revenue to the government, stands more chances of succeeding than when implemented in dire economic straits. The relative success achieved by the Malaysian policy can be attributed to the fact that it entailed not only allocating benefits to the Bumiputera, but it also made provisions for capacity building to ensure that the beneficiaries would be equal to the task, as availing fund and opportunities without the requisite skills and knowledge leads to failure or even creating more problems such as gross underutilization or conflicts over such resources. This was achieved by making provisions for training of the Bumiputera on all levels in the corporate sector. On the negative aspect, the redistributive policies presents opportunities for rent seeking to politically connected individuals, who stands to benefit the most in the exercise.

The Indonesian experience on indigenization of the mining sector and subsequent beneficiation offers a number of insights or lessons for Zimbabwe. Both countries adopted beneficiation policy on the backdrop of indigenization of the mining sector with a 51% local ownership target. The difference however, lies in the fact that Indonesia ensured that the resultant equity share transfers were paid for at market value. This went a long way in levelling the playing field between the investors and the state, by removing the uncertainty

associated with compensation for investors. The five year grace period given to companies made the policy more tolerable as they found a fairly sufficient time to institute changes and evaluate their positions with regards to future investments under the new regulation. This time could also be used to make room for establishment of refineries and plants needed to perform beneficiation activities. Implementation of in-country beneficiation policy should not be all inclusive to every mineral resource, as it is more likely to have unbearable negative effects on the economy. The reversal of the initial demands of the policy that included most of the minerals came after the realisation that the country could lose a great deal of revenue unnecessarily. Hence, the lesson here is that in-country beneficiation should be a targeted policy, focusing only on those minerals or product that the country considers having an upper-hand in the market. Last, the Indonesian case presents a unique scenario where the government utilised both positive and negative incentivisation methods in policy implementation. By utilising the legislation to induce beneficiation, the government affirmed its stance with regards to deriving more value from its natural resources. On the other hand, by excluding beneficiating firms from the divestment requirement, the state demonstrated its willingness to go the distance in creating an investment-conducive environment in which foreign owned firms can thrive in.

Diamond beneficiation policy in Botswana offers insightful lessons for Zimbabwe, as both countries have adopted the policy in order to stimulate economic diversification. The country managed to enact beneficiation legislation that struck a balance between the private investors and the government's interests. The 50/50 shareholding arrangement with De Beers, although not easily replicable elsewhere, is worthy emulating. This is because policies seeking to extract the most returns from the extractive sector need not necessarily lead to the state having an upper hand in terms of the percentage of shareholding. Rather, incentives like the 50/50 sends a positive message to the investors that the government is willing to work, not only to ensure it gets the most out of the resources, but also that the investors get their equal share based on their knowledge and skills they bring to resource extraction. Stakeholders' interests have to be considered when adopting this policy, as successful implementation is hinged on their full cooperation. Also, the Botswana case serves to bring out the importance of political will in ensuring accountable and efficient resource exploitation. The success of diamond beneficiation was made possible by the fact that political leadership in the country worked to ensure consensus across the political divide in how resource extraction were to be

managed and governed, to ensure the benefits are enjoyed by a greater segment of the citizenry.

The comparative advantage enjoyed by South Africa over a century did not automatically result in the creation of downstream beneficiation. Concerted efforts were required to overcome structural challenges that prohibited beneficiation from taking place. The culture of shunning in-country beneficiation is stubbornly recurrent even after the adoption of beneficiation policy. This means that the presence of a regulation or legislature alone is not enough to enforce compliance with beneficiation requirements. A close corporation is therefore necessary, between the state and the private sector players in ensuring continued monitoring to ensure successful policy implementation. Also SA has a strategic plan on the policy on beneficiation, which helps in ensuring effective coordination and alignment of various policy instruments to achieve the desired objective.

2.9 Theoretical framework.

2.9.1 Staples Thesis.

Theoretical origins of beneficiation can be traced back to the 1920s Staples Thesis by H.A Innis and W Mackintosh (www.thecanadianencyclopedia.ca) (Moore 1978:70; Mohamed 2014:33; Olanya 2012:2). Based on the analysis of the Canadian economy, the staples thesis argues that the export of natural resources or staples from developing countries to developed countries has ubiquitous consequences on the economic, social and political aspects of life in the exporting countries (Auty 2001:840). The staple thesis is centred on the assumption that the export of primary products or ‘staples’ provides the foundation of economic growth and also determines the pace of that growth (Moore 1978:72). The staples theory of development according to Mackintosh was a stage model of growth whereby staple exports provided the basis for an internal market (Moore 1978:53). This market grew through settlement associated with staple production and the expansion of a transportation infrastructure, which in turn prompted industrial development in order to supply the expanding domestic market (Ibid). This as a result may lead to the growth of an export market for manufactured products. The success of this scenario is however dependent upon three factors which are the presence of marketable staples, the presence of a reliable transport system and also a fair market price

for the staple (Watkins 1982:15). On the other hand, Innis propounded that the interaction between resource exploitation and other sectors of the economy led to the development of manufacturing in Canada (Moore 1978:55).

Building on this classical staples thesis, Hirschman (1968) expounded further on the theory by arguing that economic growth, driven by primary products or staples, is centred upon a system of linkages both forward and backward, which has the potential to promote or stunt economic growth depending on the nature of the staple linkage with other sectors of the economy (Hirschman 1968:18; Mohammed 2014:39). Here emphasis is placed on the importance of linkages, which include fiscal, consumption and production linkages (Hirschman 1968:18). Consumption linkages to staple export earnings finance domestic consumption and stimulate economic activities in response to such demands, fiscal linkages denotes the government's capacity to raise revenue from the high-rent exports which can be channelled towards the promotion of industrial development in sectors that are not related to the staple (Ibid). On the other hand, production linkages provide the most important linkages from the staples through both backward and forward linkages (Ibid). The importance of production linkage lies in the fact that it hosts the potential for inducing economic diversification (Mohamed 2014:38). Backward linkages between staples and the economy occur when development of resource sector stimulates the rise of industries that supply its inputs. Forward linkages occur when an industry utilises another industry's outputs as its inputs (Ibid). Combining the effects of forward and backward linkages produces the total linkage effect, manifesting in growth in new industries prompted by establishing an industry. Of particular importance is the role played by backward linkages in resource centred economies, posing a clear contrast to manufacturing based economies which generally provides greater growth inducing linkages between industries and sectors (Mohamed 2014: 32). This optimistic view of staples model of growth argues that economic development necessitated by natural resources export, and the resultant linkage system facilitates industrialisation and the income generated from exploitation thereof is retained in the domestic economy (Di Matteo 2008:4). A danger exists however, of relying too much on the revenue from the sale of staples. This over reliance is known as the 'staples trap', disincentives resource rich countries from diversifying their economies away from staples, thereby impeding economic transformation (Auty 2001:840; Di Matteo et al 2008:5). As such, there is need for establishing linkages between extractive/staples sectors of the

economy and the manufacturing sector in order to ensure sustainable growth that leads to transformation of the economy. According to Ross (2001:44) resource rich countries need to diversify their economies away from mining to include agriculture and manufacturing sectors. Mineral beneficiation policy in Zimbabwe is informed by the staple thesis, as the policy seeks to create new linkages with the manufacturing sector, which would result in diversification and the emergence of new industries.

2.9.2 Dependency theory.

Dependency theory can be understood as seeking to address the question of stark developmental variations between Western countries and the rest of the world. Originating in the Latin America in the 1960s, contributions of various economist under the Economic Commission of Latin America came up with dependency perspective attempting to explain the apparent underdevelopment of the Latin America, paying particular attention to the unequal terms of trade between the countries that specialize in the export of raw material and those that specialized in exporting manufactured products (Valenzuela and Valenzuela 1978:536; Ferraro 1996:1; Evans 2011:3). According to Dos Santos (1971:226) dependency is a situation where a certain number of countries have their economy conditioned by the development and expansion of another, placing the dependent countries in a backward position subjugated by the dominant countries. It is a historical phenomenon which produces a certain structure of the world economy where it favours some countries to the detriment of others and restricts the development possibilities of the subordinate economics (Ferraro 1996:4).

The central assumption of dependency theory asserts that the development of a nation or regional unit can only be understood in association with its historical insertion into the worldwide political-economic system which emerged during the wave of European colonization of the world (Dos Santos 1971:226). This global system is thought to be characterized by the unequal but combined development of its different components (Valenzuela and Valenzuela 1978:544). This resulted in the division of the world between industrial, advanced or 'central' countries and underdeveloped, backward or peripheral countries (Ibid). This division of countries between two blocks set the rules of economic engagement, which were not directed by the national interests of the peripheral nations, but

rather production lines were structured in such a way that would favour the imperial nations at the 'centre' (Ibid:547). The focus of the dependency perspective is on the mode of production, economic and political linkages and patterns of international trade that govern the interaction between elites in the central and peripheral countries (Ibid: 550). As a result, the extractive sectors in the peripheral states are not able to duplicate the evolution that central states underwent because the system in place may prevent such transformation. This failure, as argued by dependency scholars, is because of the intrinsically ingrained inequalities in the patterns of interaction between the central and peripheral countries.

This unbalanced development of the world can be traced back to the 16th century when capitalism was introduced as the main economic doctrine that governed the world economy. It was during this period that the 'centre-peripheral relationship between nations was created, as the some countries manage to specialise in industrial production of finished products, while the colonized nations acted to supply the required raw materials in form of minerals, agricultural produce, and other primary goods (Valenzuela and Valenzuela 1978:545). The exported primary commodities from peripheral countries to the rich countries would then be value added through manufacturing and then sold them back to the poorer countries albeit at a higher price (Ferraro 1996:1). This meant that the poor counties would depend on the income from the sale of raw minerals, while the rich core countries enjoy the high incomes from the sale of manufactured products at higher prices to the same peripheral regions. Under these circumstance, it is difficult for countries in the peripheral zone to move across the spectrum to the 'centre' because it requires a great deal of innovation and technological breakthroughs, both of which poor counties do not seem to have sufficiently (Evans 2011:13). The interdependent nature of the world capitalists system and the qualitative transformations in that system over time make it implausible to consider that individual nations on the periphery can repeat the evolutionary experience of the now developed nations (Valenzuela and Valenzuela 1978: 545). In order to escape this dance with the devil scenario, poorer countries ought to embark on programs of import substitution so that they need not purchase the manufactured products from the richer countries, but would still sell their primary products on the world market (Ferraro 1996:1). This would create space for investment in diversification initiatives rather than using their foreign exchange reserves to purchase their manufactures from abroad (Ibid).

