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Leveraging Zimbabwe's mineral endowment for economic transformation and human development

Mutandwa, Bright

2018

https://hdl.handle.net/10539/25887

Mutandwa, Bright, (2018) Leveraging Zimbabwe's mineral endowment for economic transformation and human development, University of the Witwatersrand, Johannesburg, https://hdl.handle.net/10539/25887.

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ABSTRACT

Zimbabwe has experienced a pervasive economic collapse over the past twenty years. Most of the challenges were caused by policy inconsistencies, bad policy choices, economic mismanagement and political instability. This led to deindustrialisation with a sharp decline in both manufacturing and agricultural productivity, which consequently caused a sharp increase in unemployment, hence, the poverty. During the difficult times, mining industry was the only sector that has survived but faced with its unique challenges. Though mining industry presents an opportunity for economic stimulation which may lead to economic recovery, nonetheless this requires broad economic reforms.

This study focuses on the minerals development and the policies that affect the mining industry and the socio-economic development of Zimbabwe. The mineral policy of Zimbabwe, which is drawn from several policies, and the economic empowerment policies, were used to benchmark the resource governance using the Natural Resources Governance Benchmarking Framework (NRGBF) against similar policies of selected countries within the Southern Africa Development Community (SADC). Both qualitative and quantitative data was used for answering question from precepts for benchmarking. Benchmarking data was obtained from websites and annual reports of organisations such as Mo Ibrahim Foundation, World Bank and African Development Bank. The methodology also included the case study on the feasibility of chrome beneficiation in Zimbabwe since value addition provides more opportunities for economic growth, transformation and human development.

It was confirmed that the political instability, policy inconsistency, lack of transparency, lack of accountability by public officials, corruption, poor revenue management, government equity requirements and lack of a mineral development strategy are the major deterrents to mining investment. This caused poor mining industry performance and hence its contribution to the economy decreased. The Indigenization and Economic Empowerment Act of 2007 was meant to transform the economic skewness and bring prosperity to the citizens but it is also the major policy that deters foreign direct investment (FDI). The absence of a single mineral policy document makes it difficult for investors to comprehend the government position on certain issues. Furthermore, having multiple agencies other than Zimbabwe Revenue Authority collecting

different kinds of levies makes it difficult and a mammoth task to comply. These are the factors which renders the country poorly ranked on the ease of doing business.

The research proposed policy options that focus on improving the business climate to the one that is transparent, fight corruption, hold public official accountable and removing bottlenecks to production through infrastructure development. It was also recommended that the mineral policy should follow the African Union's (AU) Africa Mining Vision, which provides a framework that is in line with the policy harmonization initiative by SADC. Furthermore it was proposed that mineral policy should be designed to attract FDI. However, while trying to attract FDI, this should not only protect the investors' rights but also tie the investment towards any socio-economic obligations. Lastly, this study recommends commitment to educating and training of young people and be able to retain skilled citizens for the creation of linkages between the mining industry and the rest of the economy