Dependency theory can be fully conceptualised only by reference to its historical dimension and by concentrating on the aggregate network of social relations as they evolve over time and context. As such, the end of colonialism meant that central countries had to find new ways of securing their access to raw material for their industries by perpetuating the established dependency system. This they achieved through a system of ‘enforced dependency’. Enforced dependency can be understood as a form of reliance upon external resources or externally created conditions by the developing countries (Evans 2011:17). Systems and institutions created by former colonial powers designed to engage with countries in the developing world can be understood as falling within the confines of enforced dependency. In order for this type of dependency to be functionally enforceable, it must, once established, gradually undermine the self-sufficiency and resilience of the dependent country, community, institution, or government, thereby making the dependent party increasingly susceptible to exploitation (Ibid). Persistent enforced dependency would as result lead to the dependent parties supporting the system of enforced dependency due to overreliance on such system, thereby sacrificing their respective autonomy, freedom, independence, and resiliency. In most cases, the elites in dependent countries tend to have their interest aligned to this economic system because they accrue personal benefits. As the dependency deepens, the social power of dominant people, institutions, or governments who provide the resources or create the conditions that enforce dependency increases relative to dependent parties. Dominant parties may increasingly constrain the decisions and actions of dependent parties in order to enhance their opportunities to gain material and financial wealth and increase their social power (Ibid).

Enforced dependence was introduced in the early 1980s under the banner of neoliberalism. In its basic form, neoliberalism can be understood as a theory that informs political and economic practices by promoting individual and entrepreneurial liberties in an institutional framework that is characterised by free market, free trade and strong property rights. The distributive mechanisms under the neoliberal system are based on the “trickle-down effect” where the market conditions will be a major determinant of how wealth is distributed in the society. Emphasis here is placed on efficiency in production, as the central variable in wealth distribution, disregarding the variations that are brought in by race, gender, and other context

based factors. The policy options that were advanced by neoliberalism acted to enforce dependency of developing countries to already developed Western countries. The Structural Adjustment Programs that marked a defining feature of neoliberalism enforced dependency of developing nations to a world system by perpetuating and deepening dependency (Evans 2011:42). The loan conditionality attached to the International Monetary Fund and the World Bank loans to developing countries created crisis, only which required more borrowing from the same institutions to rectify them. An example of enforced dependency in action was witnessed in Zimbabwe when the IMF loaned money to the government at the end of the IMF Staff Monitored Programme of 2016, aimed at servicing the country's previous debts to the same institution. This creates conditions of dependency which erodes the capacity of debtor nations to manage their affairs without intervention by external players. Such involvement of IMF and WB in affairs of developing countries has been criticized that they tend to create more problems such as increasing dependency on donor funding at the expense of long-term self-sustaining development (Leith 2003:14). Also the move towards increasing the participation of the private sectors in the economies of periphery countries, particularly in the extractive sectors through Foreign Direct Investments put the economy back into the hands of the former colonisers, only this time the vehicle used are the private investors seeking raw materials and profits for their parent countries.

Dependency theory provides a great deal of insight into the rationales behind the Indigenization and Economic Empowerment and beneficiation policies in Zimbabwe. Firstly, ownership of means of production was concentrated into the hands of the whites, who owned all productive agricultural lands, mines and every other industry. This meant that the proceeds from all economic activities were geared towards addressing the needs of this dominant social class. As a result, most profits realised from the minerals and agricultural sector were repatriated back to Britain. Nothing concrete was done to improve or address the needs of the local black population. The colony only served as a source of cheap raw materials for the industries in Britain and other Western countries. The majority of the black population during the colonial era lived in the rural areas characterised by harsh environmental conditions, which made it difficult for them to engage in any meaningful and economically sound agricultural activity. Given this background, the Indigenization policy in Zimbabwe can be understood as a deliberate effort by the government to correct these historical injustices by making sure that indigenous citizens become owners of the resources

and opportunities in their country. As a policy alternative with a focus on growth induced driven by indigenous people, the IEE policy ushers in a new dispensation in the economic history of the country. This new dispensation is characterised by moving away from dependency on ‘foreign prescribed economic policies’ towards ‘home-grown’ ones, in line with self-reliance advocated by dependent theorists. The IEE policy also regulates the country’s interaction with dominant states by prioritising the needs of the people above the interests of the citizens. Through the 51% local ownership of business, the policy ensures that the economic activities in extractive sectors are not favouring the foreign investors, at the expense of the local people. The Community Share Ownership Trust (CSOP) initiative affords local communities real opportunities to derive a great value from the resources found in their localities, in clear contrast with the trickle-down effect advocated by the IMF and WB through their neoliberal policy alternatives. In the same vein, the government adopted beneficiation policy in order to come up with an alternative use of resources different from the one advocated by dominant states, in line with the suggestion made by dependence theorists. Performing downstream beneficiation before exporting the minerals present opportunities for diversification of the economy, this would result in exporting countries realising more value from their mineral endowments and accelerating industrialization.

2.9.3 The resource curse.

The resource curse theory presents another theoretical underpinning for mineral beneficiation policy. The concept of resource curse was introduced in 1993 by Richard Auty, seeking to explain the worse off economic condition experienced by resource abundant countries as compared to those countries with less mineral deposits at their disposal. Other scholars such as Jeffrey Sachs and Jeffrey Phillip (1997), Lane and Aaron Tornell (1999) and Andrew Warner (2001), have developed the concept based on Auty’s model, but however there is no universally accepted cause of the resource curse. The fundamental argument presented by the resource curse theory is based on the observation that countries that rely on the export of natural resources as their main source of income typically experience poor economic growth (Auty 1993:1). This phenomenon is common in most developing countries where economic growth is dependent on the exploitation of natural resources. After an extensive literature review, three models of resource curse were identified and these are the ‘Dutch Diseses’, the rent seeking model and institutions model. This paper, however, will discuss the resource

curse theory within the confines of the Dutch Disease model as the Zimbabwean context shows parallels with the main propositions of this model.

The resource curse effects under the Dutch disease model were first observed during the period between 1960 and 1980s in the Netherlands where the discovery of oil in 1959 failed to bring expected growth; hence it was termed the Dutch Disease. An economy experiencing the Dutch Disease is characterised by a concurrence of flourishing sector and lagging sub-sectors of traded goods. The flourishing sector pressures the lagging sector by pulling the resources from it, and causing the rise of relative price of non-traded goods (Corden and Neary 1982:825). In other words, the existence of a booming export sector crowds out the manufacturing sector, resulting in negative growth in the economy. This occurs when the foreign exchange earnings from exportation of natural resources of a country are converted into the local currency resulting in rising of the value of the currency (Di Matteo et al 2008:5). This raised value of local currency then result in the diminishing competitiveness of the manufacturing sector, leading to reductions in the productivity and growth of the sector (Ibid). Efforts directed towards diversification of the economy, in the presence of natural resources can be conceptualised within the realm of avoiding the effects of the Dutch Disease (Mohamed 2014:74). The adoption of beneficiation policy in Zimbabwe can be seen as an attempt by the government to induce growth in the manufacturing sector, so as to mitigate on the effects of overreliance on income from the export of raw natural resources. The risks associated with export-led growth stems from the fact that commodity prices are determined by market forces which are beyond the exporter's control, and this poses a greater risk emanating from the uncertainty of the markets. Discussion focused on mitigating the resource curse effects have tended to be centred around diversification of economic growth initiatives, by moving away from dependence on the export of natural resources (Mohamed 2014:75; Mjimba 2013: 23). This argument suggests that Zimbabwe need to move away from reliance on resource-based revenues, and harness industrialisation in order to achieve its developmental objectives.

Empirical evidence has shown that the majority of developed nations achieved industrialisation on the backbone of natural resource exploitation (Raftopolous 1996:18). This success was made possible by the availability of a large consumer markets that absorbed

the outputs of the resource sector, which meant that the extraction of resources was not only targeted at export but rather on the domestic consumption. Natural resources were the driver of the manufacturing industry, resulting in positive growth. In developing countries however, the presence of mineral resource can either be a blessing or a curse, depending on a combination of factors prevalent in a particular context in question. The availability of natural resources, although constitute a comparative advantage, does not guarantee or lead to competitive advantage. Factors that determine whether the presence of minerals will constitute a competitive advantage for a country are centred on the type of governance structures and policies in place to manage the resource proceeds. Mohamed (2014:75) avers that failure to forfend the dangers that accompany the mineral presence will determine whether the minerals resources are a blessing or curse. Despite the known benefits accrued from natural resources, their exploitation is always accompanied with a great deal of social, political and economic costs. The human rights abuses in the diamond mines in DRC, the Marikana mine workers killings, the human right abuses in the Marange diamond field all point to the negative aspects that mineral resources induces. It has been observed that during the natural resource boom, the inflow of income into the country from resource rents stimulate corruption, rent-seeking behaviour and kickbacks (Mohammed 2014:74; Solomon 2012:14). This situation is further exacerbated by the fact that in most developing countries, the discovery of high value natural resource occurs before the establishment of governance structure that would act to guard against such behaviour.

The resource curse theory, as an economic model, is premised on the division of the economy into three distinct sectors which are the export sector, prosperity sector and the deteriorating sector, both of which represent a collective sector of goods that are feasible for international exchange (Corden and Neary 1982:825). The deteriorating sector is one that produces goods and services not eligible for international exchange as it involves activities such as construction, ownership housing, retail and public services, where the symptoms of the Dutch Disease would worsen when there is crowding out of the traditional export sectors by the export and prosperity sectors (Ibid). Under these circumstances, the capital and labour resources will result in the production of domestic goods that are eligible for international trade mainly because of the ballooning of their demand, together with the higher per capita income due to the opulence of the primary export sector (IMF 2011: 42). This scenario known as the impact of spending would consequently weaken the ability of domestic tradable

goods to compete globally, thereby inducing a contraction in the producer sector for such goods. The resource curse theory, as has been shown, is useful in explaining the adoption of policies that are aimed at avoiding the economic overdependence of mineral resource, at the expense of diversification of the economy.

2.10 Conclusion.

This chapter has traced resource nationalism from the 1970s up to the present day. The literature review has shown that resource nationalism is gradually occupying policy in the 21st century, but the forms it is taking are quite different from the 1970s. The current wave is being driven by pragmatic considerations aimed at achieving sustainable economic growth, as compared the ideological motivations of the previous era. Also the review of literature on beneficiation has shown that it is a fairly new policy alternative that seeks to promote growth, and it is driven by a number of reasons, with a common denominator of promoting equitable value from natural assets for the citizens of respective countries. Mineral beneficiation in sub-Saharan Africa is riding on the wave of support from the African Mining Vision, the SADC Industrialisation Strategy, the COMESA Initiative on Minerals Value Addition and Industrial Clusters, which offers support to government seeking to derive more value from their mineral endowments through beneficiation activities. However, despite the overwhelming support for the policy, the question remains to be answered is whether it is the right policy for Zimbabwe under the Black Economic Empowerment policy.

CHAPTER THREE

METHODOLOGY

3.0 Introduction.

This chapter will present on the ontology and epistemology on which the study is based on, which influenced the methodology adopted for this study. The researcher utilised data gathered from various secondary sources such as newspapers, radio, television, the internet, journals, and books. The overall aim was to gain a profound understanding of the efficacy of beneficiation policy in promoting indigenisation goal, which would translate into sustainable economic growth. Also primary data on the issue under study was gathered through interviews, administered to various groups of respondents identified as playing a key role in the implementation of indigenization, and beneficiation policy. Also the interviews were administered to members of the academia, as well as other policy specialists identified as possessing immense knowledge on the subject matter under study. Ethical considerations for the study will also be discussed, leading to the conclusion of the chapter.

3.1 Philosophical assumptions underpinning the study

According to Burrell and Morgan (1979:1) before a researcher embarks on the process of researching, there are philosophical assumptions which she/he has to make based on the nature of the research and also the views of the researcher. The researcher's views have a significant bearing explicitly and implicitly, on the process of carrying out research, the type of questions to be asked, the kinds of methods adopted and also the type of question to be asked (Ibid). It should be noted that there are essentially four assumptions that the research should make, that define the research, as propounded by Burrell and Morgan. These are the ontological, epistemological, human nature and methodology. A combination of these factors makes up a research paradigm, which would be oriented towards either a subjective or objective dimension. Guba and Lincoln (1994:105) define a research paradigm as a basic system of belief or worldview that guides our investigation. Blaikie (2010:41) in support argues that theoretical assumptions or philosophical assumptions about the nature of reality are pivotal in providing a general background perspective from which the study is designed and executed.

As a qualitative research, this study is oriented towards the subjective dimension of understanding the world and events as they are experienced by individuals in it. Since the policy of beneficiation in Zimbabwe is a relatively new policy initiative, the interpretive research paradigm provided the most appropriate ontological basis in exploring the issue, in relation to the attainment of Indigenization and economic empowerment goals. This is mainly because the interpretive paradigm seeks to view the social world through subjective lens, by attempting to understand the essence of day-to-day activities of individuals and ongoing processes, and understanding the spiritual nature of the world (Burrell and Morgan 1979:4). In similar vein, Crotty (1998:67) argues that the interpretive paradigm looks for historically and culturally situated interpretations of the world-social life. In that regard, the units of analysis for the study included individuals who are directly involved in the implementation of the policies of beneficiation and Indigenization and Economic Empowerment in Zimbabwe.

As such, the study assumes the ontological stance of relativism, which recognises reality as something that is subjective and varies from one individual to the other (Guba and Lincoln 1994: 110). Bryman and Bell (2007:16) further expound on the position of relativism by arguing that what is considered as valid knowledge can only be obtained through a participatory role. Thus, the epistemological aspect of the study is underpinned by the direct involvement of the units of analysis who are members of the government bodies responsible for implementing the focus policies. By emphasising on the subjectivity of individuals involved in the study, the interpretive paradigm views humans as autonomous, free willed and masters of their environments, who act voluntarily (Blaikie 2007:55). The assumptions on ontology, epistemology and human nature ultimately inform the methodology utilised in the actual research process. This is supported by Sarantakos (2005:78) who asserts that a methodology is a research strategy that translates ontological and epistemological principles into guidelines that show how research is to be conducted, and principles, procedures, and practices that govern research. The in-depth interviews approach employed in the study was prompted by the needs of the researcher to gain an in-depth understanding of the role of beneficiation in promoting the attainment of indigenization and economic empowerment policy objectives, as told by individuals responsible for implementing the policy.

3.2 Research Design

The study is premised on the qualitative research paradigm, with the exploratory case study research method forming the research design. Qualitative research paradigm was identified as the most appropriate for this study. This is because qualitative research designs are considered as interpretive and naturalistic which explores a phenomena ‘from the interior’, by taking verbal accounts and perspectives of participants as the starting point (Ritchie et al 2013:2). This means that qualitative research is essentially inductive in nature. This is consistent with Shank (2002:5) who defines qualitative research as “a form of systematic empirical inquiry into meaning”. In other words, qualitative study seeks to derive meaning from the sources that have first-hand information gained through experiencing the phenomena. This study utilised qualitative research out of the need to understand the contextual variables that have a bearing on beneficiation policy implementation in the country. This affords us an opportunity to understand the nexus between indigenization and beneficiation policies, and how this interface can promote sustainable economic growth. However, the use of qualitative approach to inquiry presents challenges when it comes to generalizability of findings, due to the subjective nature of data from the participants (Berg 2001: 232).

The study employed a case study research design. A case study design focuses on a phenomenon to be studied, the case or unit of analysis of the study (Gall et al 2007:46). A case study is a qualitative research design best suited for gaining an in-depth understanding of a social phenomenon within its cultural, social and situational context without imposing pre-existing expectations (Denzin and Lincoln 2000:118). The case study design adopted for this study was exploratory. This implies that, research was done on a relatively unknown topic to gain new insights on a phenomenon (Creswell 2003:84). Thus, beneficiation of minerals in Zimbabwe is a relatively new policy initiative, with very little available information on its viability, feasibility and desirability in an economy under indigenization. This made the exploratory case study design the most ideal design for exploring this knowledge gap. The case study approach in this research is critical since it allows the researcher to gather data without interfering with the situational and contextual variables with a bearing on the issue being studied, and the researcher has no control over the events as they happen. Also, the flexibility inherent in a case study in analysing an assortment of observable issues based on

institutional, ideological and contextual casual variable made it the most appropriate method for this study. This is because it afforded an explanatory frame for the evolution of policies governing the extractive sector from the colonial era up to the adoption of indigenization and economic empowerment policy.

3.3 Population of the study

The study population comprise the staff members of the Ministry Of Youth Indigenization and Economic Empowerment, the Ministry of Mines and Minerals Development, the Ministry of Industry and Commerce, and strategic government officials involved in implementing the policy on beneficiation and also Indigenization and Economic Empowerment policy such as Board Members of the Value Addition and Beneficiation cluster of the ZimAsset, independent policy analysts and intellectuals from the academia conversant with the subject of beneficiation. The units of analysis for this study were primarily public institutions and their officials as mentioned above. The researcher made no effort to enumerate the entirety of the study population due to the time and cost that would take, but however, the sample selected was representative enough of the population.

3.4 Sampling the population

The study utilised purposive sampling technique where the research identifies individuals with attributes that are relevant to the provision of information for the study such as Permanent Secretaries of the Ministry, Board Members of the Value Addition and Beneficiation Cluster. The strength of purposive sampling method lies in the fact that research participants and sites were purposefully selected based on their unique qualities that were needed in answering the research questions (Creswell 2001:20). Neuman (2007: 143) asserts that the strength of purposive sampling technique lies in the role it assigns to the researcher to deliberately include individuals with access to information, expertise on the subject matter, technical knowledge and the requisite experience. Since the study is exploratory in nature, the number of participants was determined by theoretical saturation, which is the point in data collection where new data no longer bring additional insights into answering the research question (Mack et al 2005:5). According to Morgan (1994:43) theoretical saturation in qualitative research interviews occurs on the sixth participant. This

study deliberately targeted a total of ten (10) participants for the interviews. Of these respondents, six (6) Key Informants were drawn from the government Ministries identified as playing a direct role in the implantation of the policies of beneficiation and also Indigenization and Economic Empowerment. These Ministries are the Youth Indigenization and Economic Empowerment, the Mines and Mineral Development and also Industry and Commerce. Also the study secured input from the members of the academia, with two (2) respondents from the University of Zimbabwe. In order to ensure a diversity of insight into the study, a further two (2) interviews were conducted with policy analysts from the Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU), an independent Think Tank.

3.5 Data collection methods

The study utilised a multiplicity of data collection methods, all with the ability to generate information that would explain beneficiation policy and its potential role in promoting indigenization goals as spelt out in the ZimAsset. These methods are discussed below.

3.5.1 Interviews

Primary data for the study was gathered from face-to-face structured and unstructured interviews, with carefully selected key respondents with knowledge on the subject matter under study. The interviews utilised a predetermined number of questions for every respondent, in order to maintain consistency in addressing the research questions across all participants and in that sense they were ‘structured’ around central issues under investigation (Nicholas 1991:131). However, due to the fact that the study is exploratory in nature, the researcher also utilised additional probing questions, in pursuit of emerging issues that were not addressed by the standardized questions, and in that sense the interviews were ‘unstructured’ (Wimmer and Dominick 1997:156). The respondents were chosen based on purposive sampling. Interviews with government official identified as playing a key role in implementation of beneficiation and indigenization were drawn from the Ministries of Youth Indigenization and Economic Empowerment, Mines and Minerals Development, and also the Industry and Commerce. Also input from the academia was secured through series of interviews, in order to gain insights on the current developments with regards to the policy discourse on the focus areas of the study. Independent policy analysts from strategic think tanks were also included in the interviews, so as to ensure an independent assessment of the

potential of beneficiation in promoting indigenization goals. The need to incorporate a diversity of perspective on the subject matter under study would demand that the private sector be included also in the interviews, but this was not possible due to time constraints.

According to Plaisant and Shneiderman (2005:154), interviews can be very useful since the interviewer can pursue precise issues of concern that may result in focussed and constructive suggestions. Other advantages of interview method of data collection are direct contact with the interviewees, which often lead to specific and constructive suggestions that are good for obtaining detailed information and also few participants are necessary to gather rich and detailed data. Interviews were conducted with selected participants from the Ministry of Indigenization and Economic Empowerment, the Ministry of Mines and Minerals Development and also the Ministry of Industry and Commerce. Also interviews were conducted with independent policy analysts from carefully selected organisation, and members of the academia with profound knowledge on beneficiation and also indigenization discourse. The interview questions were open ended, thus allowing greater interaction which will reveal sufficient and relevant data from the respondents.

Although interviews provide an opportunity to gain rich data directly from the participants, it is marred with a number of intrinsic weaknesses, which make it particularly difficult to rely entirely on the data from interviews alone to make generalisations. The effectiveness of interviews is dependent on the willingness of the respondent to provide complete and accurate answers (Breakwell et al 1995:238). Carrying out face-to-face interviews is costly and time consuming, and this might result in sampling fewer participants and failing to cover the entirety of the sample. Lastly, interviewer bias tend to compromise the validity of data gathered from interviews, as it is highly likely that in reporting the findings, the researcher tend to emphasis more on issues that he/she agrees with (Wimmer and Dominick 1997:158). Irrespective of these reservations, interviews remain an invaluable tool for gathering rich qualitative data, particularly in exploratory studies.

3.5.2 Documentary Searches

Documentary searches were done to assess the efforts made so far in institutionalising beneficiation policy in line with indigenization goals in the country. Documentary searches through books, newspapers mainly; internet, radio and television were conducted in order to get more insight on the subject matter. Documentary searches were particularly useful in identifying best practices by international standards, on resource nationalistic policies in the extractive sectors. Statistical information on economic performance over the period under study was also utilised, to provide comparative analysis of economic growth before and after the adoption of beneficiation policy. The internet was also used as another source of latest and updated information, however, caution was exercised to avoid over reliance on the internet as some of the sources of such information are questionable. News articles, particularly from the Zimbabwean local media houses also provided critical input into the study, as they presented recent discussion on the developments around the implementation of beneficiation policy.

3.5.3 Content Analysis

Content analysis involves the examination of the content of recorded information (Schutt 2009:43). Economic performance information from the mining, agriculture and manufacturing sectors was analysed in order to give empirical evidence on the efficacy of beneficiation in the economy vis-a-vis promoting indigenization and economic empowerment ideals. Content analysis also presents an opportunity to compare growth trends before and after the adoption of beneficiation policy in the economy. Another advantage of content analysis is that documents unlike humans are non-reactive (Gall et al 2007:102) and as a result, reliable data can be gathered.

3.6 Data Analysis.

Data analysis will be conducted using the Thematic Analysis Model. This is an approach for analysing data with focus concentrated on identifying recurring patterns of behaviour in collected data with research questions as the frame of reference (Leininger 1985:122). The recurring patterns identified from the interviews, content analysis and documentary searches will be synthesised into the following themes: the impact of beneficiation on improving capacity utilisation, achieving a net trade gain, creating employment and increasing fiscal

revenues, all of which will be examined against the majority ownership of key sectors of the economy by indigenous people. This would be complemented by the use of tables, graphs, diagrams and charts, where necessary.

3.7 Validity of findings

In qualitative research, the need for studies to have validity is of paramount importance, as it determines the relevance of the research findings. Validity is concerned with the extent to which research findings are judged to have been interpreted accurately (Neuman 2007: 116). Activities in this study were geared towards achieving validity right from the beginning. For example, the designing of interview questions which are clear, coherent and easy to understand, followed by a careful selection of participants that fit the profile and also matching different interview questions with the profile of participants such as government official, and members the academia. It should be noted that the interview guide for members of the academia was also the one utilised on the independent policy analyst. All these efforts went a long way in ensuring that the interviews utilised the right questions, to the right participants in order to get the correct answers that address the issue under study. The research also utilised data triangulation, a process of cross-checking data from different sources such as comparing data from the interviews, with the data from documentary searches in order to detect any inconsistency.

3.8 Ethical considerations

According to Babbie (2007:60) ethics in social sciences refers to an accepted code of behaviour that governs how research is conducted. These codes act against the mistreatment of participants by the researchers and they take cognisance of issues such as social justice, fairness, respect of persons, among other things. This study ensured that ethical principles were adhered to, such as the right to informed consent, voluntary participation, right to anonymity and confidentiality, respect of individual privacy, avoidance of physical harm, and also minimizing the potential of psychological harm. The use of codes instead of names ensured the anonymity and confidentiality of participants. Participants were fully briefed on the nature and purpose of the study, before they consented to participate. Formal consent to participate was obtained through signing of forms which outline the purpose, procedure,

potential risks, management and use of research data, as well as the right to participate or withdraw from the study.

3.9 Conclusion

The outgoing chapter discussed the philosophical assumptions that informed the study and also the resultant methodology utilised in gathering both primary and secondary data, hinting on the strengths as well as weaknesses inherent in these methods. The following chapter will then focus on presentation and analysis of the data obtained from the field tour.

CHAPTER 4

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION

The overall objective of this research is to interrogate the efficacy of beneficiation policy in promoting the achievement of indigenization and economic empowerment in Zimbabwe. This chapter will present, analyze and discuss the major findings of the study. This will be done in line with the following research objectives: to interrogate beneficiation as a policy alternative, analyzing the implementation of beneficiation in Zimbabwe, to investigate the potential of beneficiation to promote indigenization and economic empowerment policy goals, to identify challenges confronting local beneficiation policy, and also to identify some of the key determinants of the success of beneficiation policy by drawing on the experience of other countries that have adopted the policy.

4.1 Profile and demographics of interviewees

The respondents interviewed comprised 6 government officials from the Ministry of Youth, Indigenization and Economic Empowerment, the Ministry of Mines and Mining Development, and also the Ministry of Industry and Commerce. These participants acted as the Key Informants for the study and their portfolios in their respective Ministries afforded them critical decision making roles in the implementation of the mandates of their Ministries. Since the study adopted an exploratory case study design, the pool of participants had to be inclusive of a diverse perspective across the policy divide. As a result, the other participants for the study were drawn from members of the academia, with all participants interviewed being holders of PhDs. The other participant was chosen based on his extensive experience in policy studies. It is also worth noting that these participants were chosen based on their knowledge of beneficiation policy, as they have written on the subject matter within the local context. Also, the study incorporated the contribution of the Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU), an independent policy research institute involved in policy analysis in Zimbabwe.

Table 2: Summary of the full list of respondents who informed the research

Respondent	Population	Accessed	Number of Interview
MYIEE	Undefined	2	2
MMMD	Undefined	2	2
MIC	Undefined	2	2
UZ	Undefined	2	2
ZEPARU	Undefined	1	1

Source: Author

THE FINDINGS

4.2 Beneficiation policy in Zimbabwe

This section seeks to provide findings on the research objective of: interrogating beneficiation as a policy alternative. It is important to locate the findings on beneficiation policy as a policy alternative within the broader discursive framework in chapter 2. The major finding on beneficiation as a policy alternative, within the local context is that there is a unanimous agreement between the government officials and academics, on the importance of beneficiation policy in the country. This is mainly because of the fact that Africa in general and Zimbabwe in particular is known for its role in producing raw products for the export markets in Western countries. In doing so, there is no value added to those minerals, which according to government representatives, result in a number of negative effects on the local economy such as shrinking the manufacturing industry, constraining fiscal space for revenue generation and exporting jobs to foreign countries. Beneficiation policy was identified as a ready solution or a panacea to these problems. A Key Informant from the MMMD cited the Diamond Technology Centre located in Mt Hampden, under construction as a case in point. The company has the potential to create over 1000 jobs through various activities involved in diamond polishing. If similar companies are created across the entire mineral divide, the benefits would be massive employment creation in the new industries, more tax revenue for the State through employee contributions in the forms of Pay As You Earn (PAYE), and also

the Aids Levy. On top of that, the beneficiating companies will be paying Corporate Tax to the government. Also the importance of beneficiation policy lies in its ability to earn more money on the international market from the sale of value added products, which result in more revenue accruing to the state. All the Key Informants acknowledged the role that beneficiation plays in growing the economy, particularly industrialization and diversification. The findings from in depth interviews were consistent with the extant documentary evidence available on the relevance of beneficiation policy in an economy.

A Key Informant from the University of Zimbabwe highlighted the importance of beneficiation in the economy arguing that it is not only the extractive sectors that benefit from adopting beneficiation policy in the country, but also the service sectors are also going to enjoy success derived from beneficiation policy. Reiterating the argument he said:

Do you know that service sectors cannot survive if the manufacturing sector is not viable? How can the transport sector survive without the manufacturing? We need haulage trucks to fetch our farm produce to the market, that way the transport sector becomes viable. We need also insurance. It only survives because once the transport sector becomes viable, they need insurance. The farmer also needs insurance to protect his produce from natural harm, accidents during transport to the market.

In the same vein, another Key Informant from the Ministry of Industry and Commerce underpinned the relevance on beneficiation policy in promoting general economic stability, which then would translate into economic growth. Here VAB was recognized as a prerequisite to stable economic growth in the country:

“....you cannot achieve economic stability without adding value to every production process in extractive industries, and hence we say beneficiation is very critical in turning around the economic situation in this country and it should be embraced”.

Consistent with the above argument, a general consensus was recognized across selected Key Informants from the other government Ministries, as well as the academia on the role of beneficiation in promoting positive economic outcomes in the country. However, Key Informants drawn from the academia and also policy analysts have lamented the late adoption of the policy in the country. The argument posed was that the potential benefits from value

addition have always been known, but the policy was rather sidelined at both the country and continental level, until recently. The same sentiments were echoed by Minister of Mines and Mining Development speaking on the stakeholder conference on mineral beneficiation on 04 March 2014, he said:

“I request that the discussions not be about whether we should value add and beneficiate. Instead we should discuss how we should do it and how quickly we should put it in place”

Although the government has underpinned VAB as a central policy in attaining the country’s developmental objectives, the effectiveness of the policy on value addition and beneficiation is undermined by the lack of clearly defined, quantifiable and verifiable policy outcomes. A Key Informant from the University of Zimbabwe has attributed this to the absence of a governing framework for VAB policy implementation.

4.2.1 Beneficiation policy scope

Interviews with Key Informants from the MMMD and the MIC indicated that beneficiation activities have been taking place in the extractive sectors way before the adoption of ZimAsset, with its focus on Value Addition and Beneficiation Cluster. It should be noted that the scope and focus of beneficiation and value addition activities across the sectors of the economy varied depending on the industry. For instance, agricultural products provides over 50% of industrial inputs for the manufacturing in the country, and because of that, a lot of beneficiation takes place in the manufacturing sector as the production of various food stuffs entails adding value to agricultural products such as cereals, horticultural products, among other raw produce. The other sectors such as mining have been value adding selected minerals such as steel products that provide inputs to the local manufacturing industry such as iron ore. All these activities have been done in a laissez-faire approach prior to 2013.

The government in 2013 issued a directive to stop all export of raw minerals and encouraged the mining companies to establish refineries to perform processing before exporting to foreign markets. This marked the beginning of series of concerted efforts by the government to mainstream beneficiation and value addition activities in all extractive sectors of the economy, aimed at extracting more value for the product before exporting. Due to the adverse effects of the blanket ban of exporting raw mineral, the government revised its stance by

postponing the mandatory export ban until 2017, after the necessary capacities have been put in place to enable the industry to perform under the new requirements. The reversal of the initial stance depicts an acute paucity of critical evaluation exercise by local policy makers prior to adopting policies. Also the negative effects experienced by the mining sector after the government banned the export of raw minerals, can be understood as an indication of the inappropriateness of the interventionist approach adopted by the government in implementing its beneficiation and value addition agenda. Some of the negative effects witnessed include the collapse of small-scale chrome mining in the Great Dyke as their activities were dependent on exporting raw chrome to South Africa with ready markets. Also, the decline in export revenue experienced after the blanket ban was attributable to the government's decision to stop export of raw minerals.

4.2.2 Beneficiation policy implementation

This section seeks to provide answers to the question on the implementation of beneficiation policy in Zimbabwe. The main objective is to identify the actual steps that have been adopted by the government in mainstreaming the policy in the economy. It should be noted at this point that, consistent with the ZimAsset, the Key Informants from the government have also indicated that there is a clear division of roles between different stakeholders regarding the policy implementation. The key stakeholders involved in the policy are the government and the private investors, and the fundamental role of the government has been identified by Key Informants from the MMMD, the MYIEE and also MIC as attracting new investments in the value addition and beneficiation industry, providing a level playing field to all the firms involved in beneficiation and value addition industry, promoting investments into the new industry by aligning the laws of the land such as the Constitution, the IEEA, the ZimAsset, the Mines and Mineral Act, and the Industry and Trade Policy, the Industrial Development Policy, among others, to support beneficiation and value addition activities across different sectors in the economy. In other words, the government has recognized its role in the policy as essentially creating conducive environment for the private sector to invest in value addition and beneficiation activities. Key Informants from the government ministries indicated that the current government is focusing on limited involvement through its various companies and entities in actual value addition and beneficiation activities. The major role in VAB is reserved for the private sectors. In

emphasizing the role of the position of the government in the policy, a Key Informant from the MMMD said:

It is the duty of the private sector to carry out value addition and beneficiation as it is a lucrative industry, with potential for generating huge financial returns on investments made in value adding products locally. The government cannot be seen competing with private firms in the new industries because there would be a conflict of interests on the roles of the government to regulate policy implementation as opposed to thriving in the same industry as an investor.

In line with the ZimAsset, Key Informants have underpinned the implementation of the policy on the private investors. The implications for wielding a major role to the investors in the policy implementation arose out of recognition of various capability and capacity constraints on the part of government. These constraints, discussed in detail in 4.3 of this chapter, can be addressed through the private sector taking a leading role in implementing beneficiation and value addition activities. For instance, the absence of financial resource on the part of public organizations to bankroll the policy leaves the private investors as the only viable option for financing the beneficiation industry. Also, the government suffers from shortage of skills and expertise required in value addition and beneficiation activities. This again calls for the private sector to bring in the skills set needed for executing the various activities in the industry. Realizing the shortcomings has therefore motivated the government to underpin the leading role in beneficiation policy implementation on the private sector. The policy implementation has also adopted a popular model of Public-Private-Partnership seeking to pool resources and knowledge together between private investors and public organizations. It has been noted that about 80% of new players in the value addition and beneficiation in the mining sector are operating under the public-private-partnership arrangements with different public entities operating in the sector. Strategic partnerships between a public institution and a private investor have a documented history of success, if managed judiciously. The country can be understood as following in the footsteps of Botswana which managed to achieve a mutually beneficial partnership between the government and De Beers in diamond beneficiation in the country. In Zimbabwe, variations exist however, in share allocation, from one partnership to another in the PPP arrangements.

4.3 The potential role of beneficiation policy in promoting indigenization ideals

This section of the paper seeks to address the research objective of: investigating the potential of beneficiation policy to promote Indigenization and Economic Empowerment policy goals, which is central focus of the study. The findings in this section are building on the discussion in chapter 2, which has shown that the very few countries across the world have pursued developmental agendas premised on economic indigenization. Interviews conducted with Key Informants from the various government Ministries have all highlighted that beneficiation policy to a greater extent promotes the attainment of indigenization and economic empowerment goals, as identified in the ZimAsset. The findings derived from the interviews locate the potential role of local beneficiation and value addition policy in promoting the achievement of Indigenization and Economic Empowerment policy goals along the following themes.

4.3.1 Beneficiation policy as ‘economic decolonization’

The adoption of indigenization and economic empowerment policy has been identified as an extension of the African decolonization agenda, where by the government seeks to complement political freedom with equal economic opportunities for the black majority which were formerly marginalized by colonialism. A Key Informant from the MYIEE said:

Indeed political independence is meaningless without economic independence. The main idea behind economic empowerment and indigenization through beneficiation lies in the sense that there is an element of self-determination regarding how economic processes and activities are carried out in the economy.

Economic decolonization through beneficiation was identified by Key Informants to occur through the reversal of colonial legacy that seeks to enforce economic dependence of African countries on the Western countries who are also former colonial masters. If implemented successfully, beneficiation of minerals and other primary products is the leeway for Zimbabwe to not only accumulate financial resource needed to spur local development, but also escape the dependence on loans and assistance from the IMF and the WB. Beneficiation policy represents a paradigm shift in African economic history whereby countries shift from taking policy prescriptions from Western governments, to adopting bold policies by the continental leadership which effectively reinforces their collective independency. The AVM with its emphasis on mineral value addition bears testimony to this. The Vice President

Emmerson Mnangagwa speaking on the 54th anniversary of Africa Day on 18th of May 2017 underscored the need for African countries to adopt economic policies that compliments the continent's political independency and he went on to identify mineral beneficiation and value addition as one policy that seek to achieve this by ensuring autonomy in adopting policies that maximizes the benefits accrued by local population from their resources. The comments by the Vice President, goes a long way in confirming the position that the local beneficiation policy seeks to reinforces political independency. The argument here is consistent with the Dependency theory as discussed in chapter 2, where the current developmental state of 3rd world countries is a result of a deliberate creation by the developed countries to perpetuate their economic supremacy by enforcing dependency of developing countries on their systems. Beneficiation therefore, has been identified by Key Informants as one policy that seeks to reverses the negative implications identified by dependency theorists and affords the country an opportunity for economic trajectory out of the peripheral group. In order to achieve the Indigenization and Economic Empowerment policy goals through beneficiation policy, there is need for the country to invest more in beneficiation activities across the sectors of the economy. This creates opportunities for the local people to acquire a controlling stake or ownership rights of various businesses in the new industries around Value Addition and Beneficiation, thereby attaining the goal of the IEE policy. By value adding minerals and other raw products before export, the country stands to benefit as most of the benefits from the products is localized as value added minerals result in high financial returns.

4.3.2 Beneficiation as Industrialization

All Key Informants emphasized on the importance of 'beneficiation' as a concept, elaborating on the necessity of beneficiation policy in economic development, and also how the successful implementation of the policy act to produce a number of benefits that would translate to indigenization and economic empowerment for the people. The argument here is that beneficiation of minerals and other raw products is a critical stage which every country including Zimbabwe has to go through in order to achieve any meaningful economic transformation. This is particularly important because Africa is known as the producer and exporter of raw products to overseas markets. This trend result in the exporting all other benefits such as jobs and revenue that occurs through the value chain of the products in

question. Emphasizing the importance of beneficiation, a Key Informant from the MYIEE said:

Beneficiation is a must, and it's something that should be done. You cannot develop on the basis of exporting raw products. It is a key pillar of development and transformation; hence that's why value addition and beneficiation is recognized as a key cluster in the ZimAsset on that basis.

A Key Informant from the MIC also underscored the potential of beneficiation in the attainment of indigenization and economic empowerment goals through industrialization. Industrialization achieved under the auspice of the IEE policy means that the ownership structures of the emerging industries complies with the 51% local ownership requirement. Another Key Informant from the MYIEE also noted that the new industries created to beneficiate local raw minerals will outlive the lifecycle of the mineral products being mined today. A central issue here is sustainable development that is made possible by beneficiation policy, as the local people continue to enjoy the benefits associated with the mineral value addition and beneficiation, both today and for future generations. Sustainability here occurs through the creation of competitive industries through the utilization of innovative technology in producing value added goods that can compete on the global market. These new industries will in turn create sustainable jobs, which together go a long way in improving the economic fortunes of the local population, thereby empowering communities. A Key Informant from the MIC noted that the agenda for employment creation through beneficiation and value addition presents unique opportunities for the country to attract back a large number of citizens who are based in the Diaspora, with the requisite skills and knowledge needed in the new refineries and mineral value addition industry in general. He went on to highlight on the fact that establishments of these new beneficiation industries will most likely occur in mineral host towns, and what it means is that the rural populations where most of the minerals are found will benefit as such new industrial establishments will act as an economic lifeline by ushering new opportunities through downstream linkages to the industries.

The argument on industrialization through beneficiation is consistent with the tenets of the Staples thesis explored in detail in chapter two, which recognize the central role that natural resource can play in stimulating economic and social transformation. The linkages that are created in the process of beneficiating natural resource would translate into economic growth

and development through production, consumption and fiscal linkages, as identified by Hirschman. The complete interaction of these linkage systems would induce a positive transformation of the society, thereby affording locals a variety of opportunities both to participate on a much broader scale in the economy. That way, indigenization and economic empowerment goals are attained. In that same vein, Zimbabwe should capitalize on the abundance of its mineral resource to induce industrialization, which would create more economic opportunities for the local people to be involved in the mainstream economic activities.

4.3.4 Indigenization and Economic Empowerment within VAB policy

The discussions on the role of beneficiation policy in attaining indigenization and economic empowerment goals can also best be understood by interrogating the issue along two pragmatic angles, which have been utilized by the government to ensure the attainment of the objective in question. The methods present different approaches to indigenization and empowerment and these are (a) Indigenization leading to empowerment and (b) Empowerment leading to indigenization. Indigenization leading to economic empowerment entails focusing on the companies that are operational in an economy, with the intention to reduce foreign ownership in order to make way for the local people to get a majority shareholding in these extant firms. The methodology of share transfer under this type of indigenization took the form of non-compensable transfer of equity shares to the local people who are deemed the rightful owners of the natural resources. This method of indigenizing to empower, is inherently contentious as some regard it as asset-stripping private companies by the government. The indigenization requirement of ceding 51% shares to locals in Zimbabwe in all foreign owned firms operating in the mining and other sectors that performs value addition and beneficiation activities ensured that the majority people also benefit from the profits and returns made from beneficiation activities, thereby achieving the indigenization and economic empowerment through VAB. The creation of Community Share Ownership Trusts and Employee Share Ownership Trusts in the natural resources sector in the country also acts to promote the attainment of Indigenization and Economic Empowerment goals.

On the other hand, empowering to indigenize approach entails identifying the disadvantaged groups in an economy such as the Small and Medium Enterprises, small scale miners, small

scale farmers, the youths, women, the disabled and other disadvantaged or marginalized groups in the society and focusing on finding ways to empower them through such things as provision of loans to finance their companies and also equipment to boost their productive capacities. Once they are capacitated, they create new growth paths for their companies and over time it results in the achievement of indigenization of the former disadvantaged groups into the mainstream economy. Key Informants from the MMMD indicated that as part of the government's agenda to ensure economic empowerment of the small players in the mining sector such as artisan miners, the government seeks to include them in the process of value addition and beneficiation of minerals. This inclusion occurs on two levels. The first one involves ensuring that the small scale miners utilize the locally established refineries to beneficiate their minerals before selling them to the market, both domestic and export, which would result in getting higher returns. The government established Apple Bridge Investments, a Special Purpose Vehicle to facilitate this on behalf of small scale miners. Secondly, the governments made provision for these disadvantaged players in the mining sector to come together and form partnerships at the local level, for the establishment of refineries and smelters to beneficiate the minerals they produce. The government's role here lies in facilitating the establishment of the infrastructure to perform beneficiation and value addition activities, through finding suitable private investors to partner with these small players in establishment of the infrastructure in question. This method of empowering to indigenize is found in the chrome mining communities along the Great Dyke in Lalapanzi whereby by the government made inroads to facilitate the establishment of smelter owned by small scale chrome miners to beneficiate the mineral to ferrochrome before exporting to South Africa. Such an arrangement presents an opportunity to usher these small scale miners into the mainstream economy. In so doing, the government achieves the goal of empowerment first, and then the indigenization of the economy as the empowered local firms rises to be key industry players eventually. When this model is duplicated across extractive sectors, the potential benefits are huge for both the economy and the indigenous players involved.

A Key Informant from the government pointed out that beneficiation policy is about creating full value of our primary products. The point here being that when mining companies export raw minerals out of the country, a lot of precious minerals goes undeclared as the exporting company only pays for the duty of those minerals it is known to be exporting. For example a

company that exports raw chrome may benefit from gold or diamond, or any other mineral that might exist, even in small quantities, within the bulk raw chromium. In such a case, beneficiating chrome before export helps to detect those other minerals to ensure that they are included in the tax net, thereby localizing the benefits.

4.4 Challenges currently inhibiting policy success

A number of challenges have been identified by the participants as hindering the success of beneficiation policy in the country. It should be recognized that beneficiation policy, no matter how viable it is as a policy, is not implemented in a vacuum. Its success is dependent on the contextual factors that characterize the Zimbabwean socio-political and economic conditions. The prevailing economic challenges that are bedeviling the local economy extend to negatively affect the implementation of beneficiation policy as well. However, most of the challenges that have been identified by the Key Informants emanate from the fact that beneficiation policy was hurriedly formulated, without prior critical evaluation processes informing the decision of policy makers. As a result, this created a big margin of error when it comes to actual policy implementation.

4.4.1 Absence of a legal and regulatory policy framework

Absence of a clear legal and regulatory framework that governs the policy, the key stakeholder and their individual roles in the policy. Since beneficiation policy is a new entrant in the policy circles in Zimbabwe, there is need to put in place a guiding legal and regulatory framework that would act to give direction to policy implementation. The absence of such frameworks tends to leave the policy subject to various interpretations by politicians and bureaucrats, which sometime tend to conflict, thereby breeding confusion to potential investors. A Key Informant from the University of Zimbabwe lamented such absence, saying that:

Some of the major issues we get to hear about beneficiation either at a political rally or sometimes it could just be at a workshop, and sometimes when they try to articulate these issues at these forums, there are certain contradictions which only act to cause more confusion on the government's position in the mining sector.

The legal and regulatory framework governing the extractive sectors fails to clarify some critical aspects of the policy with regards to indigenization and economic empowerment requirements. In articulating this argument, one Key Informant from the government pointed out that the IEE Act denotes that a foreign company should cede 51% shares to the local people through designated entities. However, there is no clear explanation of what exactly is meant by the word ‘cede’ as it is used in the policy document. Moreover, the failure by the government to perform a full assessment of mineral deposits in the country to determine its monetary value makes it difficult for investors to surrender 51% of their share in the hope that somehow they will recoup their losses, in a mineral reserve they do not know its aggregate monetary value. The current investment environment under indigenization policy is vulnerable to manipulation by some politicians seeking to score some points, especially during a period leading to elections. It is during such period that contradictions and retractions are common in policies, in pursuit of electorate’s approval. For instance a local newspaper *The Patriot* reported the 12th of April 2017 that the government is considering going for 100% indigenization, which is mere propaganda aimed at electioneering a certain political outfit into power. Such statements tends to sow ideas of policy uncertainty in the country, which negatively affects investor confidence in the country.

4.4.2 Lack of funding to fully capacitate the VAB industry

The slow pace with which beneficiation policy is being implemented is attributable to lack of funding for the policy. Beneficiation or value addition activities are capital intensive, which sometimes requires sophisticated technology to perform the processes. Investments in such technology requires huge financial resources, which in most cases comes form of forex as local players fall short of this important resource. Absence of this critical input means that beneficiation policy will remain on the economic wish list for Zimbabwe. So far, the establishment of refineries to beneficiate platinum groups of minerals produced in the country alone in has an estimated cost north of UD\$3 billion. The presence of the indigenization policy in the country has however been associated with capital flight as investors considers the country as a hostile environment to investments, which according to a number of respondents from the government and the University of Zimbabwe, is partly responsible for the minimal flow of Foreign Direct Investments into the country. A Key Informant from the

MYIEE also highlighted that the absence of funding or FDI across the economy can be attributed to the fact that Zimbabwe is considered as politically 'risky' to capital intensive investments such as establishment of new industries to perform various beneficiation activities. The succession disputes in the ruling party and the reluctance of the President to announce a successor act to add uncertainty to investors. Under these circumstances, potential investors are likely to adopt a wait and see attitude while holding onto their monies. Emphasizing on the critical need for funding in the economy, One Key Informant from the University of Zimbabwe said:

We may have very good initiatives like this one (beneficiation policy) but we don't have money to fund them. Look at our industry, almost all our companies are in need of recapitalization but we are not resuscitating them due to lack of funding. So what about this new baby?

The issue of funding is critical especially in light of the current liquidity crisis being experienced by the country, as the financial sector is consistently failing to meet the demands of the economy. Interview with an Executive from the MMMD revealed that the government is banking on the private sector to bring in the financial resources needed to bankroll beneficiation policy. By using Public-Private-Partnership, the government has managed to secure funding for the establishment of mineral refineries to carry out beneficiation activities. All participants interviewed for the study have pointed out the challenge posed by lack of funding for beneficiation policy, but opinions differed when it comes to what can be done to secure adequate funds to address the need. The participants from the government were of the idea that the approach adopted by the government to pin the responsibility on the private sector is enough to attract the necessary funds to bankroll the policy, although the process will occur gradually not overnight. Based on the number of private sector players that have so far demonstrated willingness and ability to establish mineral refineries or value addition industries in the country, the policy seem to be moving at a snail pace which calls the government to come up with more incentives aimed at attracting more investors into the country. A case in point is the use of Special Economic Zones (SEZ) to attract investments in value addition and beneficiation activities. The use of SEZ is a feasible option for the Zimbabwe considering that the country adopted a Special Economic Zones Bill in November 2016, aimed at establishing enclaves for new investments, through various incentives aimed at attracting FDI into the country. The government can learn from the Indonesia case (see chapter 2), where the new players in mineral value addition industry were exempted from the

mandated selling of 51% shares to the locally owned companies, an indigenization requirement which was blanketed on all foreign owned companies operating in the minerals sector. These efforts by the government seek to create conditions that are conducive for investments to flourish. Members of the academia from the University of Zimbabwe and a policy specialist from ZEPARU believe that the government's approach to put the entire burden of funding for the policy on the private investors assigns an uncharacteristically big role on a stakeholder who they believe should not be determining the pace at which the policy moves. The government is directly involved in the beneficiation industry albeit on a limited basis, through State owned companies such as Zimbabwe Mining Development Corporation (ZMDC) and Mineral Marketing Corporation of Zimbabwe, among others. Such involvement goes a long way to create the needed momentum in driving the policy implementation and also setting the pace for the private players to follow. In order to fully capacitate the various State owned companies operating in VAB industry, there is need to secure a loan facility specifically earmarked for investment in beneficiation industry. This is critical because relying on budgetary allocations from the Treasury will not make any impact on the policy implementation.

4.4.3 High costs of doing business in the local economy

Another challenge that is to a greater extent inhibiting the success of beneficiation policy in Zimbabwe is the high costs associated with doing business here. This was highlighted by all Key Informants interviewed for the study. As noted earlier, beneficiation activities requires a constant and reliable supply of services such as electricity and water and these critical inputs are high priced in Zimbabwe, when compared to neighboring countries such as Mozambique, South Africa and Botswana. Also salaries are relatively high when compared to these surrounding countries. The general argument here is that prospective investors in mineral beneficiation find it cheaper to establish beneficiating industries elsewhere other than Zimbabwe, because most of the profits that are realized from the sale of value added products will be gobbled by the exorbitant utility bills and other recurrent costs such as labor, among other things. When companies fail to take into considerations all these factors and continue to invest under such conditions, the end result is that the market prices for their products produced under these high costs will demand a very high price on the market, thereby forfeiting their competitiveness on both the local and global markets. One Key Informant

from the MMMD castigated the reluctance of the government to address these issues, as they tend to negatively affect the attractiveness of the country to new investments. Also, the inflexibility of labor in Zimbabwe with regards to hiring and retrenching workers is negatively affecting investment prospects in the country. In emphasizing the point, one Key Informant said:

Some companies in Zimbabwe are opting to use casual workers than permanent because they are saying a permanent worker is very expensive, has got a lot of benefits like medical aid, pension contributions, among other things, which tend to inflate the overall salary of such a worker. Even if you want to retrench such worker, you have to write to the Minister of Labor to get approval.

Although some of these measures are meant to protect the workers, there is need to reevaluate their pragmatic implications with regards to investors' needs.

4.4.4 Policy inconsistency

Policy inconsistency has been identified by the Key Informants from ZEPARU and the University of Zimbabwe, as constituting a serious challenge that calls for caution on potential investors in the country. Policy inconsistency takes many forms, and the recurrent one in the local context manifests through various interpretations of the same law by different government officials. The presence of policy discord in an investment destination country has been identified by one policy specialist as only pointing to the opportunities for corruption and shortcuts in getting access to the opportunities and resource in the country. In emphasizing the importance of policy consistency in attracting investments in a country, one Key Informant said:

The degree of policy inconsistency also determines the degree of political risk in an economy and because of that Zimbabwe is ranked as a premium risk politically. We don't need that because it scares away investors and some of the benefits associated with beneficiation will not materialize.

Policy inconsistency is a result of political expediency by some elected official, who either support or withdraw their support for a policy in pursuit of political gains. According to one key informant from the Ministry of Youth Indigenization and Economic Empowerment, the problem of political expediency emanates from the short term goals of politicians when they

negate on their role to enforce compliance with policy for political expediency. Expounding further on the issue, the Key Informant referred to the US\$40 million empowerment fund availed to the youths in 2012 across the country as part of an empowerment agenda. The idea behind fund was that the beneficiaries were supposed to invest the money in developmental projects that are sustainable and to this end the Ministry's responsibility was to award the loans to individuals with viable projects. However, because the period coincided with the preparation period for the 2013 elections, the funds were rather being distributed on partisan grounds, where the criteria used to select beneficiaries was not based on the strength of the proposal of prospective beneficiary but rather their allegiance to a certain political outfit. This as a result affected the effectiveness of the empowerment agenda as over 95% default rate has been recorded in loans repayment under this funding facility. In summing the argument on lack of political will, one participant had this to say:

At the end of the day when it comes to enforcement of laws, it requires political will. When the powers that be, are not prepared to enforce policies because of short term political gains, the implications are always detrimental to national economic development. Sometimes when such things happen, (defaulting on loan repayment) zvinongonzi haa siya zvakadaro ndezve mayouth.

A case in point here is that empowerment should be pursued within the frameworks of the law, such as recognizing property right, honoring loan conditions, facing justice in cases where the law has been broken. Key Informant from the MMMD alluded to the lack of appreciation of the role of beneficiation policy by other government departments, particularly the Youth, Indigenization and Economic Empowerment Ministry, in promoting the indigenization and economic empowerment policy goals. Here, reference was made to the absence of concerted efforts by the ministry to push the beneficiation agenda in the extractive sectors such as mining and agriculture:

So you discover that prior to 2013 when the ministry was under Cde. Kasukuwere, it was vibrant. We saw the birth of various initiatives aimed at ensuring that local people benefit directly from our natural resources such as the Community Share Ownership Trust, Employee Ownership Trusts, but now look at the guys running the Ministry, they are silent. They lack vision and appreciation of the policy itself. So we can say there is political lethargy.

4.5 An Evaluation of Value Addition and Beneficiation cluster policy outcomes by the policy objectives

In order to get a comprehensive analysis of beneficiation policy role in promoting indigenization and economic empowerment policy goals, data gathered from the interviews need to be evaluated along with content from the key indicators of growth in the economy. Therefore, the achievement of the IEE policy goals through Value Addition and Beneficiation Cluster of the ZimAsset ought to be interrogated in line with the Cluster goal which are; employment creation, increasing capacity utilization, achieving net trade gain from the exports , and increasing fiscal revenue through beneficiation. This section therefore, attempts to provide a synopsis of the VAB cluster performance from 2013-2016 in relation to the objectives above. This effort represents a normative assessment of the policy in order to determine its contribution so far, if any, towards the overall objective of the ZimAsset, which is achieving sustainable economic growth and development through the indigenization of the economy and economic empowerment of the indigenous citizens. Statistical information documenting the performance of VAB policy cluster was however not available. The Zimbabwe National Statistics Agency responsible for compiling such information on behalf of the government indicated that beneficiation is a topical and unfolding policy and hence the organization is yet to produce a comprehensive report on beneficiation policy. Conversely, government ministries constituting part of the research sampling framework could not avail records detailing the required information. Therefore, the research relied on official communiques such as budgetary statements, as well as survey result from the ICZ, and also evidence drawn from documentary searches, to determine the performance of the VAB policy cluster.

4.5.1 The impact of beneficiation policy on improving capacity utilization

Capacity utilization for the period between 2013 and 2016 has been reportedly operating on a downward spiral. The year 2014 industrial capacity utilization stood at 36.5%, 2014, 2015 at 34.3%, and in 2016 it rose to 47% (Confederation of Zimbabwe Industries 2016). These figures generally depicts a struggling economy where the industrial capacity is under constraints. The adoption of VAB policy was aimed at addressing capacity constraints that constantly undermine the productive outputs across the sectors of the economy such as

mining, manufacturing and agriculture. Some of the major obstacles identified from documentary search, the Key Informants and also personal encounters as causing the negative trend in capacity utilization in the local context include high competition from cheap imports from China, shortage of financial resources or capital, as well as low domestic demand. In order to improve the country's capacity utilization, there is need for the government to adopt a holistic approach in addressing the challenges that are inducing the negative macroeconomic outcomes. The VAB policy, although it is not singlehandedly responsible for turning around the economic fortunes of the nation, it is rightly placed to bring in new investments into the country, knowledge transfer, leveraging the country's natural resources, among other things. Achieving these therefore meant that the policy implementation achieved an optimum outcome.

4.5.2 Employment creation through beneficiation

The need for employment creation in the country occupy the top priority list on the government agenda, particularly in the face of increasing numbers of graduates from the country's universities, colleges and vocational training centers. The 2012 census concluded that official unemployment stood at 10%, as the majority of people are self-employed through informal sector activities, as dictated by the 'new economy'. However, the absence of income security, and sustainability of informal jobs, amidst a failing formal economy calls for the government to adopt policies that are innovative enough to bridge the identified employment gap. Therefore, the government has underpinned the responsibility to the VAB industry, particularly in the mining and manufacturing sectors as the key drivers of employment creation through the emerging industry. It is a given, that beneficiation and value addition activities result in the creation of employment. The question for Zimbabwe is on how many of those jobs can the industry create over a five year period? The ZimAsset promised the creation of two million jobs through the implementation of the policy document, of which the VAB cluster is the pillar in that regard. The current rate at which companies are setting up refineries and other beneficiation projects in the country shows a clear mismatch between the envisaged numbers and the actual number after the fact. The Diamond Technology Center has not managed to exceed a paltry 300 employees to date.

Also, given the fact that the policy on beneficiation is a targeted policy, particularly in the mining sector where the government seeks to beneficiate minerals from Stage one and two, in most minerals with the exception of gold and iron. This means that for the country to achieve a high target of job creation, the industry needs to be fully capacitated and operational across all the mineral divide. In order for this to happen, the government needs to find lasting solutions to the problems mentioned above as constraining the policy implementation. Request for the actual employment numbers under beneficiation and value addition from the ZIMSTAT was however met with excuses mentioned above. Therefore, there is potential for sustainable employment creation for the country through VAB policy cluster, but mainly through both the downstream, upstream and sidestream linkages to the beneficiation industry and products value chains. In commenting on the issue of youth empowerment through creation of sustainable jobs, a Key Informant from ZEPARU noted that a huge gap exist in terms of the skills needed for the beneficiation industries in Zimbabwe, due to the fact that the government as the custodian of education is failing to invest in training people, particularly the youth in college, in the various skills sets needed to produce a competent workforce for the VAB industry. The argument attest to the fact that locally produced labor force is cheaper, as compared to hiring expatriates. Emphasis was made that it would be difficult for locally beneficiated products to achieve competitiveness and drive the cost of labor down if the government leaves it to the beneficiating firms to train or hire employees from outside the country.

4.5 Conclusion

The discussions presented in the chapter has shown that beneficiation policy act to promote the achievement of indigenization and economic empowerment goals. However, various challenges are curtailing the policy from yielding maximum value.

CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This section consists of two main segments which conclude the entire research. These are the research conclusions and the recommendations. The following presentation therefore provides the study conclusion and a summary of recommendations.

5.1 Conclusion on objectives

5.1.1 Beneficiation as a policy alternative and its implementation

The policy on beneficiation and value addition has gained momentum in the 21st century particularly in mineral resource sectors, as a manifestation of resource nationalism sentiments whereby governments seek to capture more rewards from the minerals under their jurisdiction for the benefit of the citizens. The adoption by resource rich developing countries of beneficiation and value addition oriented policies represents a paradigm shift in how the producer countries seeks to maximize value from the minerals and also their relationships with consumer countries in developed countries where the mineral resources are mostly consumed. The AMV 2063 Industrialization agenda played a major role in putting the policy on the member countries policy menu. It should be noted that as an emerging policy alternative, beneficiation and value addition implementation is being implemented on a quasi-experimental approach as there is currently no implementation model empirically that can inform the actions of policy practitioners on the subject. As such, there are variations from one country to another with regards to the roles and responsibilities of individual stakeholders in the policy implementation. A common denominator however in the implementation of the policy across countries is the emphasis of the importance of the private sector, with some countries such as Zimbabwe assigning a lead role on this stakeholder in the policy implementation. The importance of the private sector is premised on the fact that it is the stakeholder that brings a lot to the table in terms of the prerequisite to the success of the process such as the technical knowhow and the financial resources. The government as another key stakeholder in the policy process plays an invaluable role of creating a favorable environment for beneficiation policy to thrive. The roles include but not limited to ensuring policy alignment and consistency, adoption of policies that are investment friendly to attract

investors, enforcement of the rules and laws of the land in order to create a level playing field for businesses, promoting and practicing good governance in order to ensure transparency and accountability at a societal level.

5.1.2 The potential of beneficiation policy to promote indigenization and economic empowerment ideals

Beneficiation and value addition policy has been identified as inherently oriented towards the promotion of the local citizens' welfare by ensuring that they reap more value from the resources found in their locality. The policy on VAB has been identified as a critical step for formerly colonized nations to fully emancipate themselves from the colonial legacies of dependency, underdevelopment and other social ills associated with poverty and marginalization. The governments can explicitly address the needs of the citizens within the framework of VAB policy and this directly addresses the identified gaps in local needs with regards to indigenization and empowerment. Also the process of value adding primary resources in the country is associated with a variety of benefits such as employment creation, increased state revenue from the same of high value minerals as well as other benefits that occurs through linkage systems both upstream, downstream and sidestream to VAB industry.

5.1.3 Challenges and key determinants of the success of beneficiation policy

A number of challenges were identified from the Key Informants as hindering the successful adoption and implementation of VAB policy in Zimbabwe. Beneficiation policy in Zimbabwe is not immune to the macroeconomic challenges that are negatively impacting the general economic performance of the country across all sectors. These include among other things an unfriendly investment environment, political uncertainty, policy inconsistency, infrastructural bottlenecks. Addressing these challenges will go a long way in increasing the odds in favor of successful implementation of beneficiation and value addition policy. This would go hand in glove with the availability of key determinants such as funding, skills and knowledge in beneficiation in the local labor force, constant and reliable supply of affordable electricity to facilitate the processes of value addition and beneficiation of primary products and minerals.

5.1.4 Link between VAB policy and indigenization and economic empowerment policy

Empirical evidence from the literature review has shown that there is an inherent link between VAB policy and the Indigenization and Economic Empowerment policy, based on the realization that both of these policies seek to address the issues around equitable resources expropriation by governments to ensure a greater stake for the local citizens. The policies are a manifestation of the resource nationalism policy paradigm in the 21st century, whereby governments seek to reallocate the share output from the natural resources in favor of the local citizens, as opposed to private sector players viewed as getting aberrantly larger share. The link between the two policies therefore rests on the maximization of local participation in the exploitation of natural resources, through means of ownership transfer and mandatory in-country value addition and beneficiation in order to localize the benefits that accrue from the products value chains.

5.2 Conclusion

Interviews with Key Informants from the government and the academia revealed that there is a positive relationship between beneficiation policy and indigenization and economic empowerment policy, as the precursor creates opportunities both directly and indirectly for the greater participation of the indigenous people in the mainstream economy. The new industries that come about as a direct response to the call on beneficiation create an opportunity for the government to deliberately make room for resources expropriation. Also, VAB has been identified on the economic front, as an extension of the decolonization agenda whereby the country's policies were essentially designed to favor the Western countries that purchased the raw minerals and other non-beneficiated products at cheap value and then value the same before selling back to us at a price several times higher than the initially price. Beneficiation, as a panacea to this exploitative scenario, affords the country an opportunity to right this wrong and chat a new developmental paradigm that is prioritizes the needs of the local people not the erstwhile colonial masters. Sustainable development becomes attainable through beneficiation policy because large-scale beneficiation activities has the potential to create new industries across the different mineral and other primary product sectors, which will result in massive employment creation as well as other benefits accruing to the local people.

5.3 Recommendations

In order for beneficiation policy to achieve its goals, there is need to address the key challenges that are currently affecting the country's economy at the macro level. The government needs to adopt a holistic approach in dealing with problems that affect the ease of doing business in the country, product competitiveness, and corruption in the government, inconsistency in power supply, and infrastructural bottlenecks among others.

There is need to revisit the legal framework governing the extractive sector, in order to make it more investment accommodative. In particular, the Indigenization and Economic Empowerment policy needs to be reevaluated along pragmatic angles. Empirical evidence on the economic performance of the policy shows that more can be done to ensure that the policy does not remain an ideological rhetoric which lacks positive results on the ground. Drawing on the lessons from the Malaysian NEP, the process of indigenization should be awarded a reasonably long timeframe before achieving the desired ownership structures in the society. This would go a long way in ensuring a less dramatic and smooth transition, by allowing all the affected parties to adjust accordingly.

The government needs to come up with a legal framework that guides the implementation of beneficiation policy. Here, the country can learn from South Africa that managed to put in place the Mineral Beneficiation Strategy, in order to inform on the roles of stakeholders, the rules governing policy implementation among other critical areas that needs to be ratified.

The government should consider constructing more power generation plants utilizing both thermal and hydro power, in order to ease overreliance on imported power which is costly. There is need for the government to address the challenges associated with key utilities such as water and electricity first, because the sustainability of VAB policy rests on the constant supply of cheap electricity.

There is a need to cultivate a culture of individual commitment to a shared vision of national development, in order for every Zimbabwean to appreciate her/his role in determining the success of local policies by actively supporting them. This is important because political will alone will not bring any positive turn around in the economy when the people are hell-bent on smuggling raw minerals such as gold, diamonds to South Africa and deliberately avoiding

selling to local companies. The Buy Zimbabwe Campaign is one such policy that has been adopted and such efforts are highly commendable.

5.4 Areas of further research

The implementation of beneficiation policy needs to be further interrogated, in order to come up with a model that can guide policy practitioners.

APPENDICES

APENDIX A: INTERVIEW QUESTIONS (Only for Selected Key Informants/Respondents)

SECTION A – Interviewer’s Guide/Questions for government officials

1. What in your view is the significance of beneficiation policy?
2. What are the specific measures that have been adopted to ensure that beneficiation policy address indigenization and economic empowerment goals?
3. How is beneficiation policy implemented?
4. What are the challenges inhibiting the success of beneficiation policy?
5. What measures can be put in place to ensure the policy addresses indigenization and economic empowerment issue?

SECTION B - Interviewer’s Guide/Questions for members of the academia

1. What is the relevance of local beneficiation policy in the economy?
2. How does beneficiation policy address Indigenization and Economic Empowerment goals?
3. What are the challenges inhibiting the success of beneficiation policy implementation?
4. What are the key areas that need to be addressed in order to achieve beneficiation goals?

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